



# BOROUGH OF RUSHMOOR

To the Mayor and Members of the Council,

**YOU ARE HEREBY SUMMONED** to attend a Meeting of the Council to be held at the Council Offices, Farnborough on **Thursday, 27th July, 2017 at 7.00 pm** for the transaction of the business set out on the Agenda given below.

## A G E N D A

1. **MINUTES**

To confirm the Minutes of the Ordinary Meeting of the Council held on 22nd June, 2017 (copy Minutes attached).

2. **MAYOR'S ANNOUNCEMENTS**

3. **STANDING ORDER 8 - QUESTIONS**

To receive any questions by Members submitted in pursuance of Standing Order 8 (3).

#### 4. **NOTICE OF MOTION**

To consider the following Notice of Motion, which has been submitted by Cllr J.J. Preece pursuant to Standing Order 9 (1):

"While thanking Hampshire Fire & Rescue Service (HFRS) for its recent partnership in monitoring fire safety in multi-storey residential blocks in Rushmoor, this Council resolves to ask:

- Hampshire Fire & Rescue Authority to ensure that HFRS is fully funded and resourced to keep the residents of Rushmoor safe, including having all necessary trained personnel, equipment and procedures in place so that fires at all levels of the tallest residential buildings can be tackled effectively;
- all relevant partners to conduct an Emergency Planning Exercise as soon as practicable to test the response to a major fire in a multi-storey residential block."

#### 5. **APPOINTMENTS**

The Council is asked to confirm the appointment of Cllr. A.H. Crawford to the Licensing and General Purposes Committee, in place of Cllr Jennifer Evans for the remainder of the 2017/18 Municipal Year.

#### 6. **RECOMMENDATIONS OF THE CABINET AND COMMITTEES**

To consider the recommendations of the Cabinet and Licensing and General Purposes Committee in relation to the following items:

(1) **Treasury Management Operations for 2016/17 and revisions to the 2017/18 Indicators**

To receive a Report (copy attached – Annex 1), with proposals to update treasury management practices and schedules, a variation to the Capital Programme, and updated prudential indicators. The Corporate Services Portfolio Holder (Cllr P.G. Taylor) will introduce this item.

(2) **Code of Corporate Governance**

To receive a Report (copy attached – Annex 2), which recommends the approval of an updated Local Code of Corporate Governance. The Chairman of the Licensing and General Purposes Committee (Cllr A. Jackman) will introduce this item.

#### 7. **QUESTIONS FOR THE CABINET**

To receive any questions by Members to Cabinet Members submitted in accordance with the Procedure Note.

8. **REPORTS OF CABINET AND COMMITTEES**

To receive and ask questions on the Reports of the following Meetings (copy reports attached):

**Cabinet**

13th June, 2017  
27th June, 2017

**Committees**

Development Management  
Licensing and General Purposes

21st June, 2017  
26th June, 2017

9. **REPORTS OF POLICY AND REVIEW PANELS**

To note the Reports of the following meetings of the Policy and Review Panels (copy reports attached):

Borough Services  
Community  
Corporate Services

12th June, 2017  
15th June, 2017  
29th June, 2017

A.E. COLVER  
Head of Democratic and Customer Services

Council Offices  
Farnborough  
Hampshire GU14 7JU

Wednesday 19 July 2017

This page is intentionally left blank

## BOROUGH OF RUSHMOOR

**MEETING OF THE BOROUGH COUNCIL** held at the Council Offices,  
Farnborough on Thursday, 22nd June, 2017 at 7.00 p.m.

THE WORSHIPFUL THE MAYOR (CR. SOPHIA CHOUDHARY, L.L.B.)  
THE DEPUTY MAYOR (CR. S.J. MASTERSON)

- |                                     |                                       |
|-------------------------------------|---------------------------------------|
| CR. MRS. D.B. BEDFORD               | CR. A. JACKMAN, B.Sc.                 |
| CR. D.M.T. BELL                     | CR. B. JONES, M.Sc., A.R.C.S.,        |
| CR. T.D. BRIDGEMAN, B.A. (Hons.)    | M.N.E.I.M.M.E., C.Eng., M.I.E.T.,     |
| CR. J.B. CANTY                      | M.B.C.S., C.I.T.P.                    |
| a CR. SUE CARTER                    | CR. G.B. LYON, B.A. (Oxon)            |
| CR. M.S. CHOUDHARY, M.A.            | CR. J.H. MARSH, C.Eng., M.I.Mech.E.   |
| CR. D.E. CLIFFORD, M.P.A., M.C.M.I. | CR. MARINA MUNRO                      |
| CR. R. COOPER                       | a CR. K.H. MUSCHAMP                   |
| CR. LIZ CORPS, N.N.D., A.T.D.       | CR. A.R. NEWELL                       |
| CR. A.H. CRAWFORD, J.P., B.Sc.,     | CR. J.J. PREECE                       |
| A.R.C.S., Dip.Man. (Open).          | CR. M.J. ROBERTS, B.Sc., F.R.S.A.     |
| CR. P.I.C. CRERAR, B.A. (Hons.),    | CR. P.F. RUST, A.I.M.E.E., M.I.S.M.   |
| M.Arch., M.A.                       | CR. M.L. SHEEHAN                      |
| CR. K. DIBBLE, M.A.F.M., B.I.F.M.   | CR. M.D. SMITH                        |
| CR. SUE DIBBLE                      | CR. M. STAPLEHURST                    |
| CR. R.L.G. DIBBS                    | CR. L.A. TAYLOR                       |
| CR. JENNIFER M. EVANS, B.Sc.,       | CR. P.G. TAYLOR, A.C.I.B.             |
| M.Sc.                               | CR. M.J. TENNANT, B.Sc.               |
| CR. D.S. GLADSTONE                  | CR. B.A. THOMAS                       |
| CR. C.P. GRATTAN                    | CR. JACQUI VOSPER                     |
| CR. BARBARA J. HURST, B.A., M.A.    | CR. J.E. WOOLLEY, B.Sc., L.L.B., M.A. |

Honorary Alderman C. Balchin J.P.

a Honorary Alderman R.J. Debenham, M.B.E.

Honorary Alderman R.J. Kimber

a Honorary Alderman G.J. Woolger

Apologies for absence were received on behalf of Crs. Sue Carter and K.H. Muschamp.

Before the meeting was opened, the meeting was led in prayers by the Mayor's Chaplain, Reverend Steve Stewart.

### 1. **MINUTES –**

It was MOVED by Cr. Barbara Hurst; SECONDED by Cr. G.B. Lyon and

**RESOLVED:** That, the Minutes of the Annual Meeting of the Council held on 23rd May, 2017 (copy having been circulated previously) be taken as read, approved and signed as a correct record of the proceedings.

## 2. **MAYOR'S ANNOUNCEMENTS –**

- (1) The Mayor invited Honorary Alderman Mr. Colin Balchin, J.P. to step forward to present to the Council four framed photographs of streets in Aldershot which had been taken over 100 years ago.
- (2) The Mayor advised Members that the first event she had attended as Mayor had been at the invitation of the Buddhist Community Centre UK. This had been a “Life Long Empowerment: and “Dharma Talk Programme” on 27th May in the presence of His Holiness the 17th Gyalwang Karmapa Ogyen Tinley Dorje – the spiritual leader of the Karma Kagyu lineage of Tibetan Buddhism.
- (3) On 28th May the Mayor and Mayoress had attended the annual Gurkha Cup football tournament at the sports ground on Queen’s Avenue. The Mayor advised Members that the Tamu Dhee Association UK had presented her with a cheque for £500 for the Mayor’s charities.
- (4) The Mayor reported that she had attended the annual Farnborough Donkey Derby on 29th May, which had been organised by local Rotarians at King George V playing fields. The event had been well supported and had raised a considerable amount of money for local charities.
- (5) The Mayor had had the honour of attending a Royal Garden Party at Buckingham Palace on 1st June and had been accompanied by her sister, Zoonia, and the Leader of the Council and his partner, Liz Stovell.
- (6) On 3rd June, the Mayor advised Members that she had attended the Rushmoor ‘Get Involved’ Fair in Union Street, Aldershot. This was an event which had been supported by 31 voluntary organisations and had been organised to give local people the opportunity to find out what these local charities, community groups and clubs did. The other purpose of the event was to show people how they could get involved in volunteering and support local organisations who played an important part in the local community. The event had been a great success.
- (7) The Mayor stated that she had been proud to attend the Victoria Day event in Aldershot town centre on 10th June. More than 500 people from community groups, schools and businesses had taken part in the grand parade. The Mayor thanked those at the Council who had organised the event with the help of the Aldershot Community Together group which comprised volunteers and residents who all helped to make the event a very successful one.

- (8) The Mayor had attended a Kids Out event on 14th June which had been held at the Army Rugby Club in Aldershot. Rotary volunteers from Rushmoor and surrounding areas had made the day a great success for over 500 local disabled and disadvantaged children. The Mayor said that it had been a privilege to be at the event and to be able to witness so many caring people bringing fun and happiness into the lives of disabled and disadvantaged children from the area.
- (9) On 18th June, the Mayor had had the honour of attending a memorable drumhead service at the Aldershot Military Cemetery to mark the 35th anniversary of the Falkland Islands conflict. The service had been attended by hundreds of veterans from Aldershot's former Parachute Regiments. Following the service, the commemoration had moved to Aldershot town centre where the Mayor had been proud to be part of the saluting party outside Princes Hall, when serving soldiers representing 16 Air Assault Brigade, plus hundreds of veterans, had taken part in a march through the town centre.
- (10) On 19th June, the Armed Forces Day flag had been raised in Princes Gardens, Aldershot. The Mayor had been joined by the Deputy Lieutenant of Hampshire, the Mayor's Chaplain, civic guests, members of the public, representatives of the Royal British Legion, Military and the Fire and Rescue Service. The Armed Forces Day flag would be flown until the end of Armed Forces Day on 24th June.
- (11) The Mayor reported that the grand opening of a new restaurant in Farnborough – Sticky Sisters – had taken place on 13th June which had been attended by the Deputy Mayor. The company had presented the Deputy Mayor with a cheque for £500 for the Mayor's Charities.
- (12) The Mayor advised Members that a few events were being organised over the coming months in aid of her charities. On 3rd September a charity cycle ride would be held, organised by Naya Yuva and the Rushmoor Cycle Forum. On 15th September the Mayor's Charity Golf Tournament would be held. Details about both events would be sent out shortly.

### **3. RUSHMOOR COMMUNITY AWARD 2017 –**

The Rushmoor Community Award recognised local people who had in some way made a significant contribution to the community. The Mayor reported that, in 2017, the Council had agreed to present the Award to two people: Mr. Mick Mills and Mrs. Caroline Mills in recognition of their significant and admirable fundraising and volunteering activities over many years.

The Mayor advised Members that both Mr. and Mrs. Mills had given an incredible amount of time to the community over recent years. Their roles in Scouting had seen them: running weekly meetings for Cubs; organising summer camps and weekend camps for the Cubs; and being involved with District Scouting events such as Cubs 100 Camp. Mr. and Mrs. Mills also organised and ran fundraising events for the Scout Group which raised over £2,000 per year, which was vital to the running of the Scout Group. It was considered that, without the efforts of Mick and Caroline the 2nd Aldershot Scout Group would not be as successful as it was.

Mr. and Mrs. Mills were also very much involved with the Aldershot Branch of the Royal British Legion; Mick was the Secretary of the Branch and Caroline was the Poppy Appeal Organiser for Aldershot. Since becoming Poppy Appeal Organiser for Aldershot, Caroline had increased the amount raised each year with the assistance of a team of volunteers and the full support of Mick. Over £221,000 had been raised since she had taken over the role of Poppy Appeal Organiser.

Caroline and Mick also organised bi-monthly coffee mornings for the members of the Aldershot Branch, giving them the opportunity to meet up as well as a weekend away for the members during the year. Mick and Caroline were also key members of the committee that arranged the Service of Remembrance in the Municipal Gardens in Aldershot. This was a very well attended service attended by all sectors of the community, including war veterans and local youth organisations as well as representatives of all areas of the local community. Attendance at this event had grown considerably over recent years. Mick had also built links with Aldershot Town Football Club with whom he had arranged a number of events around the Poppy Appeal, including standard bearers being on the pitch to mark two minutes' silence.

Mick and Caroline were also involved in organising social fundraising events for the Royal Naval Association. Mick had also been a school governor and Caroline had been involved with the Parents' and Teachers' Association at Newport School (now Alderwood School).

It was evident that Mick and Caroline supported all areas of the local community – young, old and in-between. They were both very generous with their time and help, not only with raising vitally important funds for local charities, but also in passing on their skills and knowledge to the youngsters and adults alike, which would help to provide a brighter future for Rushmoor. They were able to engage with all areas of the local community and it was felt that they were a huge asset to the Borough and very worthy winners of the Rushmoor Community Award for 2017.

The Mayor then presented Mr. and Mrs. Mills with their Awards and certificates. In thanking the Council for the Awards, Mr. Mills said that it was nice to be recognised for the volunteer work and awards like this were very motivational to those who gave up their time for others. However, as was taught to the pair of them during their time in the Royal Navy, it was teamwork that enabled major tasks to be achieved effectively. He paid tribute to the wonderful teams of people who worked with them on the charity work. All the Scout leaders in the 2nd Aldershot Scout Group and across the District worked as a team to give children an opportunity to experience adventurous activities as well as helping to make them good citizens for the future.

Within the Royal Naval Association and the Royal British Legion, the committees worked tirelessly to ensure members and their friends were able to meet up for trips, coffee mornings or nights out. They were also there for their welfare and to help them where necessary. By far the biggest team was the Poppy Appeal collectors in Aldershot. Mr. Mills paid tribute to their dedication and service. Increasing the total amount raised each year from £17,000 to £45,000 in five years and winning a County Poppy Award on the way was a great achievement by the team.

Mr. Mills thanked the Council for its support of the Royal British Legion, Royal Naval Association and 2nd Aldershot Scout Group. He felt that volunteering was very rewarding. Although it was hard work, time consuming and often stressful, he felt that there were many memorable and fun-filled moments along the way. He thanked their family for their continuing support of their voluntary work. Mr. and Mrs. Mills thanked the Council for the Awards and accepted the Awards on behalf of the community teams that they represented.

#### 4. **STANDING ORDER 8 – QUESTIONS –**

The Mayor reported that two questions had been submitted in pursuance of Standing Order 8(3).

The first question had been submitted by Cr. J. Canty and related to what reassurance could be given to residents of the actions being taken by the Council to ensure the safety and integrity of multi-storey buildings across the Borough and what steps would be taken to maintain the highest standards of fire protection in those buildings following the recent tragedy at Grenfell House in London.

In response, the Health and Housing Portfolio Holder (Cr. Barbara Hurst) stated that, since the tragic events the previous week, she had been working with officers to ensure that the Council's response was effective, timely and sensitive to the situation. The Council had responded proactively and in response to instructions from the Department of Communities and Local Government to ensure that multi-storey buildings met the necessary standards of health and safety. The Council's focus so far had been on residential blocks to ensure regulatory safety standards were adhered to and the Council was working with Hampshire Fire and Rescue Service, the Homes

and Communities Agency, registered providers of social housing and Hampshire County Council.

On 14th June, officers had taken immediate action to contact each registered provider operating in the Borough, requesting details of their flatted developments and copies of fire risk assessments. The Council had received a positive response to that request and registered providers had confirmed that they had taken action to ensure their properties and residents were safe. The Council had compiled a database to record responses.

On 19th June, officers had submitted the formal response required by the Department of Communities and Local Government, providing details of all blocks of flats in excess of six storeys or 18 metres high. The Council had identified five blocks that matched the definition and had arranged joint inspections with the landlord and the Hampshire Fire and Rescue Service. Fire safety inspection, advice and guidance fell within the remit of the Hampshire Fire and Rescue Service and it was guiding the Council in respect of its role and any action it might need to take. The Council would be carrying out joint risk assessments on all four and five storey flatted developments.

In addition, the Homes and Communities Agency had advised the Council that it had written to all registered providers to remind them of the obligation to comply with part 1.2b of the Regulators Home Standard (Health and Safety). This was a follow-up to the Department of Communities and Local Government instruction and had insisted on an immediate email response on any potential non-compliance.

Cr. Hurst also advised that Hampshire Fire and Rescue Service was working with all high-rise building owners and landlords to ensure all of these structures were inspected and that residents felt safe in their homes. Cr. Hurst had been working with officers to ensure that the Council could provide all the support and advice it could. The Council recognised that it needed to maintain momentum in the aftermath of the fire in London and awaited further information following the tragedy.

The second question had been submitted by Cr. A.H. Crawford and concerned landlords' self certification with respect to fire regulations.

In response, the Health and Housing Portfolio Holder (Cr. Barbara Hurst) stated that the current arrangements had been introduced by the Regulatory Reform (Fire Safety) Order, 2005, which was based on the principle that those responsible for activities that gave rise to risk also had the responsibility for the fire safety of their premises and the people who could use them. There was therefore a duty on landlords or owners to carry out fire safety risk assessments and to identify, implement and maintain appropriate measures to ensure the safety of occupants and anyone else likely to be affected by a fire on the premises. In some circumstances, such as in houses in multiple occupation, there was a joint responsibility between the housing authority and the fire regulation authority in relation to common or shared parts. In

Rushmoor's case, the Council carried out risk assessments with the landlord where an issue was brought to the Council's attention. Cr. Hurst had discussed this with officers and steps would be taken to raise awareness of the health and safety issues and to encourage residents and landlords to contact the Council around these responsibilities. The Council also intended to use the good liaison arrangements it had with landlords and Hampshire Fire and Rescue Service, such as through the Landlords' Forum, to highlight responsibilities and to ensure that action was taken in premises where residents might be anxious.

## 5. **RECOMMENDATIONS OF THE CABINET – CHANGES TO THE BUDGET –**

The Leader of the Council (Cr. D.E. Clifford) introduced the Report of the Cabinet, which recommended the approval of a variation of £1.8 million to the 2017/18 Budget.

It was **MOVED** by Cr. D.E. Clifford; **SECONDED** by Cr. P.G. Taylor – that approval be given to the variation of £1.8 million to the 2017/18 Budget..

There voted **FOR**: 21; **AGAINST**: 0 the Recommendation was **DECLARED CARRIED**.

## 6. **QUESTIONS FOR THE CABINET –**

The Mayor reported that five questions had been submitted for response by the Cabinet.

- (1) Cr. M.J. Roberts asked a question of the Health and Housing Portfolio Holder regarding the Council's initial assessment of the need for additional fire prevention measures for blocks of four storeys and over in the Borough.

In response, Cr. Hurst stated that joint inspections had been carried out on two out of the four blocks of flats which had been identified as high risk under the definition provided by the Department of Communities and Local Government (i.e. blocks of flats in excess of five storeys or 18 metres). The remaining had been scheduled for the following week. The Council had decided that all four and five storey residential blocks would be prioritised, using the risk assessment information provided by the Borough's registered providers. Programmed inspections would be made, the timing of which was dependent on the workload of the fire authority.

Fire safety inspection, advice and education fell within the remit of the Hampshire Fire and Rescue Service and the Council would be guided by them in respect of the Council's role. It exemplified the strength of the Council's partnership with the Service and the good track record of the joint response to issues.

- (2) Cr. A.H. Crawford asked a question of the Health and Housing Portfolio Holder regarding the results of fire risk assessments and any recommendations of Hampshire Fire and Rescue Service with respect to the blocks of offices which had been converted to residential flats in the Borough and how this information was being communicated to residents concerned, such as at Alexander House and Stafford House in Station Road, Aldershot.

In response, Cr. Hurst confirmed that fire risk assessments had been carried out at both Alexander House and Stafford House in April 2017. The landlord, Accent Housing, had provided copies of these to the Council. Whilst the risks identified in those inspections had been minimal, officers (including housing and building control officers), the fire officer and a representative of the Accent Group had carried out a joint inspection earlier that day.

Cr. Hurst reported that both the buildings were safe and did not pose any immediate fire risk to residents and this had been confirmed by Hampshire Fire and Rescue Service. There were some minor issues around fire safety signage and this was being addressed.

Hampshire Fire and Rescue Service had advised the Leader of the Council that Rushmoor had been the first local authority in Hampshire to request a joint inspection. The Service had been impressed with the speed with which Rushmoor had initiated and responded to the request to carry out these assessments.

In response to a supplementary question about advising residents, Cr. Hurst confirmed that when the report was published, it would be communicated to the residents of the buildings concerned.

- (3) Cr. Jennifer Evans asked a question of the Health and Housing Portfolio Holder regarding when the next emergency planning exercise would be carried out in Rushmoor and asked if the organisers could focus this on a fire in a multi-storey residential block of flats.

In response, Cr. Hurst advised that there was currently no date for the next emergency planning exercise, although Hampshire County Council was currently in the process of developing a Hampshire-wide event to look at current issues. Rushmoor would be part of that event. In addition, Members were advised that the Council was in regular contact with other districts and the County Council to share knowledge and ensure that the response from the emergency services and local authorities was effective and timely in the event of an emergency taking place.

Cr. Hurst stated that, at a national level, there was Resilience Direct, which was a national secure online hub that allowed authorities to share resilience information, work together and respond effectively. Rushmoor was part of this network and used it to support its local work.

- (4) Cr. M.J. Roberts asked a question of the Health and Housing Portfolio Holder about a review of risk strategy by the Council.

In response, Cr. Hurst stated that Rushmoor had a set of risk management policies which ensured safety and continuity at the Council's premises. These were regularly reviewed to take account of advice, guidance and regulations. Regular reports were provided by the Council's health and safety adviser to identify issues and the action being taken.

In relation to fire safety in registered providers' premises, it was noted that the Council was working closely with Hampshire Fire and Rescue and would act on guidance from the Service. The Council would be holding registered providers to account, working with the Homes and Communities Agency for the properties they owned. All registered providers had received communication from the Homes and Communities Agency about obligations to comply with part 1.2b of the Regulations Home Standard (Health and Safety). This issue could be an area to be considered by a policy and review panel.

- (5) Cr. M.J. Roberts asked a question of the Leader of the Council about representations to be made by the Council via the Local Government Association for an immediate suspension of further austerity cuts for local government.

In response, Cr. D.E. Clifford stated that councils across the country were urging the suspension of further austerity cuts and advised of the work being undertaken by the Local Government Association in relation to this issue.

## 7. **REPORTS OF CABINET AND COMMITTEES –**

- (1) **Cabinet –**

It was MOVED by Cr. D.E. Clifford; SECONDED by Cr. M.J. Tennant and

**RESOLVED:** That the Reports of the Meetings of the Cabinet held on 2nd and 30th May, 2017 be received.

- (2) **Development Management Committee –**

It was MOVED by Cr. B.A. Thomas; SECONDED by Cr. J.H. Marsh and

**RESOLVED:** That the Reports of the Meetings of the Development Management Committee held on 26th April and 24th May, 2017 be received.

(3) **Licensing and General Purposes Committee –**

It was **MOVED** by Cr. A. Jackman; **SECONDED** by Cr. J.E. Woolley and

**RESOLVED:** That the Report of the Meeting of the Licensing and General Purposes Committee held on 25th May, be received.

8. **REPORTS OF POLICY AND REVIEW PANELS –**

**RESOLVED:** That the Reports of the undermentioned meetings of the Policy and Review Panels be received:

<b>POLICY AND REVIEW PANEL</b>	<b>DATE OF MEETING</b>
Community	6th April, 2017
Borough Services	10th April, 2017
Environment	11th April, 2017
Leisure and Youth	5th June, 2017
Environment	6th June, 2017

The Meeting closed at 8.12 p.m.

-----

**ANNEX 1**

**COUNCIL MEETING – 27TH JULY 2017**

**AGENDA ITEM NO. 6 (1)**

**TREASURY MANAGEMENT OPERATIONS 2016/17 & REVISIONS TO THE  
2017/18 INDICATORS**

A report from the meeting of Cabinet held on 27th June, 2017.

**1 INTRODUCTION**

- 1.1 Treasury management operations for 2016/17 are presented in accordance with strategic requirements. All treasury management activity during 2016/17 was carried out in accordance with the Annual Treasury Management Strategy and complied with the treasury and prudential indicators set out in that report, and with the Treasury Management Code of Practice. A review of the treasury management practices and schedules has also been carried out.
- 1.2 This report also details a requirement for an increase in the Councils' capital programme for the year 2017/18 in order to facilitate the potential for revenue gains for the current and future years. The increase in capital budget allocation is significant requiring approval for changes to the prudential indicators in relation to the treasury management strategy for 2017/18.
- 1.3 There are three core elements within this report:
  - (a) Presentation of the Treasury Management operations for 2016/17
  - (b) A review of the treasury management practices and schedules
  - (c) A proposal for an increase to the capital budget for 2017/18 requiring a revision to the prudential indicators for capital financing for 2017/18

**2 TREASURY MANAGEMENT OPERATIONS FOR 2016/17**

- 2.1 The Council's treasury management activity is underpinned by CIPFA's Code of Practice on Treasury Management ("the Code"), which includes the requirement for determining a treasury strategy on the likely financing and investment activity for the forthcoming financial year. The Code also recommends that members be informed of Treasury Management activities at least twice a year. This report therefore ensures this authority is embracing best practice in accordance with CIPFA's recommendations.
- 2.2 The Council has invested substantial sums of money and is therefore, exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. This section of the report covers treasury activity and the associated monitoring and control of risk.

- 2.3 Full Council originally approved the Annual Treasury Management Strategy for 2016/17 on 23 February 2016. However, subsequent substantial capital budget additions were approved during the financial year 2016/17, mainly in relation to the acquisition of income yielding investment properties. These additional capital budgets approved for 2016/17 had a fundamental effect on the Council's prudential indicators and Full Council on 23 February 2017 approved revisions to the 2016/17 prudential indicators within the Annual Treasury Management Strategy for 2017/18.
- 2.4 Appendix A shows the actual prudential indicators relating to treasury activities and capital financing for 2016/17 and compares these to the indicators set in the Annual Treasury Management Strategy for the year 2016/17.

### **Treasury Management Advice**

- 2.5 The Council continued to engage the services of Arlingclose for independent treasury advice during the year 2016/17. Arlingclose provide specialist treasury support to 25% of UK local authorities. They provide a range of treasury management services including technical advice on debt and investment management and long-term capital financing. They advise on investment trends, developments and opportunities consistent with the Council's Treasury Management Strategy.
- 2.6 With the exception of pooled funds all investment activity is carried out by the Council's own treasury team with advice from Arlingclose, and having due regard to information from other sources such as the financial press and credit-rating agencies.
- 2.7 Pooled funds are managed at the discretion of the external fund managers associated with each fund. It should however be noted that whilst the funds are externally managed, the decision as to whether to invest lies solely with the Council in accordance with its Treasury Management Strategy.
- 2.8 The needs of the Council's treasury management staff for training in investment management are assessed on an ongoing basis and as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change. During 2016/17, staff attended relevant workshops provided by Arlingclose and other service providers.

### **Economic Background**

- 2.9 The Council's treasury management advisors have provided commentary on the economic background that prevailed during the year 2016/17. This commentary is provided at Appendix B.

### **Borrowing Activity in 2016/17**

- 2.10 The Council commenced the financial year 2016/17 carrying £4.7m of borrowing obtained from the Enterprise M3 Local Enterprise Partnership

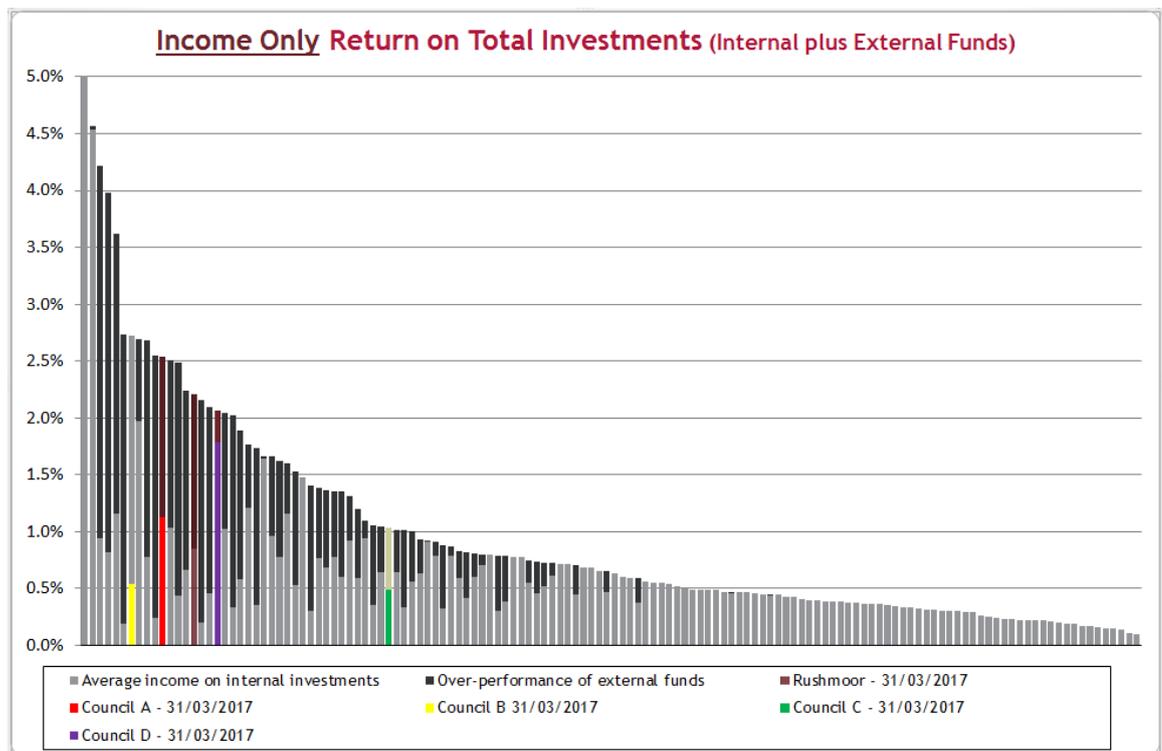
(EM3). This sum was advanced in order to assist the temporary financing of some specific capital projects.

2.11 During 2016/17, an amount of £1.7 million was repaid to EM3 as capital expenditure related to an element of the total amount borrowed was considered unlikely to proceed. In addition, a further £0.4 million was also repaid to EM3 in accordance with the pre-agreed repayment schedule. The Council raised an additional £12 million short-term borrowing towards the end of the financial year. The need for this additional borrowing was in relation to an approved in-year increase in capital expenditure. Total borrowing therefore amounted to £14.6 million at 31st March 2017.

**Investment Activity in 2016/17**

2.12 The Guidance on Local Government Investments in England gives priority to security and liquidity and the Council’s aim is to achieve a yield commensurate with these principles. The total income yield return on the Council’s investments amounted to 2.2% for the financial year 2016/17 excluding capital gains and losses.

2.13 The following graph has been produced by Arlingclose and shows the Council’s 2016/17 return on its total investment portfolio excluding capital gains and losses. The Council ranks well when benchmarked against their other local authority clients. Highlighted on the graph are four other non-metropolitan districts with a similar size portfolio to Rushmoor showing returns for two authorities marginally higher and two authorities lower (one of which is at or just below 1%):

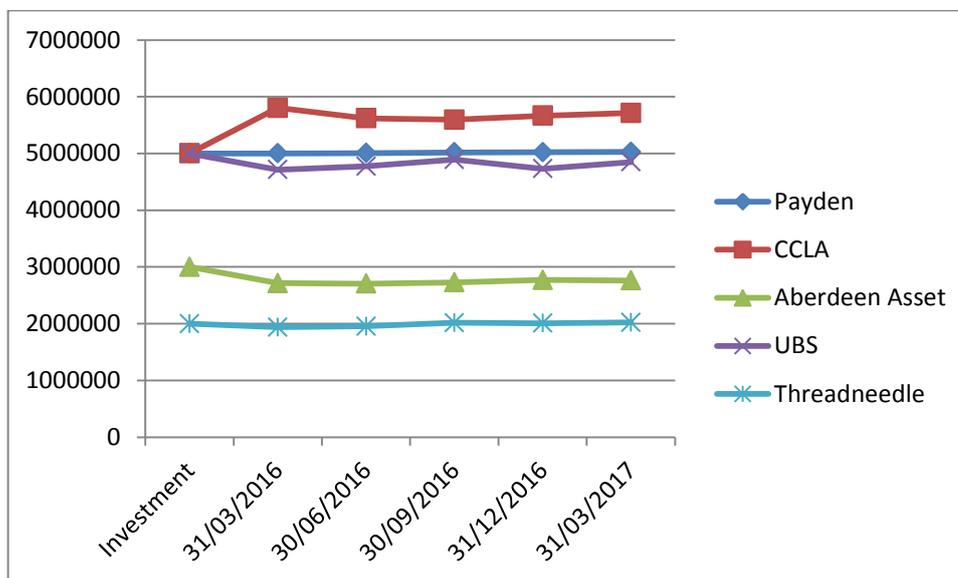


2.14 The rate of return has been calculated as (1) External pooled funds (income return for the past year, (2) Other investments (effective rate of investments held at the end of the financial year. It should be noted that it is a “snapshot“ of returns for the year. For 2016/17 the Council continued to use secured investment options or diversified alternatives such as covered bonds, non-bank investments and pooled funds over unsecured bank and building society deposits. Details of the Council’s investment activity together with returns generated during 2016/17 are outlined as follows:

2.15 **Pooled Funds** – the Council’s pooled funds have continued to experience some variations in performance during the year 2016/17.

Pooled Funds Capital Growth/Losses – Aggregation of the Council’s pooled funds resulted in an overall net increase in fair value for the year 2016/17 of around £274,000, although this net increase is relatively modest compared to the overall investment sum (an aggregate increase of 1.4%). The significant exceptions within this group are CCLA showing exceptional growth of 14% since acquisition, but offset by a capital reductions for the UBS Multi Asset Fund which has declined by 3% since acquisition and Aberdeen which has declined by 7% since acquisition. This group of investments are long term (3-5 year window) and monitoring of the capital value continues to be made on a monthly basis.

Movement in capital value of pooled funds during 2016/17



Pooled Fund Income Returns – The income returned by fund for the period to 31<sup>st</sup> March 2017 is analysed below:

- Payden & Rygel’s Sterling Reserve Fund - £5 million investment. The Fund seeks to provide capital security, liquidity and income through investment in Sterling denominated investment-grade debt securities. The fund’s performance for the 12 months to 31<sup>st</sup> March 2017 is 0.84% income return.



<b>Investment Counterparty</b>	<b>Balance on 31/03/16 £m</b>	<b>Investments Made £m</b>	<b>Maturities/ Investments Sold £m</b>	<b>Balance on 31/03/17 £m</b>	<b>Avg Rate % and Avg Life (yrs)</b>
<i>UK Local Authorities</i>	2.0	-	-	2.0	1.0% - 2 years
<i>UK Banks and Building Societies:</i>					
Short-term	3.0	-	(3.0)	-	-
Long-term	-	-	-	-	-
<i>Foreign Banks</i>	2.0	-	(2.0)	-	-
<i>Covered Bonds/Floating Rate Notes</i>	6.6	1.0	(1.1)	6.5	(1.05%-1.47%)& LIBOR+0.27bp - 1.3 Yrs
<i>AAA-rated Money Market Funds</i>	5.2	-	(0.2)	5.0	Varies daily – average 0.42%
<i>Pooled Funds:</i>					
• <i>Payden</i>	5.0	-	-	5.0	0.84
• <i>CCLA</i>	5.0	-	-	5.0	4.86
• <i>Aberdeen Absolute</i>	3.0	-	-	3.0	2.23
• <i>UBS</i>	5.0	-	-	5.0	3.72
• <i>Threadneedle</i>	2.0	-	-	2.0	4.32
<b>TOTAL INVESTMENTS</b>	38.8	1.0	(6.3)	33.5	
<i>Increase/ (Decrease) in Investments £m</i>				(5.3)	

Additional information in relation to the above investments is contained in Appendix C.

2.19 The following charts illustrate the spread of investments by counterparty and maturity analysis. These illustrate continued diversity within the Council's portfolio:

<b>Maturity Analysis as at 31st March 2017</b>	<b>Amount invested £m</b>	<b>%</b>
Instant *	5.0	15
0-3 months	1.0	3
3-6 months	2.0	6
6-9 months	-	-
9-12 months	1.0	3
> 1 year	24.5	73
<b>Total for all duration periods</b>	<b>33.5</b>	<b>100</b>

\* Instant refers to the use of Money Market Funds

### 3 TREASURY MANAGEMENT INDICATORS

- 3.1 The Treasury Management Code requires that local authorities set a number of indicators for treasury management performance. The Council has also adopted a voluntary measure for credit risk as set out in paragraphs 3.2 to 3.4.
- 3.2 Credit Risk (Credit Score Analysis): Counterparty credit quality is assessed and monitored by reference to credit ratings. Credit ratings are supplied by rating agencies Fitch, Standard & Poor's and Moody's. Arlingclose assign values between 1 and 26 to credit ratings in the range AAA to D, with AAA being the highest credit quality (1) and D being the lowest (26). Lower scores mean better credit quality and less risk.
- 3.3 The advice from Arlingclose is to aim for an A-, or higher, average credit rating, with an average score of 7 or lower. This reflects the current investment approach with its focus on security. The scores are weighted according to the size of our deposits (value-weighted average) and the maturity of the deposits (time-weighted average).
- 3.4 The table below summarises the Council's internal investment credit score for deposits during the year to 31<sup>st</sup> March 2017. The Council's scores fall comfortably within the suggested credit parameters. This represents good credit quality deposits on the grounds of both size and maturity. The improved credit risk scores during the year reflect the increasing diversity within the Council's investment portfolio.

Date	Value Weighted Average – Credit Risk Score	Value Weighted Average – Credit Rating	Time Weighted Average – Credit Risk Score	Time Weighted Average – Credit Rating
Q4 2015/16	3.02	AA-	1.50	AAA
Q1 2016/17	4.74	A+	5.45	A+
Q2 2016/17	2.88	AA	1.57	AA+
Q3 2016/17	2.91	AA	1.38	AAA
Q4 2016/17	2.97	AA	1.21	AAA

- 3.5 **Interest Rate Exposure:** This indicator is set to monitor the Council's exposure to the effects of changes in interest rates. The indicator calculates the relationship between the Council's net principal sum outstanding on its borrowing to the minimum amount it has available to invest. The upper limits on fixed and variable rate interest rate exposures expressed as the amount of net principal borrowed is:

	2016/17 Approved Limit	2016/17 Actual
Upper limit on fixed interest rate exposure	£6m	£6m
Upper limit on variable interest rate exposure	-£27m	-£25m

- 3.6 **Maturity Structure of Borrowing:** This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

	Upper	Lower	2016/17 Actual Performance
Under 12 months	100%	0%	85%
12 months and within 24 months	100%	0%	3%
24 months and within 5 years	100%	0%	9%
5 years and within 10 years	100%	0%	3%
10 years and above	100%	0%	-

The Council borrowed £4.7m from the Enterprise M3 Local Enterprise Partnership in the previous financial year (2015/16). During 2016/17 the EM3 LEP was repaid £2.129m of the original sum. Additionally, the Council raised an additional £12 million short-term borrowing towards the end of the financial year. The need for this additional borrowing was in relation to an approved increase in capital expenditure examined in a later section of this report. Total borrowing therefore amounted to £14.6 million at 31st March 2017. The above table demonstrates the elements of principal repayment that arise from the sum borrowed expressed as a percentage of the original amount borrowed.

- 3.7 **Principal Sums Invested for Periods Longer than 364 days:** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. Performance against the limits on the total principal sum invested to final maturities beyond the period end is:

	2016/17 Approved Limit	2016/17 Actual Performance
Limit on principal invested beyond year end at any one time	£40m	£24m

- 3.8 The Council's revised estimates regarding investment yields and costs compared to the actual outturn for 2016/17 is shown in the table below.

Budgeted income and outturn	Revised Estimate 2016/17 £000	Actual 2016/17 £000	Variance £000
Interest receivable	(782)	(751)	31
Interest Payable	13	11	(2)
Net Amount	(769)	(740)	29

## **4 CONCLUSIONS ON THE TREASURY MANAGEMENT OPERATIONS 2016/17**

- 4.1 The Council's treasury team continued to concentrate on the security of investments taking due regard for the returns available. Continued low interest rates throughout the financial year coupled with a lack of suitable counterparties with whom to invest continued to make the activity challenging. However, overall investment income still managed to produce a buoyant return to the General Fund revenue account.
- 4.2 All treasury management activity during 2016/17 was carried out in accordance with the Annual Treasury Management Strategy and complied with the treasury and prudential indicators set out in that report, and with the Treasury Management Code of Practice

## **5 TREASURY MANAGEMENT PRINCIPLES AND SCHEDULES**

- 5.1 Full Council approved the Annual Treasury Management Strategy for 2017/18 on 23 February 2017. In addition to that approval the CIPFA code requires the setting out of responsibilities and duties of members and officers, allowing a framework for reporting and decision making on all aspects of treasury management.
- 5.2 One of the recommendations of the Code is for the creation and maintenance of Treasury Management Practices that incorporate the Principles & Schedules that achieve treasury management policies and objectives. These prescribe how the Council will manage and control those activities. A review of these Principles & Schedules has been recently undertaken and is attached as Appendix D.

## **6 INCREASE IN CAPITAL BUDGET ALLOCATION FOR THE YEAR 2017/18**

- 6.1 The Council undertook a succession of approved capital acquisitions in relation to investment properties during the previous financial year 2016/17, driven by an aim to furnish revenue returns contained within Part 3 of the Council's 8 Point Plan. These approved 2016/17 investment property acquisitions amounted to around £17m. They generate significant revenue gains to the General Fund revenue account from the point of acquisition and into the future. In order to finance these acquisitions and some other capital expenditure in the year a significant proportion of the Council's capital receipts was utilised for the purposes of financing the capital programme for that year.
- 6.2 Additional acquisition of similar investment properties is feasible for the current year as market conditions continue to support this process. In order to provide a suitable framework for the Council's staff to assess and negotiate investment property acquisitions, it is considered appropriate for the Council to approve a supplementary capital budget of £15m for the current financial year (2017/18). Approval of this capital budget will enhance the decision making process which needs to be undertaken with a degree of expediency when considering such matters.

- 6.3 The Council commenced the current financial year with £5.9m of capital receipts. However, all of this available capital receipt resource is held ready to finance the remainder of the approved capital loan to Farnborough International, the ongoing flexible capital receipts initiative and a range of shorter life non-current assets. Hence, the method of capital financing for the proposed additional capital budget of £15m in relation to the acquisition of investment properties can only be achieved by prudential code borrowing.
- 6.4 On the assumption that all acquisitions would have life duration of at least 50 years, then the Council would bear Minimum Revenue Provision (MRP) of 2% each year commencing in the following financial year (2018/19). Current short-term interest rates are around 0.5% and the Council could currently obtain 50 year long-term borrowing for around 2.4%. All tenant rentals would be on a “repairing lease” standing. The potential revenue returns to the Council in a full financial year (costed at 2017/18 price base) is provided in the following table.

Capital budget for potential investment properties	Potential income return(s)	MRP	Short-term interest	Long-term interest	Yearly gains applying short-term interest rate	Yearly gains applying long-term interest rate
15,000	(825)	300	75	360	(450)	(165)
<b>All amounts are expressed in £000</b>						

- 6.5 It is stressed that the above table of estimated revenue costs/gains in a full financial year is based on current short & long-term interest rate opportunities available to the Council. The table is therefore currently representative of the potential revenue effect.
- 6.6 A variation to the capital programme in 2017/18 of £15m is proposed, with delegation to Cabinet to draw down on this budget for suitable commercial property acquisitions. The significance of the proposed capital budget and use of borrowing therefore requires a reappraisal of the prudential and indicators contained within the treasury management strategy for 2017/18. These revised indicators are reported in Appendix E.

## 7 RECOMMENDATIONS

- 7.1 The Council is recommended to note the contents of this report in relation to the treasury management operations carried out during 2016/17 and approve:
- (i) The updated treasury management practices and schedules

- (ii) A variation to the capital programme of £15m with delegation to Cabinet to draw down for the purposes of investment property acquisition in 2017/18
- (iii) The updated 2017/18 prudential indicators contained in Appendix E

CR. PAUL TAYLOR  
CORPORATE SERVICES PORTFOLIO HOLDER

## PRUDENTIAL INDICATORS

## APPENDIX A

Comparative information for 2017/18 and future years is provided in Appendix E

### 1.1 Prudential Indicators

**Estimates of Capital Expenditure:** The Council's planned capital expenditure and financing may be summarised as follows.

Capital Expenditure and Financing	2016/17 Revised £m	2016/17 Actual £m
General Fund	27.547	21.919
<b>Total Expenditure</b>	<b>27.547</b>	<b>21.919</b>
Capital Grants & Contributions	2.843	1.316
Revenue	0.728	0.550
Capital Receipts	11.447	13.505
Borrowing	12.529	6.548
<b>Total Financing</b>	<b>27.547</b>	<b>21.919</b>

**Estimates of Capital Financing Requirement:**

The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose.

Capital Financing Requirement	31.03.17 Revised £m	31.03.17 Actual £m
General Fund	13.9	6.5
<b>Total CFR</b>	<b>13.9</b>	<b>6.5</b>

During 2016/17, the Council made use of a revolving infrastructure fund from the Local Enterprise Partnership (EM3 LEP). This will not give rise to any minimum revenue provision charges into the General Fund as the annual instalments will be funded from capital receipts received from the developer.

The Council therefore now carried a capital financing requirement within the terms of the Prudential Code.

**Gross Debt and the Capital Financing Requirement:** In order to ensure that over the medium term debt will only be for a capital purpose, the Council should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any

additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence.

<b>Debt</b>	<b>31.03.17 Revised £m</b>	<b>31.03.17 Actual £m</b>
Borrowing	15.0	14.6
<b>Total Debt</b>	<b>15.0</b>	<b>14.6</b>

The information above refers to the use of a revolving infrastructure fund from the Local Enterprise Partnership (EM3 LEP).

**Operational Boundary for External Debt:** The operational boundary is based on the Council's estimate of most likely, i.e. prudent, but not worst case scenario for external debt. It links directly to the Council's estimates of capital expenditure, the capital financing requirement and cash flow requirements, and is a key management tool for in-year monitoring. Other long-term liabilities comprise finance lease, Private Finance Initiative and other liabilities that are not borrowing but form part of the Council's debt.

<b>Operational Boundary</b>	<b>2016/17 Revised £m</b>	<b>2016/17 Actual £m</b>
Borrowing	20.0	14.6
Other long-term liabilities	-	-
<b>Total Debt</b>	<b>20.0</b>	<b>14.6</b>

**Authorised Limit for External Debt:** The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Council can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

<b>Authorised Limit</b>	<b>2016/17 Revised £m</b>	<b>2016/17 Actual £m</b>
Borrowing	22.0	14.6
Other long-term liabilities	1.0	-
<b>Total Debt</b>	<b>23.0</b>	<b>14.6</b>

**Ratio of Financing Costs to Net Revenue Stream:** This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

<b>Ratio of Financing Costs to Net Revenue Stream</b>	<b>2016/17 Revised %</b>	<b>2016/17 Actual %</b>
General Fund	-7.5	-7.9

**Adoption of the CIPFA Treasury Management Code:** The prudential indicator in respect of treasury management is that the Council adopt CIPFA's Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. The aim is to ensure that treasury management is led by a clear and integrated forward treasury management strategy, with recognition of the existing structure of the Council's borrowing and investment portfolios. The revised edition of the Code (November 2011) was adopted by the Council on 20<sup>th</sup> February 2014.

## APPENDIX B

### Market commentary regarding the year 2016/17 from the Council's treasury management advisors Arlingclose

#### External Context

**Economic background:** Politically, 2016/17 was an extraordinary twelve month period which defied expectations when the UK voted to leave the European Union and Donald Trump was elected the 45<sup>th</sup> President of the USA. Uncertainty over the outcome of the US presidential election, the UK's future relationship with the EU and the slowdown witnessed in the Chinese economy in early 2016 all resulted in significant market volatility during the year. Article 50 of the Lisbon Treaty, which sets in motion the 2-year exit period from the EU, was triggered on 29<sup>th</sup> March 2017. UK inflation had been subdued in the first half of 2016 as a consequence of weak global price pressures, past movements in sterling and restrained domestic price growth. However the sharp fall in the Sterling exchange rate following the referendum had an impact on import prices which, together with rising energy prices, resulted in CPI rising from 0.3% year/year in April 2016 to 2.3% year/year in March 2017.

In addition to the political fallout, the referendum's outcome also prompted a decline in household, business and investor sentiment. The repercussions on economic growth were judged by the Bank of England to be sufficiently severe to prompt its Monetary Policy Committee (MPC) to cut the Bank Rate to 0.25% in August and embark on further gilt and corporate bond purchases as well as provide cheap funding for banks via the Term Funding Scheme to maintain the supply of credit to the economy.

Despite growth forecasts being downgraded, economic activity was fairly buoyant and GDP grew 0.6%, 0.5% and 0.7% in the second, third and fourth calendar quarters of 2016. The labour market also proved resilient, with the ILO unemployment rate dropping to 4.7% in February, its lowest level in 11 years.

Following a strengthening labour market, in moves that were largely anticipated, the US Federal Reserve increased rates at its meetings in December 2016 and March 2017, taking the target range for official interest rates to between 0.75% and 1.00%.

**Financial markets:** Following the referendum result, gilt yields fell sharply across the maturity spectrum on the view that Bank Rate would remain extremely low for the foreseeable future. After September there was a reversal in longer-dated gilt yields which moved higher, largely due to the MPC revising its earlier forecast that Bank Rate would be dropping to near 0% by the end of 2016. The yield on the 10-year gilt rose from 0.75% at the end of September to 1.24% at the end of December, almost back at pre-referendum levels of 1.37% on 23<sup>rd</sup> June. 20- and 50-year gilt yields also rose in Q3 2017 to 1.76% and 1.70% respectively, however in Q4 yields remained flat at around 1.62% and 1.58% respectively.

After recovering from an initial sharp drop in Q2, equity markets rallied, although displaying some volatility at the beginning of November following the US presidential election result. The FTSE-100 and FTSE All Share indices closed at 7342 and 3996 respectively on 31<sup>st</sup> March, both up 18% over the year. Commercial property values fell around 5% after the referendum, but had mostly recovered by the end of March. Money market rates for overnight and one week periods remained low since Bank Rate was cut in August. 1- and 3-month LIBID rates averaged 0.36% and 0.47% respectively during 2016-17. Rates for 6- and 12-months increased between August and November, only to gradually fall back to August levels in March, they averaged 0.6% and 0.79% respectively during 2016-17.

**Credit background:** Various indicators of credit risk reacted negatively to the result of the referendum on the UK's membership of the European Union. UK bank credit default swaps saw a modest rise but bank share prices fell sharply, on average by 20%, with UK-focused banks experiencing the largest falls. Non-UK bank share prices were not immune, although the fall in their share prices was less pronounced. Fitch and Standard & Poor's downgraded the UK's sovereign rating to AA. Fitch, S&P and Moody's have a negative outlook on the UK. Moody's has a negative outlook on those banks and building societies that it perceives to be exposed to a more challenging operating environment arising from the 'leave' outcome. None of the banks on the Authority's lending list failed the stress tests conducted by the European Banking Authority in July and by the Bank of England in November, the latter being designed with more challenging stress scenarios, although Royal Bank of Scotland was one of the weaker banks in both tests. The tests were based on banks' financials as at 31st December 2015, 11 months out of date for most. As part of its creditworthiness research and advice, the Authority's treasury advisor Arlingclose regularly undertakes analysis of relevant ratios - "total loss absorbing capacity" (TLAC) or "minimum requirement for eligible liabilities" (MREL) - to determine whether there would be a bail-in of senior investors, such as local authority unsecured investments, in a stressed scenario.

						Appendix C					
RUSHMOOR BOROUGH COUNCIL - INVESTMENTS OPENING/CLOSING IN 2016/17											
<u>31 03 2016</u>						<u>31 03 2017</u>					
£m	£1m	£2m	£3m	£4m	£5m	£1m	£2m	£3m	£4m	£5m	£m
<u>UK Local Authorities</u>											
2.0											2.0
<u>UK Banks and Building Societies (Short Term)</u>											
1.0											
2.0											
<u>Foreign banks</u>											
1.0											
1.0											
<u>Covered Bonds/Floating Rate Notes</u>											
1.0											1.0
2.2											2.2
2.3											2.3
1.1											
<u>AAA-Rated Money Market Funds</u>											
0.1											0.1
1.0											1.5
2.0											1.6
2.1											1.8
<u>Pooled Funds</u>											
5.0											5.0
3.0											3.0
5.0											5.0
5.0											5.0
2.0											2.0
38.8											33.5

## APPENDIX D

### **TREASURY MANAGEMENT PRACTICES PRINCIPLES AND SCHEDULES**

#### **Introduction:**

The CIPFA Code of Practice on Treasury Management in the Public Services (the Code) was last revised in November 2011. The Code requires the setting out of the responsibilities and duties of members and officers, allowing a framework for reporting and decision making on all aspects of treasury management. This Council had adopted the original Code and has similarly adopted the revised 2011 Code in February 2017 within the body of the Treasury Management Strategy Statement 2017/18 approved by Full Council. The Code recommends the creation and maintenance of:

- A Treasury Management Policy Statement, stating the policies and objectives of its treasury management activities
  
- Suitable Treasury Management Practices setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The Treasury Management Practices (TMPs) comprise:

- TMP 1: Risk management
- TMP 2: Performance measurement
- TMP 3: Decision-making and analysis
- TMP 4: Approved instruments, methods and techniques
- TMP 5: Organisation, clarity and segregation of responsibilities and dealing arrangements
- TMP 6: Reporting requirements and management information arrangements
- TMP 7: Budgeting, accounting and audit arrangements
- TMP 8: Cash and cash flow management
- TMP 9: Money laundering
- TMP 10: Training and qualifications
- TMP 11: Use of external service providers
- TMP 12: Corporate governance

Schedules supporting these practices and other documents held at an operational level specify the systems and routines to be employed and the records to be maintained in fulfilling the Council's treasury functions.

## TMP 1: RISK MANAGEMENT

All treasury management activities involve both risk and the pursuit of reward or gain for the Council. Decisions on borrowing, investment or financing are taken in accordance with the provisions in the Annual Treasury Management Strategy.

The Section 151 Officer will design, implement and monitor all arrangements for the identification, management and control of treasury management risk. In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives are set out as schedules below.

- 1) **Credit and Counterparty Risk Management:** Credit and counterparty risk is the risk of failure by a third party to meet its contractual obligations to the Council.

**Principle:** The Council regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited, and will limit its investment or borrowing methods and techniques. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing arrangements.

### Schedule:

Criteria to be used for creating/managing approved counterparty lists/limits	The Head of Finance is responsible for setting prudent criteria and additionally the Council's treasury advisors will provide guidance and assistance in setting the criteria.  The Council's treasury management advisors will advise on credit policy and creditworthiness related issues. The Council will maintain a counterparty list based on its criteria and will monitor and update the credit standing of the institutions on a regular basis.
Details of credit rating agencies' services and their application	The Council considers the ratings of all 3 ratings agencies (Standard & Poor's, Moody's and Fitch) when making investment decisions. Credit rating agency information is just one of a range of instruments used to assess creditworthiness of institutions.
Description of the general approach to collecting/using information other than credit ratings for counterparty risk assessment	The Council's Treasury Advisor, Arlingclose, provides timely information on counterparties, in terms of credit rating updates and economic summaries. Credit default swap information is received monthly, as well as information on share price.  In addition, the Head of Finance reads quality financial press for information on counterparties.

- 2) **Liquidity Risk Management:** Liquidity risk is the risk that cash will not be available when it is needed, that ineffective management of liquidity creates additional unbudgeted costs, and that the Council's business/service objectives will be thereby compromised.

**Principle:** The Head of Finance will ensure the Council has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives.

**Schedule:**

<i>Cash flow and cash balances</i>	<p><i>The Council will aim for effective cash flow forecasting and monitoring of cash balances and will maintain a monthly cash flow forecast.</i></p> <p><i>The Treasury Team shall seek to optimise the balance held in the Council's main bank accounts at the close of each working day in order to minimise the amount of bank overdraft interest payable or maximise the amount of interest that can be earned by investing surplus funds.</i></p>
<i>Short term investments</i>	<p><i>A balance in the region of £200k to deal with day to day cash flow fluctuations is maintained by investing money overnight with the Council's bankers.</i></p> <p><i>The Council also uses various Current and Call Accounts and Money Market Funds as outlined on the Council's approved counterparty list. The maximum balance on each of these accounts is outlined as part of the Council's investment strategy.</i></p>
<i>Temporary borrowing</i>	<p><i>Temporary borrowing up to 364 days through the money market is available should there be a cash flow deficit at any point during the year.</i></p> <p><i>At no time will the outstanding total of temporary and long-term borrowing together with any bank overdraft exceed the Prudential Indicator for the Authorised Borrowing Limit agreed by the Council before the start of each financial year.</i></p>
<i>Bank overdraft and standby facilities</i>	<p><i>The Council has no authorised overdraft limit with its bankers.</i></p>

- 3) Interest Rate Risk Management:** *Interest Rate risk is the risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the Council's finances, against which the Council has failed to protect itself adequately.*

**Principle:** *The Council will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with TMP6 Reporting requirements and management information arrangements.*

**Schedule:**

<i>Minimum/maximum proportions of fixed/variable rate debt/interest</i>	<p><i>Borrowing/investments may be at a fixed or variable rate.</i></p> <p><i>The Prudential Code requires the Council to determine each year the maximum proportion of interest payable on net borrowing which is subject to fixed and variable interest rates. This is set each year as part of the annual budget setting process.</i></p>
---	--

<i>Managing changes to interest rate levels</i>	<i>The main impact of changes in interest rate levels is to monies borrowed and invested at variable rates of interest. The Council will consider matching borrowing at variable rates with investments similarly exposed to changes in interest rates as a way of mitigating any adverse budgetary impact.</i>  <i>Interest rate forecasts are provided by Arlingclose and are closely monitored by the Head of Finance. Variations from original estimates and their impact on the Council's debt and investments are notified as part of the Council's budgetary management process.</i>
<i>Details of approved interest rate exposure limits</i>	<i>As per the Council's prudential indicators, The indicator calculates the relationship between the Council's net principal sum outstanding on its borrowing to the minimum amount it has available to invest (-£25m for 2017/18). The negative figure results because the Council has more funds available to invest than it intends to borrow for the year 2017/18.</i>
<i>Details of hedging tools used to manage risk</i>	<i>The Council will only use the following standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to.</i>

- 4) **Exchange Rate Risk Management:** The risk that fluctuations in foreign exchange rates create an unexpected or unbudgeted burden on the Council's finances against which the Council has failed to protect itself adequately.

**Principle:** *The Council will ensure that it protects itself adequately against the risk of fluctuations in foreign exchange rates creating an unexpected or unbudgeted burden on the Council's finances. It will manage any exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure levels.*

**Schedule:**

<i>Exchange rate risk management</i>	<i>This Council does not, on a day to day basis, have foreign currency transactions or receipts, and does not intend to make any investments denominated in foreign currencies.</i>
--------------------------------------	---

- 5) **Refinancing Risk Management:** *The risk that maturing borrowings, capital, project or partnership financings cannot be refinanced on terms that reflect the provisions made by the organisation for those refinancings, both capital and current (revenue), and/or that the terms are inconsistent with prevailing market conditions at the time.*

**Principle:** *The Council will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the organisation as can reasonably be achieved in the light of market conditions prevailing at the time.*

**Schedule:**

<i>Projected capital investment requirements</i>	<p><i>4 year projections are in place for capital expenditure and it's financing or funding. Financing will be from capital receipts, reserves and any grants or contributions awarded, revenue resources or reserves. Funding will be from internal or external borrowing, as decided.</i></p> <p><i>The Council's projected long-term borrowing requirement will be linked to the projected Capital Financing Requirement.</i></p>
<i>Debt profiling, policies and practices</i>	<p><i>Any longer term borrowing will be undertaken in accordance with the Prudential Code and will comply with the Council's Prudential Indicators and the Annual Treasury Management Strategy.</i></p> <p><i>Where the lender to the Council is a commercial body the Council will aim for diversification in order to spread risk and avoid over-reliance on a small number of counterparties.</i></p>
<i>Policy concerning limits on revenue consequences of capital financings</i>	<p><i>The revenue consequences of financing the capital programme are included in cash flow models, annual revenue estimates and medium term forecasts.</i></p>

- 6) Legal and Regulatory Risk Management:** *The risk that the Council itself, or a third party with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the Council suffers losses accordingly.*

**Principle:** *The Council will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. In framing its credit and counterparty policy under TMP1(1) Credit and counterparty risk management, it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may effect with the Council, particularly with regard to duty of care and fees charged.*

**Schedule:**

<p>References to relevant statutes and regulations</p>	<p>The treasury management activities of the Council shall comply fully with legal statute and the regulations of the Council. These are:</p> <ul style="list-style-type: none"> <li>▪ CIPFA’s Treasury Management Code of Practice 2001 and subsequent amendments</li> <li>▪ CIPFA Guide for Chief Financial Officers on Treasury Management in Local Authorities</li> <li>▪ CIPFA Prudential Code for Capital Finance in Local Authorities and subsequent amendments</li> <li>▪ CIPFA Standard of Professional Practice on Treasury Management</li> <li>▪ The Local Government Act 2003</li> <li>▪ The Local Authorities (Capital Finance and Accounting) (England ) Regulations 2003 SI 2003 No 3146, and subsequent amendments</li> <li>▪ Pensions, England and Wales - The Local Government Pension Scheme Regulations 2009 - SI 2009 No 3093</li> <li>▪ The CLG’s statutory Guidance on Minimum Revenue Provision (MRP)</li> <li>▪ The ODPM’s (now CLG’s) Guidance on Local Government Investments in England issued March 2004 and subsequent amendments</li> <li>▪ The Local Authorities (Contracting out of Investment Functions) Order 1996 SI 1996 No 1883</li> <li>▪ LAAP Bulletins</li> <li>▪ Code of Practice on Local Authority Accounting in the United Kingdom (from 2017/ 18 onwards)</li> <li>▪ Accounts and Audit Regulations 2003, as amended together with CLG’s Guidance</li> <li>▪ Council’s Constitution</li> </ul>
<p>Required information from counterparties concerning their powers/ authorities</p>	<p>Lending shall only be made to institutions on the Council’s authorised lending list.</p> <p>The Council will only undertake borrowing from approved sources such as the PWLB and LEP, organisations such as the European Investment Bank and from commercial banks who are on the Council’s list of authorised institutions, and other local authorities.</p>
<p>Statement on political risks and management of the same</p>	<p>Political risk is managed by:</p> <ul style="list-style-type: none"> <li>• adoption of the CIPFA Treasury Management Code of Practice</li> <li>• adherence to Corporate Governance (TMP 12 - Corporate Governance)</li> </ul>

7) **Fraud, Error and Corruption, and Contingency Management:** This is the risk that the Council fails to identify the circumstances in which it may be exposed to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings, and fails to employ suitable systems and procedures and maintain effective contingency management arrangements to these ends. It includes the area of risk referred to as operational risk.

**Principle:** The Council will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

**Schedule:**

<p><i>Details of systems and procedures to be followed, including Internet services</i></p>	<p><i>Segregation of duties minimises the possibility of fraud and loss due to error, and is detailed in <b>TMP5 Organisation, clarity and segregation of responsibilities and dealing arrangements.</b></i></p> <p><i>1. <u>Electronic Banking and Dealing</u></i></p> <p><i>The Council's online banking service provided by HSBC is subject to separate log-on and password control allowing varying levels of access.</i></p> <p><i>Full procedure notes covering the day to day operation of the on-line banking system are documented and included in the Operations Manual.</i></p> <p><i>2. <u>Payment Authorisation</u></i></p> <ul style="list-style-type: none"> <li><i>• Payments can only be authorised by an agreed cheque signatory(ies) of the Council, the list of signatories having previously been agreed with the Council's bank.</i></li> <li><i>• Inflow and outflow of monies borrowed and invested will only be from the counterparty's bank accounts.</i></li> <li><i>• Separate officers process, check and authorise dealing transactions.</i></li> </ul>
<p><i>Internal Audit</i></p>	<p><i>Internal Audit carry out an annual regulatory review of the treasury management function including probity testing. See <b>TMP7 Budgeting, accounting and audit arrangements.</b></i></p>
<p><i>Business Continuity</i></p>	<p><i>1. All treasury systems are retained on the Council's network. Daily back-ups are taken and maintained and network back-ups can be used by the IT department to restore files, if necessary.</i></p> <p><i>2. Electronic Banking System Failure: details of emergency arrangements are contained within the Council's Business Continuity Plan, which is maintained by the Director of Resources.</i></p>
<p><i>Insurance Cover details</i></p>	<p><i>The Council has Fidelity Guarantee cover. Cover details are held within the Finance Department.</i></p>

- 8) **Market Risk Management:** *This is the risk that, through adverse market fluctuations in the value of the principal sums the Council borrows and invests, its stated treasury management policies and objectives are compromised, against which effects it has failed to protect itself adequately.*

**Principle:** *This Council will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations.*

**Schedule:**

<p><i>Details of approved procedures and limits for controlling exposure to investments whose capital value may fluctuate (gilts, CDs etc.)</i></p>	<p><i>Investment instruments used by the external fund managers are subject to fluctuation in capital movements and exposed to interest rate risk. In order to minimise these risks capital preservation is set as the primary objective and pursuit of investment performance should be commensurate with this objective.</i></p> <p><i>Pooled Funds with a Variable Net Asset Value (VNAV) - The Council currently uses pooled funds as per its Treasury Management Strategy, and on advice from its treasury advisors.</i></p>
<p><i>Accounting for unrealised gains/losses</i></p>	<p><i>The method of accounting for unrealised gains or losses on the valuation of financial assets will comply with the Accounting Code of Practice.</i></p>

## TMP 2: PERFORMANCE MEASUREMENT

**Principle:** The Council is committed to the pursuit of value for money in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its treasury management policy statement.

### Schedule:

<p><i>Policy concerning methods for testing value for money</i></p>	<p><i>Best value reviews will include the production of plans to review the way services are provided by</i></p> <ul style="list-style-type: none"> <li>▪ <i>Challenging</i></li> <li>▪ <i>Comparing performance</i></li> <li>▪ <i>Consulting with other users and interested parties</i></li> <li>▪ <i>Applying competition principles</i></li> </ul> <p><i>in order to pursue continuous improvement in the way the Council's functions are exercised, having regard to a combination of value for money, efficiency and effectiveness.</i></p>
<p><i>Policy concerning methods for performance measurement</i></p>	<p><i>Performance measurement at this Council is intended to calculate the effectiveness of treasury activity in delivering the strategic objectives set through the Treasury Management Strategy and the Council's Prudential Indicators and to enhance accountability.</i></p> <p><i>In drawing any conclusions the Council will bear in mind that the characteristics of its treasury operations may differ from those of other councils, particularly with regard to the position on risk.</i></p>
<p><i>Methodology to be applied for evaluating the impact of treasury management decisions</i></p>	<p><i>Monitoring of the outcome of treasury management activity against Prudential Indicators approved by the Council will be included with mid-year and year-end Treasury Reports.</i></p> <p><i>The year-end Annual Treasury Report will also include, as a matter of course, the outturn against the Pls set prior to the commencement of the financial year and any in-year amendments. The Council's Treasury Management advisors benchmark the performance, risk and returns of the Council's in-house funds with funds managed on a similar basis by other local authorities.</i></p>
<p><i>Methodology to be employed for measuring the performance of the Council's treasury management activities</i></p>	<p><i>Treasury management activity is reported twice yearly against strategy and prevailing economic and market conditions. The report will include:</i></p> <ol style="list-style-type: none"> <li><i>a) Total debt including average rate and maturity profile (where appropriate)</i></li> <li><i>b) The effect of new borrowing and/or maturities on the above</i></li> <li><i>c) The effect of any debt restructuring on the debt portfolio</i></li> <li><i>d) Total investments including average rate, credit and maturity profile</i></li> <li><i>e) The effect of new investments/redemptions/maturities on the above</i></li> <li><i>f) The rate of return on investments against their indices for internally and externally managed funds</i></li> <li><i>g) An analysis of any risks inherent within the investment portfolio (e.g. exposure to market movements in the value of CDs, gilts/bonds, callable deposits in their call period)</i></li> <li><i>h) A statement whether the treasury management activity resulted in a breach of the Prudential Indicators and other limits set within treasury strategy.</i></li> </ol>
<p><i>Best value</i></p>	<p><i>When tendering for treasury-related or banking services, the Council adheres to its Financial Regulations.</i></p>

### TMP 3: DECISION-MAKING AND ANALYSIS

**Principle:** The Council will maintain records of its treasury management decision. The issues to be addressed and processes and practices to be pursued in reaching decisions are detailed below.

**Schedule:**

<p><i>Major treasury decisions</i></p>	<p><i>As a public service organisation, there is a requirement to demonstrate openness and accountability in treasury management activities. Accordingly, the Council will create and maintain an audit trail of major treasury management decisions which comprise either:</i></p> <ul style="list-style-type: none"> <li><i>a) changes to Prudential Indicator(s) during the course of the financial year</i></li> <li><i>b) raising a new long-term loan / long-term source of finance</i></li> <li><i>c) prematurely restructuring/redeeming an existing long-term loan(s)</i></li> <li><i>d) investing longer-term (i.e. in excess of 1 year)</i></li> <li><i>e) utilisation of investment instruments which constitute capital expenditure (i.e. loan capital/share capital)</i></li> <li><i>f) leasing</i></li> <li><i>g) change in banking arrangements</i></li> <li><i>h) appointing/replacing a treasury advisor</i></li> <li><i>i) appointing/replacing a fund manager</i></li> </ul>
<p><i>Process</i></p>	<p><i>The Council's strategy for the application of its treasury policy is set out in the annual Treasury Management Strategy.</i></p>
<p><i>Delegated powers for treasury management</i></p>	<p><i>The Section 151 Officer has delegated powers to carry out the Council's strategy for debt management, capital finance and borrowing, depositing surplus funds and managing the cash flows of the Council.</i></p>
<p><i>Processes to be followed</i></p>	<p><i>The processes to be followed will be in keeping with <b>TMP 4: Approved, Instruments, Methods and Techniques.</b></i></p>
<p><i>Evidence and records to be kept</i></p>	<p><i>The Council will maintain a record of all major treasury management decisions.</i></p>

## TMP 4: APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

*Principle: The Council will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in the schedule to this document, and within the limits and parameters defined in TMP1 Risk Management.*

### Schedule:

<p><i>Approved treasury management activities</i></p> <p><i>The Council is permitted to undertake the following activities:</i></p> <ul style="list-style-type: none"> <li>▪ <i>Managing cashflow</i></li> <li>▪ <i>Capital financing</i></li> <li>▪ <i>Borrowing including debt restructuring and debt repayment</i></li> <li>▪ <i>Lending including redemption of investments</i></li> <li>▪ <i>Banking</i></li> <li>▪ <i>Leasing</i></li> <li>▪ <i>Managing the underlying risk associated with the Council's capital financing and surplus funds activities.</i></li> </ul> <p><i>The above list is not finite and the Council would, from time to time, consider and determine new financial instruments and treasury management techniques.</i></p>	
<p><i>Approved capital financing methods and types/sources of funding</i></p>	<p><u><i>On balance sheet</i></u></p> <ul style="list-style-type: none"> <li>• <i>Public Works Loans Board (PWLB) loans</i></li> <li>• <i>long term money market loans including LOBOs</i></li> <li>• <i>temporary money market loans (up to 364 days).</i></li> <li>• <i>bank overdraft</i></li> <li>• <i>loans from UK banks or building societies</i></li> <li>• <i>loans from bodies such as the European Investment Bank (EIB)</i></li> <li>• <i>loans from UK local authorities</i></li> <li>• <i>UK public and private sector pension funds (except the Local Government Pension Scheme administered by Hampshire County Council)</i></li> <li>• <i>Local Capital Finance Company and other special purpose companies created to enable local authority bond issues</i></li> <li>• <i>Capital market bond investors</i></li> <li>• <i>Finance Leases</i></li> <li>• <i>Deferred Purchase</i></li> <li>• <i>Government and EU Capital Grants</i></li> <li>• <i>Other Capital Grants and Contributions</i></li> <li>• <i>PFI/PPP</i></li> </ul> <p><u><i>Internal Resources</i></u></p> <ul style="list-style-type: none"> <li>• <i>Capital Receipts</i></li> <li>• <i>Revenue Balances</i></li> <li>• <i>Use of Reserves</i></li> </ul> <p><u><i>Off balance sheet</i></u></p> <ul style="list-style-type: none"> <li>• <i>Operating Leases</i></li> <li>• <i>Structured Finance</i></li> </ul> <p><i>The level of debt will be consistent with the Treasury Management Strategy and the Prudential Indicators.</i></p>

<p><i>Approved investment instruments</i></p>	<p><i>The Council will determine approved investment instruments through its Annual Investment Strategy. The approved instruments are summarised as follows:</i></p> <ul style="list-style-type: none"> <li>▪ <i>Deposits with the UK government, the Debt Management Agency Deposit Facility (DMADF), and UK local authorities</i></li> <li>▪ <i>Term deposits with banks and building societies</i></li> <li>▪ <i>Certificates of deposit</i></li> <li>▪ <i>Callable deposits</i></li> <li>▪ <i>Investments in Money Market Funds</i></li> <li>▪ <i>Treasury Bills</i></li> <li>▪ <i>Gilts</i></li> <li>▪ <i>Bonds issued by multilateral development banks</i></li> <li>▪ <i>Sterling denominated bonds by non-UK sovereign governments</i></li> <li>▪ <i>Pooled funds</i></li> <li>▪ <i>Investments with Registered Providers of Social Housing</i></li> <li>▪ <i>Commercial paper</i></li> <li>▪ <i>Corporate Bonds</i></li> <li>▪ <i>Floating Rate Notes</i></li> <li>▪ <i>Reverse repurchase agreements (repos)</i></li> </ul> <p><i>The use of the above instruments by the Council's fund manager(s) (if appointed) will be by reference to the fund guidelines contained in the agreement between the Council and the manager</i></p>
<p><i>Use of Derivatives</i></p>	<p><i>The Council will only use the following standalone financial derivatives: e.g. swaps, forwards, futures and options where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to.</i></p>

## **TMP 5: ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES, AND DEALING ARRANGEMENTS**

*Principle: The Council considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities.*

*The principle on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions.*

*Schedule:*

<p><i>Limits to responsibilities at Executive levels</i></p>	<p><i>Full Council:</i></p> <ul style="list-style-type: none"> <li>• <i>receiving and reviewing Prudential Indicators as part of the budget setting process (following receipt by Cabinet)</i></li> <li>• <i>receiving and reviewing reports on treasury management policies and activities (following receipt by Cabinet)</i></li> </ul> <p><i>Cabinet/Council:</i></p> <ul style="list-style-type: none"> <li>• <i>approval of amendments to adopted clauses, treasury management policy statement</i></li> <li>• <i>budget consideration and approval</i></li> </ul>
<p><i>Principles and practices concerning segregation of duties</i></p>	<p><i>The segregation of duties will be determined by the Head of Finance.</i></p> <p><i>Segregation of duties exists in that:</i></p> <ul style="list-style-type: none"> <li>• <i>the officer(s) responsible for negotiating and closing treasury management deals are completely separate from the officer(s) with responsibility for recording the transactions in the cash book and completing cheque and bank reconciliations.</i></li> <li>• <i>the officer responsible for negotiating and closing treasury management deals is separate from officer authorising payments</i></li> <li>• <i>all borrowing/investments decisions must be authorised by the Head of Finance.</i></li> </ul>

<p><i>Statement of duties/ responsibilities of each treasury post</i></p>	<p><i>The Head of Finance:</i></p> <ul style="list-style-type: none"> <li>• <i>submitting budgets and budget variations</i></li> <li>• <i>recommending clauses, treasury management policy, practices for approval, reviewing the same regularly and monitoring compliance</i></li> <li>• <i>submitting regular treasury management policy reports</i></li> <li>• <i>receiving and reviewing management information reports</i></li> <li>• <i>reviewing the performance of the treasury management function</i></li> <li>• <i>ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function</i></li> <li>• <i>recommending the appointment of external service providers</i></li> <li>• <i>determining long-term capital financing and investment decisions.</i></li> <li>• <i>The Head of Finance has delegated powers to determine and undertake the most appropriate form of borrowing from the approved sources, and to make the most appropriate form of investments in approved instruments.</i></li> </ul>
	<p><i>Finance &amp; Accounting Manager:</i></p> <ul style="list-style-type: none"> <li>• <i>monitoring performance on a day to day basis</i></li> <li>• <i>submitting management information reports to the responsible officer</i></li> <li>• <i>identifying and recommending opportunities for improved practices</i></li> <li>• <i>adherence to agreed policies and practices on a day to day basis</i></li> <li>• <i>maintaining relationships with third parties and external service providers</i></li> </ul> <p><i>Accountant:</i></p> <ul style="list-style-type: none"> <li>• <i>execution of transactions</i></li> <li>• <i>adherence to agreed policies and practices on a day to day basis</i></li> <li>• <i>maintaining relationships with third parties and external service providers</i></li> <li>• <i>recording and reconciling treasury management transactions</i></li> <li>• <i>contributing to the preparation of management information reports</i></li> </ul>
<p><i>Absence cover arrangements</i></p>	<p><i>Cover in the absence of the relevant treasury management officer is provided by</i></p> <ul style="list-style-type: none"> <li>• <i>Finance &amp; Accounting Manager provides cover for Accountant</i></li> <li>• <i>Head of Finance provides cover for Finance &amp; Accounting Manager</i></li> </ul>

## **Dealing**

<p><i>Authorised officers</i></p>	<p><i>Responsible officer for borrowing/investment decisions :</i></p> <ul style="list-style-type: none"> <li>• <i>Borrowing activity: Head of Finance</i></li> <li>• <i>Lending activity: Head of Finance</i></li> <li>• <i>Authorising payments for borrowing/lending : Finance &amp; Accounting Manager or Head of Finance</i></li> <li>• <i>Transaction recording: Accountant</i></li> </ul>
-----------------------------------	--

<i>List of approved brokers</i>	<i>Brokers used by the Council are named in TMP 11: External Service Providers</i>
<i>Direct dealing practices</i>	<i>Direct dealing is carried out with institutions as outlined on the Council's approved investment counterparty list.</i>
<i>Deal Ticket proforma</i>	<i>Deals will be recorded as per the deal ticket proforma</i>
<i>Settlement transmission procedures</i>	<ul style="list-style-type: none"> <li>• <i>Settlements are made by CHAPS.</i></li> </ul>
<i>Documentation requirements</i>	<p>For each deal undertaken a record should be prepared giving details of dealer, amount, period, counterparty, interest rate, dealing date, payments date(s), broker (if applicable).</p> <p>Investments:</p> <ul style="list-style-type: none"> <li>• <i>deal ticket authorising the investment</i></li> <li>• <i>confirmation from the broker</i></li> <li>• <i>confirmation from the counterparty</i></li> <li>• <i>Chaps payment transmission document</i></li> </ul> <p>Loans:</p> <ul style="list-style-type: none"> <li>• <i>deal ticket with signature to agree loan</i></li> <li>• <i>confirmation from the broker</i></li> <li>• <i>confirmation from PWLB/market counterparty</i></li> <li>• <i>Chaps payment transmission document for repayment of loan.</i></li> </ul>
<i>Arrangements concerning the management of counterparty funds</i>	<i>The Investment and Loans file contains an up to date list of Council's approved investment counterparty list.</i>

## TMP 6: REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS

*Principle: The Council will ensure that regular reports are prepared and considered on the implementation of its treasury management policies; on the effects of decisions taken and transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.*

As a minimum, Cabinet and Council will receive:

- An annual report on the strategy and plan to be pursued in the coming year
- A mid-year review
- An annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the organisation's treasury management policy statement and TMPs.

The present arrangements and the form of these reports are outlined below.

### Schedule:

<p>1. Frequency of executive reporting requirements</p>	<p>The Head of Finance will annually submit budgets and will report on budget variations as appropriate.</p> <p>The Head of Finance will submit the <b>Prudential Indicators and the Treasury Strategy Statement (including Annual Investment Strategy)</b> and report on the projected borrowing and investment strategy and activity for the forthcoming financial year before the start of the year.</p> <p>The <b>Annual Treasury Report</b> will be prepared as soon as practicable after the financial year end and, in all cases, before the end of September.</p> <p>A <b>Mid-Year Treasury Report</b> will be prepared by the Head of Finance, which will report on treasury management activities for the first part of the financial year. The report will also provide a forecast for the current year.</p>
<p>2. Treasury Strategy Statement including the Annual Investment Strategy &amp; Prudential Indicators</p>	<p>The Treasury Strategy Statement integrates with the Prudential Indicators being set and will include the following:</p> <ul style="list-style-type: none"> <li>• Capital Financing and Treasury Management Prudential Indicators for the current and ensuing three years</li> <li>• Strategy for financing new borrowing requirements (if any) and refinancing maturing borrowing (if any) over the next three years and for restructuring of debt</li> <li>• the extent to which surplus funds are earmarked for short term requirements</li> <li>• the investment strategy for the forthcoming year</li> <li>• the interest rate outlook against which the treasury activities are likely to be undertaken</li> </ul>

<p><i>3. Annual Treasury Report</i></p>	<p><i>The Head of Finance will produce an annual report on all activities of the treasury management function during the financial year.</i></p> <p><i>The main contents of the report will comprise:</i></p> <ul style="list-style-type: none"> <li>▪ <i>the prevailing economic environment</i></li> <li>▪ <i>a commentary on treasury operations for the year, including their revenue effects</i></li> <li>▪ <i>commentary on the risk implications of treasury activities undertaken and the future impact on treasury activities of the Council</i></li> <li>▪ <i>compliance with agreed policies and practices, statutory and regulatory requirements</i></li> <li>▪ <i>compliance with Prudential Indicators</i></li> <li>▪ <i>performance measures</i></li> </ul>
<p><i>4. Mid-Year Treasury Report</i></p>	<p><i>The Head of Finance will produce a mid-year report on borrowing and investment activities of the treasury management function for the first six months of the financial year.</i></p> <p><i>The main contents of the report will comprise:</i></p> <ul style="list-style-type: none"> <li>• <i>Economic background</i></li> <li>• <i>Economic forecast (including interest rates forecast)</i></li> <li>• <i>Treasury Management Strategy Statement update</i></li> <li>• <i>Performance versus benchmarks</i></li> <li>• <i>Borrowing information (including premature repayment, new loans information)</i></li> <li>• <i>Information on investments, including current lending list</i></li> <li>• <i>Prudential indicators relating to treasury management</i></li> <li>• <i>Governance framework and scrutiny arrangements</i></li> </ul>

## TMP 7: BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

**Principle:** The Section 151 Officer will prepare, and the Council will approve and, if necessary, from time to time will amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income. The matters to be included in the budget will at minimum be those required by statute or regulation, together with such information as will demonstrate compliance with **TMP1 Risk management, TMP2 Performance measurement, and TMP4 Approved instruments, methods and techniques**. The form which the Council's budget will take is set out in the schedule below.

### Schedule:

<i>Statutory/regulatory requirements</i>	<b>Balanced Budget Requirement:</b> The provisions of S32 and S43 of the Local Government Finance Act 1992 require this Council to calculate its budget requirement for each financial year. S33 of the Act requires the Council to set a council tax sufficient to meet expenditure after taking into account other sources of income.
<i>Proper accounting practice</i>	CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (the local authority SORP) constitutes "proper accounting practice under the terms of S21 (2) of the Local Government Act 2003".
<i>Financial Statements</i>	The current form of the Council's Financial Statements is available within Financial Services.
<i>Disclosures relating to treasury management</i>	Due regard will be given to the disclosure requirements under CIPFA's Accounting Code of Practice.
<i>Treasury-related information requirements of external auditors</i>	<p>The following information is specifically requested by the external auditor and should be considered an initial request for information. It is usually followed by more detailed audit testing work which often requires further information and/or explanations from the Council's officers.</p> <ul style="list-style-type: none"> <li>▪ Determination of Affordable Borrowing Limit under Section 3 of the Local Government Act 2003.</li> <li>▪ Prudential Indicators.</li> <li>▪ Treasury Management Strategy including Annual Investment Strategy.</li> <li>• Details of External borrowing</li> <li>• Details of Investments</li> <li>• Cash Flow Statement</li> </ul>
<i>Internal Audit</i>	<p>Audit of the treasury management function forms part of the Internal Audit Plan.</p> <p>The internal auditors will be given access to treasury management information/documentation as required by them.</p>
<i>Compliance with CIPFA Treasury Management and Prudential Codes</i>	<p>Auditors may require evidence/demonstration of compliance with external and internal treasury management policies and strategy.</p> <p>Any serious breach of the TM Code's recommendations or Prudential Indicators should be brought to the attention of the external auditor.</p>

## TMP 8: CASH AND CASH FLOW MANAGEMENT

*Principle: Cash flow projections will be prepared on a regular and timely basis, and the Head of Finance will ensure that these are adequate for the purposes of monitoring compliance with TMP1 [2] liquidity risk management. The present arrangements for preparing cash flow projections and their form are set out in the schedule below.*

### Schedule:

<i>Arrangements for preparing /submitting cash flow statements</i>	<i>Cash flow forecasts are used to formulate the Council's borrowing and investment strategy.</i>
<i>Content and frequency of cash flow projections</i>	<p><i>The detailed annual cash flow model includes the following:</i></p> <ul style="list-style-type: none"> <li><i>• revenue income and expenditure based on the budget</i></li> <li><i>• profiled capital income and expenditure as per the capital programme</i></li> </ul>
<i>Monitoring, frequency of cash flow updates</i>	<p><i>The annual cash flow statement is updated monthly with the actual cash inflows and outflows after taking account of any revisions including those relating to grant income and capital expenditure and will be reconciled with:</i></p> <ul style="list-style-type: none"> <li><i>• net RSG and NNDR payments as notified;</i></li> <li><i>• county council and fire authority &amp; Police and Crime Commissioner precepts;</i></li> <li><i>• actual salaries and other employee costs paid from account bank statements;</i></li> <li><i>• actual payments to HMRC from general account bank statements;</i></li> <li><i>• actual council tax received</i></li> <li><i>• actual rent allowances paid;</i></li> <li><i>• actual housing benefit (less: HB subsidy);</i></li> <li><i>• actual capital programme expenditure and receipts</i></li> </ul>

## TMP 9: MONEY LAUNDERING

**Background:** The Proceeds of Crime Act (POCA) 2002 consolidated, updated and reformed criminal law in the UK in relation to money laundering. The principal offences relating to money laundering are:

- Concealing, disguising, converting, transferring or removing criminal property from England and Wales, from Scotland or from Northern Ireland
- Being concerned in an arrangement which a person knows or suspects facilitates the acquisition, retention use or control of criminal property
- Acquiring, using or possessing criminal property.

Other offences include failure to disclose money laundering offences, tipping off a suspect either directly or indirectly, and doing something that might prejudice an investigation.

**Principle:** The Council is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. The present arrangements are detailed in the schedule below.

### Schedule:

Anti money laundering policy	This Council's policy is to prevent, wherever possible, the organisation and its staff being exposed to money laundering.
Treasury documentation	The Authority will reflect the anti-laundering measures it has in place as part of its treasury documentation. Such measures include: <ul style="list-style-type: none"> <li>– Awareness of what constitutes money laundering (outlined in the Anti-Money Laundering Policy)</li> <li>– The obligation to report any suspicions to help prevent and detect money laundering</li> <li>– Maintaining up-to-date direct dealing and mandates with counterparties</li> </ul>
Nomination of Responsible Officer(s)	The Council has nominated the Head of Finance to be the Money Laundering Reporting Officer to whom any suspicions relating to transactions involving the Council will be communicated.

## TMP 10: TRAINING AND QUALIFICATIONS

**Principle:** The Council recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The Head of Finance will recommend and implement the necessary arrangements.

The present arrangements are detailed in the schedule below.

### Schedule:

Qualifications/ experience for treasury staff	The Council expects its treasury staff to have suitable accounting qualifications and or experience.
Details of approved training courses	The courses/events the Council would expect its treasury personnel to consider are: <ul style="list-style-type: none"> <li>▪ Certificate in International Treasury Management</li> <li>▪ Public Finance Training courses run by CIPFA and IPF</li> <li>▪ Any courses/seminars run by Treasury Management Consultants.</li> <li>▪ Training attended by those responsible for scrutiny of the treasury function</li> </ul>

## TMP 11: USE OF EXTERNAL SERVICE PROVIDERS

**Principle:** The Council recognises that responsibility for treasury management decisions remains with the organisation at all times. It recognises the potential value of employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review. And it will ensure, where feasible and necessary, that a spread of service providers is used, to avoid over reliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be observed.

### Schedule:

Details of service providers	(a) Treasury advisor - Address as from 10 <sup>th</sup> April 2017 Arlingclose Ltd, 35 Chiswell Street, London EC1Y 4SE Tel 08448 808200 Contract period: April 2016 to April 2019
------------------------------	--

## TMP 12: CORPORATE GOVERNANCE

**Principle:** The Council is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

The Council has adopted and has implemented the key recommendations of the Treasury Management Code of Practice (Revised 2011). This, together with the other arrangements detailed in the schedule below, are considered vital to the achievement of proper corporate governance in treasury management.

### Schedule:

Stewardship responsibilities	The Head of Finance ensures that systems exist to deliver proper financial administration and control and maintaining a framework for overseeing and reviewing the treasury management function.
List of documents to be made available for public inspection.	The following documents are freely available for public inspection: Examples <ul style="list-style-type: none"> <li>▪ Annual Statement of Accounts</li> <li>▪ Budget Book</li> <li>▪ Treasury Management Policy</li> <li>▪ Treasury Management Strategy</li> <li>▪ Budget Monitoring Reports</li> <li>▪ Annual Treasury Report</li> </ul>
Council's website.	Financial information is additionally available on the Council's website

**Note:** Items the Council would maintain at operational level in an 'Operations Manual' and an 'Investment & Loans File' as referred to in this template. The Council 'Operations Manual' contains the follows:

- Procedure Notes for the Council's treasury management system
- Settlement Procedures
- Procedure Notes for the Council's on-line banking system

The 'Investment & Loans File' contains the following:

- Details of all current investments (some of which are contained within transaction files e.g. pooled funds, call accounts) and loans (if applicable)
- Current approved investment counterparties

**End of Treasury Management Practices & Schedules**

## APPENDIX E

<b>PRUDENTIAL INDICATORS</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
	<b>Actual</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Capital Expenditure</b>	21.919	30.945	2.026	2.161
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Financing of Capital Expenditure</b>				
Capital Receipts	13.505	4.600	0.500	0.500
Capital Grants and contributions	1.316	3.285	1.331	1.431
Revenue	0.550	-	-	-
Borrowing	6.548	23.060	0.195	0.230
<b>Total capital financing</b>	21.919	30.945	2.026	2.161
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Capital financing requirement as at 31 March</b>	6.5	29.6	29.7	29.5
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Gross debt and the capital financing requirement</b>				
Capital Financing Requirement (measured in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years)	36.1	65.5	65.4	65.1
Total gross debt	14.6	37.0	43.0	42.0
Difference	21.5	28.5	22.4	23.1
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Operational boundary for external debt</b>				
Borrowing	20.0	47.0	50.0	47.0
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Authorised limit for external debt</b>				
Borrowing	22.0	49.0	51.0	50.0
Other long-term liabilities	1.0	1.0	1.0	1.0
Total	23.0	50.0	52.0	51.0
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Ratio of financing costs to net revenue stream</b>	-8	-6	0	4
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Incremental impact of capital investment decisions on the Council Tax</b>				
General Fund - effect (£ p) on annual band D Council Tax	0.00	(6.75)	(18.31)	(18.19)

This page is intentionally left blank

**ANNEX 2****COUNCIL MEETING – 27TH JULY, 2017****AGENDA ITEM NO. 6 (2)****CODE OF CORPORATE GOVERNANCE**

A report from the meeting of the Licensing and General Purposes Committee held on 26th June 2017.

**1. INTRODUCTION**

- 1.1 This report presents the Local Code for Corporate Governance 2016/17.
- 1.2 The Council's Code of Corporate Governance is reviewed every year. The Code attached to this report is proposed for adoption for municipal year 2016/17 and has been revised to reflect the latest guidance in the CIPFA/SOLACE Framework published April 2016.

**2. BACKGROUND**

- 2.1 The current Code of Corporate Governance was adopted by the former Standards and Audit Committee in April 2015. This code was consistent with the framework and guidance published by CIPFA (Chartered Institute of Public Finance and Accountancy) at that time.
- 2.2 In April 2016, CIPFA revised their framework and guidance (Delivering Good Governance in Local Government) and therefore the opportunity has been taken to review the Council's Code and align it with the new guidance.
- 2.3 As one would expect in a framework dealing with 'good governance' there is a lot of correlation between the content of the old CIPFA framework and the new framework. The main changes are the positioning of sustainable, social and environmental outcomes as a key focus of governance processes and structures. CIPFA consider the focus on sustainability and the links between governance and public financial management are crucial in the current financial climate and underpin the need for local authorities to focus on long-term solutions. The framework provides guidance to local authorities, which we may adapt as required.
- 2.4 Under the new framework there are seven core principles (A-G) each with a number of sub-principles. Although the wording of the principles has been revised, there is a lot of commonality between the sub-principles.

2.5 The previous framework contained six core principles. A comparison between these and the principles (A-G) in the new guidance is set out in Appendix A. This shows how the old and new principles are aligned.

### **3. LOCAL CODE OF GOVERNANCE**

3.1 The updated Local Code of Corporate Governance is based upon the CIPFA / SOLACE publication entitled “Delivering Good Governance in Local Government: Framework 2016 Edition.”

3.2 The Code is based on seven core principles:-

- 1) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;
- 2) Ensuring openness and comprehensive stakeholder engagement;
- 3) Defining outcomes in terms of sustainable economic, social, and environmental benefits;
- 4) Determining the interventions necessary to optimize the achievement of the intended outcomes;
- 5) Developing the Council’s capacity, including the capability of its leadership and the individuals within it;
- 6) Managing risks and performance through robust internal control and strong public financial management; and
- 7) Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

3.3 The Local Code specifically identifies the actions and behaviours taken by the Council in relation to each of these core principles and associated sub principles. These are summarised within Appendix A of the Code. These behaviours and actions have been summarised following a review of the CIPFA Local Government Guidance Notes for Local Authorities. Appendix B of the Local Code sets out the Local Corporate Governance Framework.

3.4 The Licensing and General Purposes Committee is responsible for approving this Code and it is recommended that this is annually reviewed and updated accordingly.

3.5 The updated Local Code of Corporate Governance is attached at Appendix B.

3.6 Once approved, it is suggested that the RBC Local Code of Corporate Governance is published both on the intranet and also on the Council’s website. If the detailed governance arrangements for the Council are easily accessible to the public in this way, then there is likely to be scope to rationalise the detail contained within the Annual Governance Statement that is produced each year, and published alongside the Statement of Accounts.

### **4. COUNCIL PRIORITIES**

4.1 A sound system of corporate governance provides the framework and assurance within which the council can deliver its priorities with confidence.

## **5. CORPORATE IMPLICATIONS**

### ***Legal Implications***

- 5.1 The Council must adopt a Code of Corporate Governance, which has been produced to the standards prescribed in the best practice guidance in order to prepare the Annual Governance Statement. The best practice guidance is recognised as the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government (2016).

### ***Financial and Risk Implications***

- 5.2 None directly from this report. However good governance enables the Council to pursue its vision effectively as well as underpinning that vision with sound arrangements for control and management of risk. The Council must ensure that it has a sound system of internal control, which includes effective arrangements for the management of risk. Failure to develop and maintain a local Code of Corporate Governance and publish an Annual Governance Statement would mean that the Council would be failing in its responsibilities for ensuring accountability and the proper conduct of public business.

### ***Equalities Implications***

- 5.3 None directly from this report.

## **6. CONCLUSION AND NEXT STEPS**

- 6.1 Approval of the updated Local Code of Corporate Governance will ensure that the Council has a robust framework in place to support good governance.

## **7. RECOMMENDATION**

- 7.1 The Council is recommended to approve the updated Local Code of Corporate Governance as set out in Appendix B.

CR. A. JACKMAN  
CHAIRMAN OF LICENSING AND  
GENERAL PURPOSES COMMITTEE

# Comparison with Framework published in 2007

The following table compares the principles from the Framework (2007) with those included in the revised Framework (2016).

Principles from 2016	Principles from 2007
<p><b>A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</b></p> <ul style="list-style-type: none"> <li>■ Behaving with integrity</li> <li>■ Demonstrating strong commitment to ethical values</li> <li>■ Respecting the rule of law</li> </ul>	<p><b>Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour</b></p> <ul style="list-style-type: none"> <li>■ Ensuring authority members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance</li> <li>■ Ensuring that organisational values are put in place and are effective</li> </ul>
<p><b>B. Ensuring openness and comprehensive stakeholder engagement</b></p> <ul style="list-style-type: none"> <li>■ Openness</li> <li>■ Engaging comprehensively with institutional stakeholders</li> <li>■ Engaging with individual citizens and service users effectively</li> </ul>	<p><b>Engaging with local people and other stakeholders to ensure robust public accountability</b></p> <ul style="list-style-type: none"> <li>■ Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships</li> <li>■ Taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the authority, in partnership, or by commissioning</li> <li>■ Making the best use of human resources by taking on active and planned approach to meet responsibility to staff</li> </ul>

In addition to the overarching requirements for acting in the public interest in principles A and B (2016 Framework), achieving good governance in the public sector also requires effective arrangements for the following:

**C. Defining outcomes in terms of sustainable economic, social, and environmental benefits**

- Defining outcomes
- Sustainable economic, social and environmental benefits

**Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area**

- Exercising strategic leadership by developing and clearly communicating the authority's purpose and vision and its intended outcomes for citizens and service users
- Ensuring that users receive a high quality of service whether directly, or in partnership or by commissioning
- Ensuring that the authority makes best use of resources and that tax payers and service users receive excellent value for money

**D. Determining the interventions necessary to optimise the achievement of the intended outcomes**

- Determining interventions
- Planning interventions
- Optimising achievement of intended outcomes

**E. Developing the entity's capacity, including the capability of its leadership and the individuals within it**

- Developing the entity's capacity
- Developing the capability of the entity's leadership and other individuals

**Developing the capacity and capability of members and officers to be effective**

- Making sure that members and officers have the skills, knowledge, experience and resources they need to perform well in their roles
- Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group
- Encouraging new talent for membership of the authority so that best use can be made of individuals skills and resources in balancing continuity and renewal

**Members and officers working together to achieve a common purpose with clearly defined functions and roles**

- Ensuring effective leadership throughout the authority and being clear about executive and non-executive functions and of the roles and responsibilities of the scrutiny function
- Ensuring that a constructive working relationship exists between authority members and officers and that the responsibilities of authority members and officers are carried out to a high standard
- Ensuring relationships between the authority and the public are clear so that each knows what to expect of the other

**F. Managing risks and performance through robust internal control and strong public financial management**

- Managing risk
- Managing performance
- Robust internal control
- Managing data
- Strong public financial management

**Taking informed decisions which are subject to effective scrutiny and managing risk**

- Being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny
- Having good-quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs
- Ensuring that an effective risk management system is in place
- Using their legal powers to the full benefit of the citizens and communities in their area

---

**G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

- Implementing good practice in transparency
  - Implementing good practices in reporting
  - Assurance and effective accountability
-

## LOCAL CODE OF CORPORATE GOVERNANCE

### INTRODUCTION

Rushmoor Borough Council recognises the importance of effective corporate governance so that local communities can place trust in the way that the Council undertakes and carries out its duties. This document sets out and describes the Council's commitment to corporate governance and identifies the arrangements to ensure its effective implementation and application in all aspects of the Council's work.

- 1.2 In April 2016, The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE) published a framework and guidance notes entitled, "Delivering Good Governance in Local Government" (the CIPFA / SOLACE Framework"). This provides guidance to local authorities on how to establish a locally adopted code of corporate governance.

### What is Corporate Governance?

- 1.2 The CIPFA/SOLACE Framework defines corporate governance as follows:

- "Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.
- To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entities objectives while acting in the public interest at all times.
- Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders".

### What is the purpose of this Code of Corporate Governance?

- 1.4 Good governance is crucial as it leads to good management, good performance, good stewardship of public money, good public engagement and ultimately good outcomes for citizens and service users. Further, good governance enables an authority to pursue its aims effectively whilst controlling and managing risk.
- 1.5 Rushmoor Borough Council is undertaking a review of its Constitution and associated governance documents to ensure that arrangements continue to be robust. This demonstrates that the Council is committed to ensuring that a robust governance framework is in place and one that reflects the core principles of the CIPFA / SOLACE Framework.
- 1.6 The purpose of this Code of Corporate Governance is therefore to provide a simple document with, where appropriate, hyperlinks to relevant documents relating to governance which are available free of charge on the Council's website.

## “The Principles of Good Governance in Local Government (2016)”

Rushmoor Borough Council is committed to applying the seven core principles (and sub principles) of good governance set out in the CIPFA / SOLACE Framework, which are:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- B. Ensuring openness and comprehensive stakeholder engagement.
- C. Defining outcomes in terms of sustainable economic, social and environmental benefits.
- D. Determining the interventions necessary to optimize the achievement of the intended outcomes.
- E. Developing the entity’s capacity, including the capability of its leadership and the individuals within it.
- F. Managing risks and performance through robust internal control and strong public financial management.
- G. Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

### 2. PRINCIPLES

- 2.1 The seven core principles each have a number of supporting principles, which in turn have a range of specific requirements that apply across the Council’s business.

#### Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

- (1) Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.
- (2) The sub principles supporting this core principle are:

Sub principles	Actions Demonstrating Good Governance	How will this be evidenced
Behaving with integrity	<ul style="list-style-type: none"> <li>• Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation</li> <li>• Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven</li> </ul>	<ul style="list-style-type: none"> <li>• Members Code of Conduct</li> <li>• Employee’s Code of Conduct</li> <li>• Anti-Fraud and Corruption Policy &amp; Strategy</li> <li>• Dignity at Work Policy</li> <li>• Equal Opportunities Policy</li> <li>• Whistle-Blowing Policy</li> </ul>

Page 6	<p>Principles of Public Life (the Nolan Principles)</p> <ul style="list-style-type: none"> <li>• Leading by example and using the above standard operating principles or values as a framework for decision making and other actions</li> <li>• Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively</li> </ul>	<ul style="list-style-type: none"> <li>• Council Plan</li> </ul>
<b>Demonstrating strong commitment to ethical values</b>	<ul style="list-style-type: none"> <li>• Seeking to establish, monitor and maintain the organisation's ethical standards and performance</li> <li>• Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation</li> <li>• Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values</li> <li>• Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with ethical standards expected by the organisation</li> </ul>	<ul style="list-style-type: none"> <li>• Council Plan</li> <li>• Human Resources Policies</li> <li>• Induction Procedures</li> <li>• Registers of Interests</li> <li>• Registers of Gifts and Hospitality</li> </ul>
<b>Respecting the rule of law</b>	<ul style="list-style-type: none"> <li>• Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations</li> <li>• Creating the conditions to ensure that the statutory officers, other key post holders, and members, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements</li> <li>• Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders</li> <li>• Dealing with breaches of legal and regulatory provisions effectively</li> <li>• Ensuring corruption and misuse of power are dealt with effectively</li> </ul>	<ul style="list-style-type: none"> <li>• Legal (Monitoring) Officer Role</li> <li>• Internal Audit</li> <li>• Corporate Complaints Procedure</li> <li>• Council Constitution (Part 3 – Responsibility for Functions)</li> <li>• Employees' Development Review</li> <li>• Publicising the process of how to complain about Members' conduct</li> <li>• Overview and Scrutiny functions</li> </ul>

## Principle B - Ensuring openness and comprehensive stakeholder engagement

- (1) Local government is run for the public good, organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders'
- (2) The sub principles supporting this core principle are:

Sub principles	Actions Demonstrating Good Governance	How will this be evidenced
<b>Openness</b>	<ul style="list-style-type: none"> <li>• Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness</li> <li>• Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided</li> <li>• Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear</li> <li>• Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action</li> </ul>	<ul style="list-style-type: none"> <li>• Council Plan quarterly monitoring</li> <li>• Overview and Scrutiny procedure rules</li> <li>• Rushmoor Strategic Partnership Sustainable Community Strategy 2010-2026</li> <li>• Council Website</li> <li>• Statement of community involvement</li> <li>• Digital Strategy</li> <li>• Freedom of Information publication scheme</li> </ul>
<b>Engaging comprehensively with institutional stakeholder</b>	<p>NB institutional stakeholders are the other organisations that local government needs to work with to improve services and outcomes (such as commercial partners and suppliers as well as other public or third sector organisations) or organisations to which they are accountable.</p> <ul style="list-style-type: none"> <li>• Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably</li> <li>• Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively</li> <li>• Ensuring that partnerships are based on:               <ul style="list-style-type: none"> <li>○ Trust</li> <li>○ A shared commitment to change</li> <li>○ A culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Formal consultation arrangements</li> <li>• Rushmoor Strategic Partnership Sustainable Community Strategy 2010-2026</li> <li>• Council Website</li> <li>• Crime and Disorder Reduction Strategy</li> <li>• Deprivation Strategy</li> </ul>

<p><b>Engaging with individual citizens and service users effectively</b></p> <p>Page 62</p>	<ul style="list-style-type: none"> <li>• Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes</li> <li>• Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement</li> <li>• Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs.</li> <li>• Implementing effective feedback mechanisms in order to demonstrate how their views have been taken into account</li> <li>• Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity</li> <li>• Taking account of the impact of decisions on future generation of tax payers and service users</li> </ul>	<ul style="list-style-type: none"> <li>• Council Plan</li> <li>• Council Website</li> <li>• Formal consultation arrangements</li> <li>• Rushmoor Strategic Partnership Sustainable Community Strategy 2010-2026</li> <li>• Satisfaction Surveys</li> <li>• Freedom of Information publication scheme</li> <li>• Staff organisational development programme</li> <li>• Member Training Policy</li> </ul>
--	---	---

**Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits**

- (1) The long-term nature and impact of many of local government’s responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation’s purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.
- (2) The sub principles supporting this core principle are:

<b>Sub principles</b>	<b>Actions Demonstrating Good Governance</b>	<b>How will this be evidenced</b>
<p><b>Defining Outcomes</b></p>	<ul style="list-style-type: none"> <li>• Having a clear vision, which is an agreed formal statement of the organisation’s purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the organisation’s overall strategy, planning and other decisions</li> <li>• Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer</li> <li>• Delivering defined outcomes on a sustainable basis within the resources that will be available</li> </ul>	<ul style="list-style-type: none"> <li>• Council Plan</li> <li>• Rushmoor Strategic Partnership Sustainable Community Strategy 2010-2026</li> <li>• Crime and Disorder Reduction Strategy</li> <li>• Deprivation Strategy</li> <li>• Rushmoor Local Plan Part 1 (Core strategy Oct 2011) and emerging Part 2 Development plan document allocations and polices</li> <li>• Service Business Plans</li> </ul>

	<ul style="list-style-type: none"> <li>Identifying and managing risks to the achievement of outcomes</li> <li>Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Risk Register</li> <li>Licensing and General Purposes Committee reviews risk and the Risk Management measures</li> </ul>
<b>Sustainable economic, social and environmental benefits</b>	<ul style="list-style-type: none"> <li>Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision</li> <li>Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints</li> <li>Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs</li> <li>Ensuring fair access to services</li> </ul>	<ul style="list-style-type: none"> <li>Council Plan</li> <li>Overarching service management plans</li> <li>Formal consultation arrangements</li> <li>Local Plan Core Strategy and Local Plan</li> <li>Procurement Strategy</li> <li>Digital Strategy</li> </ul>

**Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes**

- (1) Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.
- (2) The sub principles supporting this core principle are:

<b>Sub principles</b>	<b>Actions Demonstrating Good Governance</b>	<b>How will this be evidenced</b>
<b>Determining Interventions</b>	<ul style="list-style-type: none"> <li>Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore ensuring best value is achieved however services are provided</li> <li>Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer</li> </ul>	<ul style="list-style-type: none"> <li>Statement of accounts</li> <li>Annual Governance Statement</li> <li>Annual Audit letter <ul style="list-style-type: none"> <li>Internal Audit Function and report</li> <li>Statement of Internal Control</li> <li>Reports to Licensing &amp; General</li> </ul> </li> </ul>

Page 64	required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts	Purposes Committee on risk, work of Corporate Investigations Team and compliance with Public Sector Internal Auditing Standards <ul style="list-style-type: none"> <li>• Council Constitution (Part 4)</li> <li>• Standing Orders</li> <li>• Service Business Plans</li> <li>• Medium Term Financial Strategy</li> <li>• Annual Treasury Management Strategy</li> <li>• General fund revenue budget             <ul style="list-style-type: none"> <li>○ Efficiency Statement</li> <li>○ Strategy for the Flexible Use of Capital Receipts</li> </ul> </li> </ul>
<b>Planning Interventions</b>	<ul style="list-style-type: none"> <li>• Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets</li> <li>• Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered</li> <li>• Considering and monitoring risks facing each partner when working collaboratively, including shared risks</li> <li>• Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances</li> <li>• Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured</li> <li>• Ensuring capacity exists to generate the information required to review service quality regularly</li> <li>• Preparing budgets in accordance with objectives, strategies and the medium term financial plan</li> <li>• Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy</li> </ul>	<ul style="list-style-type: none"> <li>• Council Plan</li> <li>• Contract Monitoring Reports</li> <li>• Capital Programme</li> <li>• Corporate Complaints policy</li> </ul>
<b>Optimising achievement of intended outcomes</b>	<ul style="list-style-type: none"> <li>• Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints</li> <li>• Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term</li> </ul>	<ul style="list-style-type: none"> <li>• Medium Term Financial Strategy</li> <li>• Revenue budget process</li> <li>• Capital Programme</li> <li>• Procurement Strategy</li> </ul>

	<ul style="list-style-type: none"> <li>• Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage</li> <li>• Ensuring the achievement of 'social value' through service planning and commissioning</li> </ul>	<ul style="list-style-type: none"> <li>• Contract Standing Orders</li> </ul>
--	--	--

**Principle E - Developing the entity's capacity, including the capability of its leadership and the individuals within it**

(1) Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, to operate efficiently and effectively and achieve intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members. Leadership in local government is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

(2) The sub principles supporting this core principle are:

Sub principles	Actions Demonstrating Good Governance	How will this be evidenced
<b>Developing the entity's capacity</b>	<ul style="list-style-type: none"> <li>• Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness</li> <li>• Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently</li> <li>• Recognising the benefits of partnerships and collaborative working where added value can be achieved</li> <li>• Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources</li> </ul>	<ul style="list-style-type: none"> <li>• Council Plan</li> <li>• Use of revenue Outturn Suite of Reports and budget reports across councils and other source comparative data.</li> <li>• Treasury Management Advisors provide benchmarking data for Treasury Management across all Councils</li> <li>• Digital Strategy</li> <li>• Rushmoor Strategic Partnership Sustainable Community Strategy (2010-2026)</li> </ul>
<b>Developing the capability of the entity's leadership and other individuals</b>	<ul style="list-style-type: none"> <li>• Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained</li> <li>• Publishing a statement that specifies the types of decisions that are</li> </ul>	<ul style="list-style-type: none"> <li>• The Council Constitution</li> <li>• Members' Code of Conduct</li> <li>• Member training and development plan</li> <li>• Members' and officers' induction</li> </ul>

	<p>delegated and those reserved for the collective decision making of the governing body</p> <ul style="list-style-type: none"> <li>• Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority</li> <li>• Developing the capabilities of members and senior management to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by: <ul style="list-style-type: none"> <li>○ Ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged</li> <li>○ Ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis</li> </ul> </li> </ul>	<p>programmes</p> <ul style="list-style-type: none"> <li>• Development Review Scheme</li> <li>• Recruitment and selection policy</li> <li>• Organisational Development programme for officers</li> <li>• HR Policies and Guidance on intranet</li> </ul>
--	---	--

### **Principle F - Managing risks and performance through robust internal control and strong public financial management**

- (1) Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision-making activities. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability. It is also essential that a culture and structure for scrutiny be in place as a key part of accountable, decision-making, policymaking and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority
- (2) The sub principles supporting this core principle are:

Sub principles	Actions Demonstrating Good Governance	How will this be evidenced
<b>Managing risk</b>	<ul style="list-style-type: none"> <li>• Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making</li> <li>• Implementing robust and integrated risk management arrangements and ensuring that they are working effectively</li> <li>• Ensuring that responsibilities for managing individual risks are clearly allocated</li> </ul>	<ul style="list-style-type: none"> <li>• Annual Audit Letter</li> <li>• Internal Audit function and report</li> <li>• Statement of internal control <ul style="list-style-type: none"> <li>○ Reports to Licensing and General Purposes Committee on risk, work of Corporate Investigations Team and compliance with Public Sector Internal Auditing Standards</li> </ul> </li> <li>• Corporate risk register</li> <li>• Risk Management group</li> <li>• Allocated Officer responsible for risk management</li> <li>• Whistle blowing Policy</li> </ul>
<b>Managing performance</b>	<ul style="list-style-type: none"> <li>• Monitoring service delivery effectively including planning, specification, execution and independent post implementation review</li> <li>• Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook</li> <li>• Ensuring an effective scrutiny or oversight function is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible (or for a committee system).</li> <li>• Encouraging effective and constructive challenge and debate on policies and objectives to support to support balances and effective decision making</li> <li>• Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement</li> <li>• Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (eg financial statements)</li> </ul>	<ul style="list-style-type: none"> <li>• Performance Reports aligned to Council Plan priorities</li> <li>• Quarterly Monitoring Reports</li> <li>• Contract Monitoring Reports</li> <li>• Corporate report template requires information</li> <li>• Explaining the legal and financial implications of decisions</li> <li>• Corporate report template contains 'risk implications section</li> <li>• Overview and Scrutiny functions</li> <li>• Quarterly spend/budget reports sent to all budget holders</li> </ul>
<b>Robust internal control</b>	<ul style="list-style-type: none"> <li>• Aligning the risk management strategy and policies on internal control with achieving objectives</li> <li>• Evaluating and monitoring risk management and internal control on a regular basis</li> </ul>	<ul style="list-style-type: none"> <li>• Council Constitution</li> <li>• Standing orders for the regulation of business</li> <li>• Scheme for cabinet questions</li> </ul>

Page 68	<ul style="list-style-type: none"> <li>• Ensuring effective counter fraud and anti-corruption arrangements are in place</li> <li>• Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor</li> <li>• Ensuring an audit committee or equivalent group/ function, which is independent of the executive and accountable to the governing body: <ul style="list-style-type: none"> <li>○ provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment</li> <li>○ that its recommendations are listened to and acted upon</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Overview Scrutiny Procedure rules</li> <li>• Scheme for Annual Reports of the Policy and Review Panels to the Council</li> <li>• Article 6 Policy and Review Panels</li> <li>• Regulation of Investigatory Powers Act 2000</li> <li>• Corporate Surveillance Policy</li> <li>• Data Protection Policy</li> <li>• Publication Scheme</li> <li>• Complaints Policy</li> <li>• Reporting of minutes to decision to Council</li> </ul>
<b>Managing data</b>	<ul style="list-style-type: none"> <li>• Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data</li> <li>• Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies</li> <li>• Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring</li> </ul>	<ul style="list-style-type: none"> <li>• Freedom of Information publication scheme</li> <li>• Digital Strategy</li> <li>• Ongoing monitoring of Data Protection Act</li> <li>• Freedom of Information compliance</li> </ul>
<b>Strong public financial management</b>	<ul style="list-style-type: none"> <li>• Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance</li> <li>• Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls</li> </ul>	<ul style="list-style-type: none"> <li>• Council Plan</li> <li>• Medium Term Financial Strategy</li> <li>• Revenue budget process</li> <li>• Procurement Strategy</li> <li>• Contract Standing Orders</li> <li>• Annual Audit letter</li> </ul>

## Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability

- (1) Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.
- (2) The sub principles supporting this core principle are:

Sub principles	Actions Demonstrating Good Governance	How will this be evidenced
<b>Implementing good practice in transparency</b>	<ul style="list-style-type: none"> <li>• Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate</li> <li>• Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand</li> </ul>	<ul style="list-style-type: none"> <li>• Council website</li> <li>• Digital Strategy</li> </ul>
<b>Implementing good practices in reporting</b>	<ul style="list-style-type: none"> <li>• Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way</li> <li>• Ensuring members and senior management own the results reported</li> <li>• Ensuring robust arrangements for assessing the extent to which the principles contained in this framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the annual governance statement)</li> <li>• Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations</li> </ul>	<ul style="list-style-type: none"> <li>• Publication of Annual Report and Statement of Accounts on website</li> <li>• Annual Governance Statement produced and published on website</li> <li>• Local Code of Corporate Governance refreshed annually</li> <li>• Documents are scrutinised and approved by Directors Management Board, Cabinet and Licensing and General Purposes Committee prior to publication</li> </ul>
<b>Assurance and effective accountability</b>	<ul style="list-style-type: none"> <li>• Ensuring that recommendations for corrective action made by external audit are acted upon</li> <li>• Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon</li> <li>• Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations</li> <li>• Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of internal control</li> <li>• The Auditor Manager presents an annual report to Licensing and General Purposes Committee to inform members of Internal Audit activity that has taken place during the year</li> <li>• Annual Governance Statement produced and published on website</li> <li>• Rushmoor Strategic Partnership Sustainable</li> </ul>

	<ul style="list-style-type: none"> <li>Ensuring that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met</li> </ul>	Community Strategy 2010-2026
--	---	------------------------------

## MONITORING AND REVIEW

- 3.1 The Council will monitor the arrangements set out in this Code of Corporate Governance for their effectiveness in practice and will review them on a continuing basis to ensure that they are up to date.
- 3.2 Each year the Council will publish an Annual Governance Statement, which will explain and assess how the Council has complied with this Code of Corporate Governance and provide details of how continual improvement in the system of internal control will be achieved.
- 3.3 The Licensing and General Purposes Committee has responsibility at Member level for reviewing this code on an annual basis. The Head of Paid Service has responsibility at officer level for reviewing the corporate governance arrangements and the Head of Paid Service and the Head of Democratic Services have responsibility for monitoring this Code of Corporate Governance. Further, the Licensing and General Purposes Committee generally considers all processes for risk, control and governance and provides independent, effective assurance about the adequacy of the Council's governance environment and is responsible for promoting and maintaining high standards of probity and conduct of Members and co-opted members.

## 4. INTERNAL AUDIT

### *Audit Requirements*

- 4.1 Internal Audit provides an independent and objective appraisal function for reviewing the systems of internal control. It examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.
- 4.2 In addition, local authorities are required to have an effective internal audit function under section 151 of the Local Government Act 1972. It states that authorities 'must make arrangements for the proper administration of their financial affairs'.
- 4.3 Internal Audit is also a requirement under the Accounts and Audit Regulations 2003. These Regulations require every local authority to maintain an adequate and effective internal audit function.
- 4.4 The work of Internal Audit complies with the Audit Practices Board's guidelines 'Guidance for Internal Auditor's', as interpreted by CIPFA's Code of Practice for Internal Audit in Local Government in the United Kingdom.
- 4.5 The Head of Finance, who is also the Council's Section 151 Officer, is responsible for maintaining an adequate and effective system of internal audit, and in consultation with the Audit Manager determines the programme of audit work. Operational management of Internal Audit work is delegated to

the Audit Manager.

- 4.6 The Audit Manager reports to the Head of Finance, with audit reports also sent to Directors Management Board. Periodically the Audit Manager reports to the Licensing and General Purposes Committee.
- 4.7 A key aspect to Internal Audit work is independence, and to ensure this is in place Internal Audit is a stand-alone unit. The Audit Manager also has the option, if necessary, of reporting directly to the Chief Executive or Licensing and General Purposes Committee.
- 4.8 The Audit Manager develops a risk based audit plan, which is agreed with the Head of Finance, Directors Management Board and considered by the Licensing and General Purposes Committee. This is regularly reviewed to ensure it supports the Council's strategic objectives, and covers any other issues such as internal investigations, Internet and e-mail monitoring, corporate work and day-to-day consultancy.
- 4.9 To ensure Internal Audit can effectively carry out their work all internal audit staff have the authority to:
- Access all Council premises, offices, land and outsourced sites at any time.
  - Access all Council and outsourced assets, records, documents, correspondence and control systems.
  - Receive oral or written explanations on matters under examination from any Council or outsourced employee
  - Require any Council or outsourced employee to produce and account for cash, stores or property, which belong to the Council and is under their control.
- 4.10 Internal Audit staff will audit, when required, unofficial funds. The definition of unofficial funds is: 'any fund associated with Council business, supervised or managed by Council staff, but which is not part of the Council funds or trust funds of the Council.' Prior to acting as a treasurer of unofficial funds, officers should consult with the appropriate Head of Service, Head of Financial Services or Director of Resources as appropriate.

To carry out audits of unofficial funds Internal Audit staff have the authority to:

- Access all records, assets, documents and property relating to unofficial funds.
- Require any employee holding unofficial funds to provide written or oral explanations.

- 4.11 At the conclusion of each audit, the Audit Manager will agree a report and actions with the relevant Head of Service. It is the responsibility of Head of Services to implement the agreed actions. Internal Audit will carry out a follow up audit, usually after 6 months, to assess the implementation of agreed actions.

Periodically, the Licensing and General Purposes Committee will receive an update report from the Audit Manager. This report includes an overview of all audit reports, agreed audit actions implemented and outstanding agreed actions.

4.13 The Directors Management Board and the Licensing and General Purposes Committee will consider corporate policies produced by Internal Audit.

## 5. EXTERNAL AUDIT

5.1 The Audit Commission is responsible for appointing external auditors in England and Wales.

5.2 The basic duties of the external auditor are defined in the Audit Commission Act 1998, and the Local Government Act 1999. In particular, section 4 of the 1998 Act requires the Audit Commission to prepare a Code of Audit Practice, which external auditors follow when carrying out their duties.

5.3 The Code of Audit Practice 2005 – for local government bodies sets out the role of external audit in the public sector as: ‘External auditors in the public sector give an independent opinion on public bodies’ financial statements and may review, and report on, aspects of the arrangements put in place by public bodies to ensure the proper conduct of their financial affairs and to manage their performance and use of resources.’

5.4 The Audit Commission appoints the external auditors.

5.5 The internal and external Audit Managers meet on a half-yearly basis to co- ordinate their work.

5.6 External audit reports are reported to Directors Management Board in appropriate cases. Reports from the Audit Manager to the Licensing and General Purposes Committee will include a list of external audits completed.

## 6. PREVENTION OF FRAUD AND CORRUPTION

6.1 All new employees receive an induction from Personnel Services and their line managers. This includes outlining Council Policies as listed in section 6 below.

6.2 Heads of Service are responsible for implementing and maintaining controls within their systems, which deter and identify fraud or corruption. As part of the annual audit plan internal audit staff review and report on these controls.

6.3 Heads of Service are responsible for the timely implementation of agreed actions identified during audits.

6.4 It is the responsibility of all employees to report suspected fraud or corruption to the Head of Finance, who will review the issue with the Internal Audit Manager. The Whistle Blowing Policy may apply to these reports and should be adhered to.

6.5 The Head of Finance and Internal Audit Manager will identify and undertake the appropriate action following such a report. This action will be promptly reported as appropriate.

- 6.6 Internal Audit carries out all internal investigations.
- 6.7 The Audit Manager will work in close liaison with the Head of Finance (or in exceptional circumstances the Chief Executive) and the Monitoring Officer.
- 6.8 Where a fraud, theft or major irregularity is suspected the Audit Manager is entitled to exclude employees from their normal place of work for a limited period, but not in excess of 24 hours.
- 6.9 The Audit Manager can remove and provide safe custody of any material, which may be used as evidence in an investigation.
- 6.10 Internal Audit will keep records of investigation securely in accordance with the Council's Retention Guidelines.
- 6.11 The Audit Manager will report investigations to the Directors Management Board and the Licensing and General Purposes Committee.
- 6.12 Where appropriate the Directors Management Board will communicate to staff on cases of fraud and corruption to ensure that a high level of corporate governance is part of the organisation's culture.
- 6.13 Other Council policies and procedures related to the prevention of fraud and corruption are:-
- Anti-Fraud and Corruption Policy
  - Whistle Blowing Policy
  - Gifts and Hospitality Policy
  - Members Code of Conduct
  - Employee Code of Conduct
  - Electronic Data and Communications Policy.
  - Disciplinary Procedure

This page is intentionally left blank



# RUSHMOOR BOROUGH COUNCIL

## CABINET

*Tuesday, 13th June, 2017 at 7.00 pm  
at the Council Offices, Farnborough*

Councillor D.E. Clifford, Leader of the Council  
Councillor K.H. Muschamp, Deputy Leader and Business, Safety and Regulation  
Portfolio Holder

Councillor Barbara Hurst, Health and Housing Portfolio Holder  
Councillor G.B. Lyon, Concessions and Community Support Portfolio Holder  
Councillor M.L. Sheehan, Leisure and Youth Portfolio Holder  
a Councillor P.G. Taylor, Corporate Services Portfolio Holder  
Councillor M.J. Tennant, Environment and Service Delivery Portfolio Holder

An apology for absence was submitted on behalf of Councillor P.G. Taylor.

The Cabinet considered the following matters at the above-mentioned meeting. All executive decisions of the Cabinet shall become effective, subject to the call-in procedure, from **27th June, 2017**.

### 13. **EXCLUSION OF THE PUBLIC –**

**RESOLVED:** That, taking into account the public interest test, the public be excluded from the meeting during the discussion of the under mentioned item to avoid the disclosure of exempt information within the paragraph of Schedule 12A to the Local Government Act, 1972 indicated against the item:

<b>Minute No.</b>	<b>Schedule 12A Para. No.</b>	<b>Category</b>
14	3	Information relating to financial or business affairs

**THE FOLLOWING ITEM WAS CONSIDERED IN THE ABSENCE OF THE PUBLIC**

**14. DEPOT CONSTRUCTION –**

(Councillor Martin Tennant, Environment and Service Delivery Portfolio Holder)

The Cabinet considered Report No. COMM1715, which set out the latest position in relation to a design and build contract for the construction of the Council's new depot in Lysons Avenue, Ash Vale.

The Report set out the process to date. It was confirmed that a design and build contract had been awarded to Kier Construction, under a Hampshire County Council Framework Agreement. That Agreement provided for the delivery of pre-construction services and contained a discretion to allow the Council to either proceed with the building of the depot with Kier Construction or to award the construction contract to another provider. Kier had submitted a revised budget in January 2017 which had been significantly above the Council's budget and this had prompted the Council to carry out a tendering exercise for the depot construction. It was now proposed to award the contract to Neilcott Construction Limited, who had submitted the lowest tender. It was confirmed that the figure quoted was within the Council's agreed budget and that the anticipated completion date for the operational depot was early March 2018.

**The Cabinet RESOLVED** that the Solicitor to the Council be authorised to

- (i) award a Joint Contracts Tribunal (JCT) Intermediate Building Contract for the construction of the depot to Neilcott Construction Limited and to advise Kier Construction of the alternative award of the contract; and
- (ii) take all other steps necessary, including the revision of the form of contract with Neilcott Construction Limited in the event of the novation of agreements between Kier Construction and their contractors was unachievable or was delayed.

The Meeting closed at 7.17 p.m.

D.E. CLIFFORD  
LEADER OF THE COUNCIL

-----



# RUSHMOOR BOROUGH COUNCIL

## CABINET

***Tuesday, 27th June, 2017 at 7.00 pm***  
***at the Council Offices, Farnborough***

Councillor D.E. Clifford, Leader of the Council  
Councillor K.H. Muschamp, Deputy Leader and Business, Safety and Regulation  
Portfolio Holder

Councillor Barbara Hurst, Health and Housing Portfolio Holder  
Councillor G.B. Lyon, Concessions and Community Support Portfolio Holder  
Councillor M.L. Sheehan, Leisure and Youth Portfolio Holder  
Councillor P.G. Taylor, Corporate Services Portfolio Holder  
Councillor M.J. Tennant, Environment and Service Delivery Portfolio Holder

The Cabinet considered the following matters at the above-mentioned meeting. All executive decisions of the Cabinet shall become effective, subject to the call-in procedure, from **11th July, 2017**.

15. **MINUTES –**

Further to Minute No. 8, in respect of Manor Park, Aldershot – fence replacement, it was agreed to include that the Cabinet requested that, if practicable, a plaque should be erected close to the replacement railings to explain that the original railings had been donated to the war effort during World War Two.

Subject to the above amendment, the Minutes of the meetings of the Cabinet held on 30th May, 2017 and 13th June, 2017 were confirmed and signed by the Chairman.

16. **TREASURY MANAGEMENT OPERATIONS FOR 2016/17 AND REVISIONS TO THE 2017/18 PRUDENTIAL INDICATORS –**  
(Councillor Paul Taylor, Corporate Services Portfolio Holder)

The Cabinet received Report No. FIN1724, which set out the main treasury management activities during 2016/17, provided a review of the treasury management practices and schedules and set out a proposal for an increase to the capital budget for 2017/18, which required a revision to the prudential indicators for

capital financing for 2017/18. It was explained that the Council would continue to take advantage of borrowing at lower, short-term interest rates for the time being, whilst closely monitoring the financial markets for signs of potential future interest rate increases. The Cabinet expressed its support for the approach taken in this area.

### **The Cabinet**

- (i) **RECOMMENDED TO THE COUNCIL** that approval be given to:
  - (a) the updates treasury management practices and schedules, as set out in Report No. FIN1724;
  - (b) a variation to the Capital Programme of £15 million, with delegation to the Cabinet to draw down for the purposes of investment property acquisition in 2017/18;
  - (c) the updated 2017/18 prudential indicators, as set out in Appendix E of the Report; and
- (ii) **NOTED** the Council's treasury management operations carried out during 2016/17, as set out in Report No. FIN1724.

17. **REVIEW OF COMMUNITY WARD GRANTS SCHEME –**  
(Councillor Gareth Lyon, Concessions and Community Support Portfolio Holder)

The Cabinet considered Report No. CD1703, which set out a review of the activity undertaken during 2016/17 under the Community Ward Grants Scheme pilot.

The Cabinet was informed that the pilot had been well received by Ward Councillors and that grants had been made in all thirteen Ward areas. The Cabinet was assured that Ward Members would be encouraged to use future grants to provide seed funding for new initiatives where possible, rather than to support existing causes. It was confirmed that the application process had now been simplified.

**The Cabinet RESOLVED** that the continuation of the Community Ward Grants Scheme for 2017/18 and the increase in the value of awards to £1,000 per annum per Ward, as set out in Report No. CD1703, be approved.

18. **CAR AND CYCLE PARKING STANDARDS - REVIEW OF SUPPLEMENTARY PLANNING DOCUMENT –**  
(Councillor Martin Tennant, Environment and Service Delivery Portfolio Holder)

The Cabinet considered Report No. PLN1719, which set out the draft Rushmoor Car and Cycle Parking Standards Supplementary Planning Document 2017 and sought agreement for this to be published for a period of public consultation.

Members were informed that the previous Supplementary Planning Document had been adopted in April 2012. It was reported that, in October 2016, the Cabinet had set up the Parking Strategy Member Working Group and that this Group had had a significant input in the development of the updated standards. It was explained that

the standards aimed to provide a framework to minimise parking issues on future developments. They were intended to be stringent but defensible in the case of an appeal. Members were assured that the Working Group had started to address areas where there were known parking problems at present.

The Cabinet considered the draft Supplementary Planning Document and discussed many issues, including the currency of the data used in preparing the document, the use of shared disabled / visitor spaces and the provision of car parking at educational establishments.

**The Cabinet RESOLVED that**

- (i) the outcome of the review of the Council’s Car and Cycle Parking Standards Supplementary Planning Document, as set out in Report No. PLN1719, be noted; and
- (ii) the draft Supplementary Planning Document, as set out in the Report, be approved for consultation; and
- (iii) the Environment and Service Delivery Portfolio Holder, in consultation with the Head of Planning, be authorised to make any necessary minor changes, prior to publication for public consultation.

**19. EXCLUSION OF THE PUBLIC –**

**RESOLVED:** That, taking into account the public interest test, the public be excluded from the meeting during the discussion of the under mentioned items to avoid the disclosure of exempt information within the paragraph of Schedule 12A to the Local Government Act, 1972 indicated against the items:

<b>Minute Nos.</b>	<b>Schedule 12A Para. No.</b>	<b>Category</b>
20 and 21	3	Information relating to financial or business affairs

**THE FOLLOWING ITEMS WERE CONSIDERED IN THE ABSENCE OF THE PUBLIC**

**20. PARTIAL DISPOSAL OF LAND SOUTH OF CRANMORE LANE, ALDERSHOT –**  
(Councillor Paul Taylor, Corporate Services Portfolio Holder)

The Cabinet considered Exempt Report No. LEG1712, which sought approval to appropriate land to be held for planning purposes and then to dispose of the land to the occupier of No. 5 Innisfail Gardens, Aldershot, to allow the land to be used as garden land.

It was explained that the plot in question, to the side of No. 5 Innisfail Gardens, Aldershot, had been left over when the adjoining housing had been built. It was confirmed that no objections had been received to the disposal of the open space, when this had been advertised as part of the planning application process.

**The Cabinet RESOLVED** that

- (i) the Solicitor to the Council be authorised to publish a notice, under Sections 232 (4) and 233 (4) of the Town and Country Planning Act, giving notice of intention to appropriate the land, shown edged red on the plan at Appendix 1 of Exempt Report No. LEG1712, for planning purposes;
- (ii) the Solicitor of the Council, in consultation with the Corporate Services Portfolio Holder, be authorised to consider any objections to the proposed appropriation and disposal; and
- (iii) the Solicitor of the Council, subject to the consideration of any objections, be authorised to dispose of the land outlined in red in Appendix 1, under Section 233 of the Town and Country Planning Act, at the price stated in the Exempt Report, subject to imposing covenants to fence the land and preventing any built development upon the land without the Council's consent.

21. **LAND AND PROPERTY AT NO. 2A WINDSOR WAY, ALDERSHOT –**  
(Councillor Paul Taylor, Corporate Services Portfolio Holder)

The Cabinet considered Exempt Report No. LEG1711, which sought approval to dispose of No. 2A Windsor Way, Aldershot to the Church of England Diocese of Guildford, to be used for the expansion of the Holy Trinity Church in Aldershot.

Members were reminded that the site had been used previously by St. John Ambulance as an ambulance station but that they no longer required it. The Church was seeking to buy it to expand its existing site to allow more Church activities. It was confirmed that the Church would be required to enter into a planning obligation to restrict the use to a community use in connection with the Church and granting the Council a right of pre-emption should the Church ever wish to dispose of the property.

**The Cabinet RESOLVED** that

- (i) the Solicitor to the Council be authorised to sell No. 2A Windsor Way, Aldershot to the Church of England Diocese of Guildford for the sum set out in the Exempt Report No. LEG1711, subject to the Church:
  - (a) completing the purchase within a period of six months;
  - (b) entering into a planning obligation restricting the use of the land to use in connection with the Church;
  - (c) granting a right of pre-emption requiring the Church to offer to sell the property back to the Council at community use value should they wish to dispose of the property in the future; and
- (ii) the net capital receipt from the sale be set aside for use under the Council's Strategy for the Flexible Use of Capital Receipts.

The Meeting closed at 8.03 p.m.

D.E. CLIFFORD  
LEADER OF THE COUNCIL

-----

This page is intentionally left blank

# DEVELOPMENT MANAGEMENT COMMITTEE

Meeting held on Wednesday, 21st June, 2017 at the Council Offices, Farnborough at 7.00 pm.

## Voting Members

Cllr B.A. Thomas (Chairman)  
Cllr J.H. Marsh (Vice-Chairman)

Cllr Mrs. D.B. Bedford  
Cllr D.M.T. Bell  
Cllr R. Cooper  
Cllr P.I.C. Crerar  
Cllr Sue Dibble  
Cllr Jennifer Evans  
Cllr D.S. Gladstone  
Cllr C.P. Grattan  
Cllr A.R. Newell

## Non-Voting Members

Cllr M.J. Tennant (Environment and Service Delivery Portfolio Holder)

### 14. **DECLARATIONS OF INTEREST**

There were no declarations of interest.

### 15. **MINUTES**

The Minutes of the Meeting held on 24th May, 2017 were approved and signed by the Chairman.

### 16. **PLANNING APPLICATIONS**

**RESOLVED:** That

- (i) permission be given to the following application, as set out in Appendix "A" attached hereto, subject to the conditions, restrictions and prohibitions (if any) mentioned therein:

17/00344/REVPP (No. 225 Ash Road, Aldershot);

- (ii) the applications dealt with by the Head of Planning, where necessary in consultation with the Chairman, in accordance with the Council's Scheme of Delegation, more particularly specified in Section "D" of the Head of Planning's Report No. PLN1721, be noted;

(iii) the following applications be determined by the Head of Planning, in consultation with the Chairman:

- \* 17/00182/MMA (No. 34 Cranmore Lane, Aldershot);  
17/00264/FULPP (Building 4.2 Frimley Business Park);

(iv) the current position with regard to the following applications be noted pending consideration at a future meeting:

- 16/00837/FULPP (The Crescent, Southwood Business Park, Summit Avenue, Farnborough);
- 16/00981/FULPP (Aldershot Bus Station, No. 3, Station Road, Aldershot);
- 17/00241/ADJ (Hartland Park, Bramshot Lane, Fleet);
- 17/00348/FULPP (Farnborough Business Park, Templer Avenue, Farnborough);
- 17/00447/FULPP (The Beehive, No. 264 High Street, Aldershot)

- \* The Head of Planning's Report No. PLN1721 in respect of this application was amended at the meeting

#### 17. **APPLICATION NO. 17/00182/MMA - NO. 34 CRANMORE LANE, ALDERSHOT**

The Committee considered the Head of Planning's Report No. PLN1721 (as amended at the meeting) regarding the variation of Condition 2 of planning permission 12/00967/FUL dated 15th March, 2013 to allow retention of dwelling with four bedrooms, patio and amendments to elevations and parking.

It was noted that the recommendation was to grant permission subject to the completion of a satisfactory Unilateral Undertaking under Section 106 of the Town and Country Planning Act 1990.

**RESOLVED:** That

- (i) subject to the completion of a satisfactory Unilateral Undertaking under Section 106 of the Town and Country Planning Act 1990 by 14th July, 2017 to secure a financial contribution towards special protection area mitigation, the Head of Planning, in consultation with the Chairman, be authorised to grant planning permission subject to the conditions and informatives set out in the Head of Planning's Report No. PLN1721 (as amended at the meeting); however
- (ii) in the event that a satisfactory Unilateral Undertaking is not received by 14th July, 2017, the Head of Planning, in consultation with the Chairman, be authorised to refuse planning permission on the grounds that the proposal does not mitigate its impact upon the Thames Basin Heaths Special Protection Area.

18. **APPLICATION NO. 17/00264/FULPP - BUILDING 4.2 FRIMLEY BUSINESS PARK**

The Committee considered the Head of Planning's Report No. PLN1721 regarding the erection of a three storey Use Class B1/B2/B8 building with associated car parking and landscaping works.

It was noted that the recommendation was to grant permission subject to the completion of a satisfactory Legal Agreement under Section 106 of the Town and Country Planning Act 1990.

**RESOLVED:** That

- (i) subject to the completion of a satisfactory Legal Agreement under Section 106 of the Town and Country Planning Act 1990 by 27th July, 2017 to secure the submission, approval and future operation of a travel plan to include appropriate provision for further monitoring of the plan in order to maximise opportunities for travel to and from the site by non car based transport and encourage the use of alternative modes of transport, the Head of Planning, in consultation with the Chairman, be authorised to grant planning permission subject to the conditions and informatives set out in the Head of Planning's Report No. PLN1721; however
- (ii) in the event that a satisfactory Section 106 Agreement is not completed by 27th July, 2017, the Head of Planning, in consultation with the Chairman, be authorised to refuse planning permission on the grounds that the proposal fails to promote sustainable transport choices to minimise traffic generation by reducing reliance on the private car contrary to the provisions of Policy CP16 of the Rushmoor Core Strategy.

19. **ENFORCEMENT AND POSSIBLE UNAUTHORISED DEVELOPMENT - NO. 26 NORTHBROOK ROAD, ALDERSHOT**

The Committee noted the decision to take enforcement action by the Head of Planning in accordance with the Council's Scheme of Delegation, set out in the Head of Planning's Report No. PLN1722 (as amended at the meeting).

**RESOLVED:** That the Report be noted.

The meeting closed at 7.23 pm.

CLLR B.A. THOMAS (CHAIRMAN)

-----

**Development Management Committee  
21st June 2017**

**Appendix "A"**

**Application No. & Date Valid: 17/00344/REVPP 21st April 2017**

Proposal: Variation of conditions 2, 3, 5, 8, 10, 11, 13, 14, 15, 21, 23 and 25 attached to planning permission 16/00411/FULPP dated 20/07/2016 for the erection of restaurant with drive-thru and takeaway facility (Use Class A3 / A5) with associated structures, fencing, parking, landscaping and vehicular access from North Close (following demolition of existing buildings and closure of access onto North Lane) to allow for changes to the site layout. at **225 Ash Road Aldershot Hampshire GU12 4DD**

Applicant: McDonald's Restaurants Ltd

Conditions: 1 The development hereby permitted shall be begun before the expiration of three years from the date of this permission.

Reason - As required by Section 91 of the Town and Country Planning Act 1990 as amended by Section 51 of the Planning and Compulsory Purchase Act 2004.

2 The development hereby permitted shall be completed in the external materials as approved under application reference 16/00767/CONDPP dated 2 December 2016.

Reason - To ensure satisfactory external appearance.

3 The development hereby approved shall be completed in the surfacing materials as shown on 6485-SA-8085-P304 C.

Reason - To ensure satisfactory external appearance and drainage arrangements.

4 With the exception of the proposed acoustic fencing, the boundary treatment as shown in the approved plans shall be implemented in full prior to the premises being opened to the public and thereafter retained/maintained.

Reason - To safeguard the amenities of neighbouring property.\*

- 5 The development hereby approved shall be undertaken in accordance with the site levels shown on the approved plans.

Reason - To ensure a satisfactory form of development in relation to neighbouring property.

- 6 Provision shall be made for services to be placed underground. Notwithstanding the provisions of the Town and Country Planning (General Permitted Development)(England) Order 2015 (or any Order revoking and re-enacting that Order with or without modification) no overhead electricity, telecommunications or service lines shall be erected or placed above the ground of the site without the express written consent of the Local Planning Authority.

Reason - In the interests of the amenities and character of the area

- 7 Construction or demolition work of any sort within the area covered by the application shall only take place between the hours of 0800-1800 on Monday to Fridays and 0800-1300 on Saturdays. No work at all shall take place on Sundays and Bank or Statutory Holidays.

Reason - To protect the amenities of neighbouring residential properties and to prevent adverse impact on traffic and parking conditions in the vicinity.

- 8 The development shall only take place in accordance with the construction management plan reference R/161444/001 version 2 dated April 2017 prepared by Hydrock and drawing numbers 161444-HYD-XX-XX-DR-TP-0001 Rev P2 and 0200 rev P2.

Reason - To protect the amenities of neighbouring residential occupiers and to prevent adverse impact on highway conditions in the vicinity,

- 9 The landscaping scheme hereby approved shall be implemented in full prior to the first use of the building by the public or the first available planting season whichever is the sooner. Any tree/shrub removed, dying or becoming seriously diseased within five years of planting shall be replaced by trees/shrubs of similar size and species to those originally required to be planted.

Reason - To ensure the development makes an adequate contribution to visual amenity

- 10 Prior to the first occupation of the building the drainage strategy for this site shall be implemented in accordance with the details shown on drawing number 161444-DR-0002 rev P04 and thereafter retained in perpetuity.

Reason - To reflect the objectives of policy CP4 of the Rushmoor Core Strategy

- 11 In the event that unforeseen ground conditions or materials which suggest potential or actual contamination are revealed at any time during implementation of the approved development it must be reported, in writing, immediately to the Local Planning Authority. A competent person must undertake a risk assessment and assess the level and extent of the problem and, where necessary, prepare a report identifying remedial action which shall be submitted to and approved in writing by the Local Planning Authority before the measures are implemented.

Following completion of measures identified in the approved remediation scheme a verification report must be prepared and is subject to approval in writing by the Local Planning Authority.

Reason - To ensure that the site is safe for the development permitted and in the interests of amenity and pollution prevention

- 12 Prior to the first occupation of the development the lighting strategy for this site shall be implemented in accordance with drawing number D-195408 rev 3 and the details of streetlighting columns and LUMA luminaires and thereafter maintained/retained.

Reason - In the interests of visual and residential amenity.

- 13 The plant and machinery hereby approved shall be installed in accordance with the noise levels and mitigation measures as set out in the Environment Noise Assessment and supplementary Environment Noise Information prepared by Peter Ashford of Acoustic Associates South West Ltd dated 13 October 2015 and 4 April 2016 prior to the premises opening to the public and thereafter retained in accordance with these approved details.

Reason - To protect the amenity of neighbouring occupiers.\*

- 14 Prior to the first use of the development the means of suppressing and directing fumes and smells from the premises shall be installed in accordance with the details approved under application reference 16/00738/CONDPP dated 14 December 2016 and thereafter maintained/retained.

Reason - To safeguard the amenities of neighbouring properties.\*

- 15 The restaurant/takeaway/drive through uses hereby permitted shall not be open to customers outside the hours of 07:00 to 23:00.

Reason - To safeguard the amenities of existing and future neighbouring occupiers

- 16 Deliveries and refuse collections to/from the premises shall only take place between the hours of 8am to 9pm

Reason - To safeguard the amenities of adjoining and future occupiers

- 17 Unless shown on the approved plans no display or storage of goods, materials, plant, or equipment shall take place other than within the buildings.

Reason - To protect the amenities of neighbouring property and the character of the area.

- 18 The development hereby approved shall not be occupied until the vehicle and cycle parking facilities shown on the approved plans have been completed and made ready for use by customers. The parking facilities shall be thereafter retained solely for parking purposes (to be used by the occupiers of, and visitors to, the development). \*

Reason - To ensure the provision and availability of adequate off-street parking and to promote sustainable transport choices

- 19 No part of the development hereby approved shall be used or occupied until the proposed means of vehicular access and associated works on North Close and North

Close/North Lane junction as shown on the approved plans have been completed and made available for use.

Reason - To ensure adequate means of access is available to the development

- 20 Any existing means of access or part thereof not incorporated within the approved arrangement hereby permitted shall be permanently closed as soon as the new means of access has been constructed and brought into use in accordance with the details as shown on drawing number 161444-DR-0004 rev P03.

Reason - In the interest of highway and pedestrian safety.\*

- 21 Notwithstanding the details shown on drawing number 6485-SA-8986-P205 B, the first floor windows in the east elevation shall be obscurely glazed to a minimum height of 1.7 metres above the internal floor level and so retained.

Reason - To maintain appropriate levels of privacy for the occupiers of Clyde Court.

- 22 The acoustic fencing shown on the approved plans shall be retained and maintained in accordance with these details and as approved under application reference 16/00745/CONDPP dated 2 December 2016 for the duration of the operational life of the premises.

Reason - To safeguard the amenities of adjoining occupiers.

- 23 The permission hereby granted shall be carried out in accordance with the following approved drawings - 6485-SA-8085-P302A, P304 C, 6485-SA-8986-P205 B and 206 A, Sign type 8, 161444-DR-0002 rev P04, 0003 rev P06 and 0004 rev P03, MK MCD ALD 01 (Rev D), 161444-HYD-XX-XX-DR-TP-0001 Rev P2 and 0200 rev P2 and D195408 rev 3.

Reason - To ensure the development is implemented in accordance with the permission granted

# LICENSING AND GENERAL PURPOSES COMMITTEE

Meeting held on Monday, 26th June, 2017 at the Council Offices, Farnborough at 7.00 pm.

## Voting Members

Cllr J.E. Woolley (Vice-Chairman) – In the Chair

Cllr Liz Corps  
Cllr Jennifer Evans  
Cllr B. Jones  
Cllr S.J. Masterson  
Cllr M.D. Smith  
Cllr L.A. Taylor

Apologies for absence were submitted on behalf of Cllr Sue Carter, Cllr Sophia Choudhary, Cllr A. Jackman and Cllr Jacqui Vosper.

In the absence of the Chairman, the meeting was chaired by the Vice-Chairman (Cllr J E Woolley)

## 6. MINUTES

The Minutes of the Meeting held on 25th May, 2017 were approved and signed by the Vice-Chairman.

## 7. INTERNAL AUDIT - UPDATE

The Committee considered the Audit Manager's Report No. AUD1704, which gave an overview of the work completed by Internal Audit during Quarter 1, an update on progress made and changes required for the expected deliverables for Quarters 1 and 2 and a schedule of work expected to be delivered in Quarter 3.

The Committee was advised that resources within Internal Audit were being re-organised following the departure of the Audit Manager under the Mutually Agreed Resignation Scheme. Contractors had been commissioned to carry out some audits within Quarters 2, 3 and 4 to assist the Internal Audit team to ensure that appropriate audit coverage was provided for 2017/18.

The Committee noted that work had been carried out on parking machine income, external tenants, Activation Aldershot (Capital Programme) and heating payments during Quarter 1. In addition, Internal Audit had reported to the Committee on the Audit Opinion and Public Sector Internal Audit Standards on 25th May, 2017.

In addition, the Report advised Members of audit follow-up work to be carried out during Quarter 2 and the current status on the following areas: external tenants;

capital projects; Aldershot/Farnborough markets; purchase and sale of property and land; Capital Programme and accounting (Activation Aldershot); contract letting and tendering; transparency code; and, cyber security.

The work expected to be delivered in Quarter 3 was detailed in the Report and had been selected from the high risk areas set out in Appendix B to the Report. As with previous quarters, it was pointed out that the audits could be subject to change due to the changing nature of the organisation or resource availability. The services to be audited in Quarter 3 were: DMB (HMRC and taxation requirements); Finance (financial borrowing); Planning (planning applications); Community (parking machine income follow-up); and, Finance (Financial Management System/bank reconciliation and purchase ledger). It was noted that the some of the financial audits may change to NNDR billing and collection or payroll depending on which order the contractor to be employed to carry out these audits completed the standard financial audits.

**RESOLVED:** That

- (i) the audit work carried out in Quarter 1 and the update to the expected deliverables in Quarters 2 and 3, as set out in the Audit Manager's Report No. AUD1704, be noted; and
- (ii) the expected deliverables for Quarter 3 be endorsed.

## **8. STATEMENT OF ACCOUNTS 2016/17 - DUTIES AND RESPONSIBILITIES**

The Committee received the Head of Financial Services' Report No. FIN1723, which set out the duties and responsibilities of the Committee in providing effective scrutiny of the Council's financial statements, in preparation for consideration of the Auditors' Report and audited Statement of Accounts by the Committee in September, 2017. Appended to the Report was a draft copy of the Statement of Accounts.

The Report advised Members that, when considering the Statement of Accounts, there was a need to have regard to: materiality; transparency; valuation; consistency; completeness; legality/litigation; classification; economic climate/going concern principle; risk of error; and, rights and obligations. The Report also set out other sources of information and assurance that were available to Members to assist them in their consideration of the final statement of accounts.

**RESOLVED:** That the Head of Financial Services' Report No. FIN1723 be noted.

## **9. TREASURY MANAGEMENT OPERATIONS FOR 2016/17 AND REVISIONS TO THE 2017/18 INDICATORS**

The Committee considered the Head of Financial Services' Report No. FIN1724, which set out the treasury management operations for 2016/17. A copy of a revised Appendix A to the Report was circulated at the meeting.

It was noted that the Council's treasury team had continued to concentrate on the security of investments, having regard to the returns available. Continued low

interest rates throughout the financial year coupled with a lack of suitable counterparties with whom to invest, continued to make the activity challenging. However, overall investment income still managed to produce a buoyant return to the General Fund revenue account. It was confirmed that all treasury management activity during 2016/17 had been carried out in accordance with the Annual Treasury Management Strategy, which had been agreed by the Council in February, 2016.

The 2017/18 Treasury Management Strategy had been approved by the Council on 23rd February, 2017. In addition to the approval of the Strategy, the CIPFA Code required the setting out of responsibilities and duties of Members and officers, allowing a framework for reporting and decision making on all aspects of treasury management. The Committee was advised that one of the recommendations of the Code was for the creation and maintenance of Treasury Management Practices that incorporated the principles and schedules that achieved treasury management policies and objectives. A review of these principles and schedules had been undertaken and details were set out in Appendix D to the Report.

The Committee was advised that approved property acquisitions in 2016/17 had amounted to around £17 million and had generated significant revenue gains to the General Fund revenue account. In order to finance these acquisitions and some other capital expenditure in the year, a significant proportion of the Council's capital receipts had been utilised for the purposes of financing the Capital Programme. As a result, a variation to the Capital Programme in 2017/18 of £15 million was proposed, with delegation to the Cabinet to draw down on this budget for suitable commercial property acquisitions. The significance of the proposed capital budget and use of borrowing therefore required re-appraisal of the prudential indicators in the Treasury Management Strategy for 2017/18 and these revised indicators were set out in Appendix E to the Report.

During discussion, Members raised questions concerning who recommended properties to be acquired, the allocating of funds to buy these properties and also the role of the Committee in scrutinising processes.

**RESOLVED:** That

- (i) the contents of the Head of Financial Services' Report No. FIN1724 in relation to the treasury management operations carried out during 2016/17 be noted; and
- (ii) it be **RECOMMENDED TO THE COUNCIL** to approve the updated treasury management practices and the revised prudential indicators for 2017/18, as set out in the Report.

#### 10. **LOCAL GOVERNMENT AUDIT COMMITTEE BRIEFING**

The Committee received the local government audit committee briefing paper prepared by the Council's external auditors, Ernst & Young.

**RESOLVED:** That the briefing paper be noted.

## 11. CONSULTATION ON PROPOSED VARIATION TO THE SCHEME OF HACKNEY CARRIAGES FARES

The Committee considered the Head of Environmental Health and Housing's Report No. EHH1723, which outlined proposals to vary the current scheme of hackney carriage fares which, following the approval of the Cabinet, had been published for public consultation, to be concluded on 7th July, 2017. The Committee was a specified consultee in the review process and was invited to consider the proposals and make comments or recommendations for consideration by the Cabinet for any changes to take effect from 1st September 2017.

The Committee was advised that Section 65 of the Local Government (Miscellaneous Provisions) Act, 1976 gave the Council the power (a discretionary ability) to fix the rates or fares in connection with the hire of a hackney carriage vehicle within its district by means of a scheme of fares. The current scheme had last been uplifted on 29th November, 2013 and the scheme was set out in the Report.

It was reported that the Cabinet had noted that the process of setting hackney carriage fares was complex, time-consuming and costly. Members had also expressed concern as to whether the setting of fares best served the public interest and/or supported wider transportation policies; particularly as other service charges in the private and/or self-employed sectors were not similarly regulated. The Cabinet had therefore requested that officers look at the efficacy of and options for the (de)regulation of setting hackney carriage fares. As a consequence of this work, it had been considered appropriate to develop and consult on a more simplified scheme of fares in the first instance. This had resulted in two separate variation proposals that had not found favour with the taxi trade and had subsequently been withdrawn in 2014 and 2015 respectively.

The Committee was advised that, following this, the Cabinet had resolved that a cross-party task and finish group should be established to make recommendations on all future changes to the scheme. It had now been over three years since the fare scheme had been uplifted. To reduce the significance and impact of any fare increase following a prolonged review and minimise the potential for challenge, it was proposed that an interim increase of 4% should be applied, deferring any remaining uplift amount to, and pending the next fare review and/or reworking of the scheme. As an interim uplift, it was proposed that this should be applied as an adjustment to the pull-off rate yardage (i.e. the initial distance to be travelled for the initial engagement charge on the meter) and running mile unit (i.e. the distance travelled for each meter tick-over charge after the initial pull-off distance). This accorded with historical methods of uplift application and the proposed fares scheme was set out in Appendix B of the Report. The Report also set out fare cost comparisons and a cost comparison of a number of local journeys. The Report also set out other relevant issues and guidance to be researched when considering an uplift to the scheme.

During discussion, Members raised issues concerning the working of the Hackney Carriage Fares Working Group, benchmarking fares and fouling charges.

**RESOLVED:** That, in response to the consultation, the Cabinet be advised that the Committee supports the proposals for an interim uplift of 4% to the hackney carriage fares scheme, as outlined in the Head of Environmental Health and Housing's Report No. EHH1723.

## 12. **CODE OF CORPORATE GOVERNANCE**

The Committee considered the Solicitor to the Council's Report No. LEG1709, which set out an updated Code of Corporate Governance.

The Report advised that the Code of Corporate Governance was reviewed every year and the latest revision reflected the latest guidance in the CIPFA/SOLACE Framework which had been published in April, 2016. The main changes to the new CIPFA framework included the positioning of sustainable, social and environmental outcomes as a key focus of governance processes and structures. CIPFA considered the links between governance and public financial management were crucial in the current financial climate and underpinned the need for local authorities to focus on long-term solutions.

The Committee noted that the CIPFA/SOLACE guidance "Delivering Good Governance in Local Government; Framework 2016 Edition" had seven core principles, and full details were set out in the Report. Rushmoor's Code of Corporate Governance identified the actions and behaviours to be taken by the Council in relation to each of the core principles and associated sub-principles and the updated Local Code of Corporate Governance was set out in Appendix B to the Report.

During discussion, it was suggested that all Members should receive a briefing or training on this and it was agreed that the matter would be raised with the Member Training and Development Group.

**RESOLVED:** That

- (i) the **COUNCIL BE RECOMMENDED** to approve the Code of Corporate Governance; and
- (ii) the Member Training and Development Group be requested to consider briefing/training for Members on the Code of Corporate Governance.

## 13. **ANNUAL GOVERNANCE STATEMENT 2016 - 2017**

The Committee considered the Solicitor to the Council's Report No. LEG1710, which set out the draft Annual Governance Statement for the year 2016/17. The final version of the Annual Governance Statement would be considered at the meeting on 25th September, 2017 when the Committee would also be considering the Statement of Accounts.

It was noted that the new Code of Corporate Governance was scheduled to be adopted by the Council at its July meeting before the Annual Governance Statement could be approved. The Committee was advised that the draft Annual Governance

Statement had been prepared against the revised Code of Corporate Governance, which had been considered earlier in the meeting.

The Accounts and Audit Regulations 2003 (as amended in 2006 and 2011) had introduced the requirement for local authorities to conduct at least annually a review of the effectiveness of its system of internal control, prepare an Annual Governance Statement and to publish this Statement with the Statement of Accounts. These regulations had now been replaced by the Accounts and Audit Code of Regulations 2015, and Regulation 6(1) continued the requirement to prepare an Annual Governance Statement. The Regulations required councils to ensure their financial management was adequate and effective and there was a sound system of internal control. This facilitated the effective exercise of the Council's functions including the management of risk and review of performance management. The system of internal control included matters such as the establishment and monitoring of objectives, the arrangements for decision-making and ensuring compliance with established policies. The Annual Governance Statement was required to include notification of any significant internal control issues and an action plan to address them. The Committee was advised that no significant issues had been identified. A number of actions for the current year had been identified and would be addressed during the year.

The Report also set out a review of governance issues that had been identified in the 2015/16 Annual Governance Statement, showing the actions identified and an update on tasks undertaken.

**RESOLVED:** That the Annual Governance Statement 2016/17, as set out in the Solicitor to the Council's Report No. LEG1710, be approved for publication with the Council's Statement of Accounts.

The meeting closed at 8.00 pm.

CLLR A. JACKMAN (CHAIRMAN)

-----

# BOROUGH SERVICES POLICY AND REVIEW PANEL

Meeting held on Monday, 12th June, 2017 at the Concorde Room, Council Offices, Farnborough at 7.00 pm.

## **Voting Members**

Cllr A.R. Newell (Chairman)  
Cllr R.L.G. Dibbs (Vice-Chairman)

Cllr T.D. Bridgeman  
Cllr Liz Corps  
Cllr A.H. Crawford  
Cllr S.J. Masterson  
Cllr Marina Munro  
Cllr M. Staplehurst  
Cllr B.A. Thomas

### 1. **APPOINTMENT OF CHAIRMAN**

**RESOLVED:** That Cllr A.R. Newell be appointed Chairman for the 2017/18 Municipal Year.

### 2. **APPOINTMENT OF VICE-CHAIRMAN**

**RESOLVED:** That Cllr R.L.G. Dibbs be appointed Vice-Chairman for the 2017/18 Municipal Year.

### 3. **MINUTES**

The Minutes of the Meeting held on 10 April, 2017 were approved and signed by the Chairman.

### 4. **APPOINTMENTS FOR 2017/18**

#### (1) **Mid-Cycle Meeting –**

**RESOLVED:** That the Chairman (Cllr A.R. Newell), the Vice-Chairman (Cllr R.L.G. Dibbs) and Cllrs A.H. Crawford and M. Staplehurst be appointed to attend the mid-cycle meetings for the 2017/18 Municipal Year.

#### (2) **Elections Group –**

**RESOLVED:** That membership of the Elections Group for the 2017/18 Municipal Year, as appointed by the Licensing and General Purposes Committee, being the Cabinet Member for Concessions and Community Support (Cllr G.B. Lyon), the Chairman of the Licensing and General Purposes Committee (Cllr A. Jackman), the

Chairman of the Borough Services Policy and Review Panel (Cllr A.R. Newell) and Cllrs K. Dibble, B. Jones and S.J. Masterson be endorsed.

## 5. **ADDITIONAL ITEM - APPOINTMENTS**

### (1) **PANEL MEMBERSHIP**

The appointment of Cllr Liz Corps to the vacant seat within the Conservative Group's allocations on the Borough Services Policy and Review Panel for the 2017/18 Municipal Year was noted.

## 6. **ENVIRONMENTAL HEALTH - FOOD SAFETY**

The Panel welcomed Mr. Colin Alborough, Environmental Health Manager, who gave a presentation on the food safety service working arrangements and food safety standards in the Borough.

Mr Alborough advised of the purpose and main areas of work for the team. Their purpose was "to ensure that food and drink on sale for human consumption, which was produced, stored, handled and consumed in the Borough was without risk to the health and safety of the consumer." The work involved carrying out the statutory, regulatory service as described by the Food Standards Agency Framework Agreement and the Food Law Code of Practice. Day to day work involved inspecting and rating businesses, supporting new businesses, responding to statutory notifications, acting as the Primary Authority for the British Army, and linking to the wider public health agenda.

It was advised that the work of the team complemented the Council Plan through a number of areas, in particular:

- Sustaining a thriving economy and boosting local business - through the provision of consultancy services to local businesses. The Council charged businesses £57 per hour (full cost recovery) for this service which allowed businesses to work with officers to drive standards of food safety up.
- Supporting and empowering our communities and meeting local need – through the initiation of an optional food hygiene re-rating scheme, at a cost of £170 for three hours. It was noted that, in the majority of cases, those that had chosen to be re-rated had improved their Food Hygiene Rating.
- A cleaner greener and more cultural Rushmoor – out on the street assessing the situation and intervening during interventions and in response to service requests.
- Financially sound with services fit for the future – A service plan was produced and presented to the Licensing and General Purposes Committee on an annual basis. Benchmarking was carried out to ensure costs for services were sustainable and an inter authority audit process was in place, in which the Rushmoor service had been found "compliant".

It was advised that the displaying of the Food Hygiene Rating certificate was not compulsory in England. However in Scotland it was mandatory and in Wales it would soon become mandatory to display the certificate. An app was available called “scores on the doors” to check the rating of local establishments anywhere in the country. The Panel reviewed a slide which showed a graph of the different ratings up to March 2015, a request was made for an updated version to be circulated to the Panel.

The Panel was shown a number of issues that the team faced in 0/1 rated businesses. These include: cross contamination of food types, cockroach infestations, poorly maintained equipment and evidence of rodent activity. The Panel was advised that appropriate enforcement action would be taken in each case in line with the Council’s Enforcement Policy.

The team received about 550 service requests a year and were the frontline point of contact for both residents and businesses. Service requests included requests from new businesses for help setting up, complaints about food and food premises, food alerts (including mislabelling), and notifications of infectious diseases.

The Panel was informed that, going forward, the Service would continue to support customers and develop cost recovery and income generation. Work would also continue to remain fit for purpose, ensure appropriate responses to emerging issues, keep pace with regulatory reviews and keep relevant to changing times.

A discussion was held during which a number of issues were raised, these included;

- A request to the FSA to shorten the time for businesses to make an appeal, currently 21 days, against a re-rating scoring.
- A suggestion to create a system that recognised the “best of the best” in the Borough, in addition to the FSA Food Hygiene Ratings.
- The harvesting of watercress from the Cove Brook by individuals from the Nepalese community. It was advised that the water in the brook may not be safe for consumption and the vegetation being collected probably was not watercress. It was suggested that a warning could be broadcast on the Gurkha Radio. Mr. Alborough agreed to prepare a poster for use by Cllr Staplehurst and Cllr Crawford offered to liaise with the BGWS.

In response to a query it was advised that all larger companies that sold/prepared food were inspected. If a company changed hands the new owners were obliged to inform the Council and an inspection would be carried out within 28 days.

The Panel **AGREED**

Action to be taken	By Whom	When
To provide updated information on the FSA Food Hygiene ratings to include 2016 and 2017.	Mr. Colin Alborough, Environmental Health Manager	Week commencing 19.06.17

To prepare a warning notice to the Nepalese community regarding the harvesting of watercress from the Cove Brook.	Mr. Colin Alborough, Environmental Health Manager and Cllr Mark Staplehurst.	Week Commencing 19.06.17
---	--	--------------------------

The Chairman thanked Mr. Alborough for his presentation.

**7. WORK PROGRAMME**

The Panel noted the current work programme and were asked to contact the Panel Administrator to advise of any areas they would like to see covered during the 2017/18 Municipal Year. It was noted that the following items would be considered at the next mid cycle meeting:

- Rough sleeping/Street Drinking
- Food banks

The meeting closed at 8.02 pm.

CLLR A.R. NEWELL (CHAIRMAN)

-----

# COMMUNITY POLICY AND REVIEW PANEL

Meeting held on Thursday, 15th June, 2017 at the Council Offices, Farnborough at 7.00 pm.

## Voting Members

Cllr M.D. Smith (Chairman)  
Cllr S.J. Masterson (Vice-Chairman)

Cllr M.S. Choudhary  
Cllr R. Cooper  
Cllr J.H. Marsh  
Cllr Marina Munro  
Cllr J.J. Preece  
Cllr M.J. Roberts  
Cllr P.F. Rust

### 1. APPOINTMENT OF CHAIRMAN

**RESOLVED:** That Cllr M.D. Smith be appointed Chairman for the 2017/18 Municipal Year.

### 2. APPOINTMENT OF VICE-CHAIRMAN

**RESOLVED:** That Cllr S.J. Masterson be appointed Vice-Chairman for the 2017/18 Municipal Year.

### 3. MINUTES

The Minutes of the Meeting held on 6th April, 2017 were approved and signed by the Chairman.

### 4. HOUSING SERVICES PRESENTATION

#### (1) Housing Strategy Overview

The Panel welcomed Ms Qamer Yasin, Head of Environmental Health and Housing, who introduced the presentation on Housing Service and explained that the other elements to the presentation were all linked to the Council's overall Housing and Homelessness Strategy.

#### (2) Housing and Homelessness Strategy

The Panel welcomed Ms Sally Ravenhill, Strategy and Enabling Manager, who provided an interim update on the Housing and Homelessness Strategy which had been adopted by the Council in February 2017, subject to the Panel considering changes in two areas:

- Housing and Income Data
- Definition of Affordable Housing

The Panel considered and provided comment on the Housing and Income Data supplied, noting that recently published data would form part of the next update. It was noted that using official figures provided by the Department for Communities and Local Government (DCLG), Valuation Office Agency (VOA) and the Office for National Statistics (ONS) ensured consistency and allowed comparisons over time, whilst local figures helped to provide context.

The Panel asked that the presentation be circulated to them after the meeting. Comments made at the meeting would be taken on board for consideration at the next Panel meeting in September 2017, when the Housing and Homelessness Strategy would be discussed in more detail as part of one of two scheduled progress and update sessions on the Strategy to come to the Panel during the Municipal Year.

### **(3) Registered Providers' Review Report**

The Panel welcomed Ms Zoe Paine, Strategy and Enabling Manager, who gave a presentation on the Review of Registered Providers (RPs) in 2016/17, to complement Report No. EHH1714 which was circulated as part of the agenda papers. The presentation and Report covered:

- Purpose of the Annual Reviews
- Process undertaken
- Key issues identified during neighbourhood visits

The Panel provided feedback on the issues identified in respect of the four Housing Providers reviewed during 2016/17: Society of St James (SSJ); Sanctuary Housing; Thames Valley Housing; and Ministry of Defence.

The Panel was advised that, where the Council was aware of complaints against an RP, it could assist by guiding residents on what avenues were open to them to resolve these complaints. The Council could also raise issues directly with the RP, with serious, unresolved complaints being referred to the Homes and Communities Agency, which regulated RPs.

### **(4) Private Sector Housing Survey Report**

The Panel welcomed Ms Hilary Smith, Private Sector Housing Manager, who gave a presentation on the Private Sector Housing Survey, to complement Report No. EHH1715 which was circulated as part of the agenda papers.

The Panel noted the background to and aim of the survey, as well as the findings and remedial actions taken to improve problem areas. The Panel was pleased to note that the original aims of the survey had been met, and information gathered would help to improve housing standards and safety for residents. It also noted that, whilst follow-up work was scheduled, it was not necessary for further survey work to be carried out at this time.

The Panel was advised that further resources might be required in order to develop policies and processes to implement the Housing and Planning Act 2016 once guidance was received on its implementation.

#### **(5) North Lane Lodge**

Ms Qamer Yasin then gave a presentation on North Lane Lodge. The Panel noted and provided feedback on the background to and implementation of this supported accommodation project for vulnerable homeless people.

The Panel was pleased to note the success of this pilot project in terms of engaging with the nine previously identified rough sleepers, with the aim of using the lessons learned to help to develop a future resource to meet the complex needs of the street homeless people in the Borough.

The Chairman thanked the Officers for a comprehensive and professional presentation.

### **5. APPOINTMENTS**

The Panel agreed the following appointments for the 2017/18 Municipal Year:

#### **(1) Mid-Cycle Meetings –**

**RESOLVED:** It was agreed that Cllr P.F. Rust would attend the mid-cycle meetings in 2017/18 as a representative of the Labour Group, along with the Chairman (Cllr M.D. Smith) and Vice-Chairman (Cllr S.J. Masterson).

#### **(2) Health Issues Standing Group –**

**RESOLVED:** That the Chairman (Cllr M.D. Smith) and Vice-Chairman (Cllr S.J. Masterson) and Cllr P.F. Rust be appointed to the Health Issues Standing Group for the 2017/18 Municipal Year.

#### **(3) Housing Strategy Standing Group –**

**RESOLVED:** That the Chairman (Cllr M.D. Smith) and Vice-Chairman (Cllr S.J. Masterson) and Cllrs R. Cooper, A.H. Crawford and M.J. Roberts be appointed to the Housing Strategy Standing Group for the 2017/18 Municipal Year.

#### **(4) Welfare Reform Task and Finish Group –**

**RESOLVED:** That the Chairman (Cllr M.D. Smith) and Cllrs Jennifer Evans, A. Jackman and M.J. Roberts be appointed to the Welfare Reform Task and Finish Group for the 2017/18 Municipal Year, with attendance by the Cabinet Member for Concessions and Community Support (Cllr G.B. Lyon) as required by the Group.

(5) **Registered Providers of Social Housing Review Group –**

**RESOLVED:** That the Chairman (Cllr M.D. Smith) and Vice-Chairman (Cllr S.J. Masterson) and Cllrs R. Cooper, Jennifer Evans and M.J. Roberts be appointed to the Registered Providers of Social Housing Review Group for the 2017/18 Municipal Year.

(6) **Vivid/Rushmoor Borough Council Joint Business Meeting –**

**RESOLVED:** That the Chairman (Cllr M.D. Smith), Vice-Chairman (Cllr S.J. Masterson), and Cllr M.J. Roberts and the Cabinet Minister for Health and Housing (Cllr Barbara Hurst) be appointed to the Vivid/Rushmoor Borough Council Joint Business Meeting for the 2017/18 Municipal Year.

6. **WORK PROGRAMME**

The Panel noted that the work programme would be reviewed at the next mid-cycle meeting of the Municipal Year.

The meeting closed at 9.00 pm.

CLLR M.D. SMITH (CHAIRMAN)

-----

# CORPORATE SERVICES POLICY AND REVIEW PANEL

Meeting held on Thursday, 29th June, 2017 at the Council Offices, Farnborough at 7.00 pm.

## Voting Members

Cllr Jacqui Vosper (Chairman)  
Cllr M.S. Choudhary (Vice-Chairman)

Cllr D.M.T. Bell  
Cllr J.B. Canty  
Cllr R.L.G. Dibbs  
Cllr D.S. Gladstone  
Cllr P.F. Rust  
Cllr J.E. Woolley

Apologies for absence were submitted on behalf of Cllr B. Jones.

### 1. APPOINTMENT OF CHAIRMAN

**RESOLVED:** That Cllr Jacqui Vosper be appointed Chairman for the 2017/18 Municipal Year.

### 2. APPOINTMENT OF VICE-CHAIRMAN

**RESOLVED:** That Cllr M.S. Choudhary be appointed Vice-Chairman for the 2017/18 Municipal Year.

### 3. MINUTES

The Minutes of the meeting held on 10th November, 2016 were approved and signed by the Chairman.

### 4. APPOINTMENTS TO GROUPS

#### (i) Mid-Cycle Meetings –

**RESOLVED:** That the Chairman, Vice-Chairman and Cllrs D.M.T. Bell and B. Jones be appointed to attend Mid-Cycle Meetings for the 2017/18 Municipal Year.

#### (ii) Customer Services Working Group –

**RESOLVED:** That the Chairman, Vice-Chairman and Cllrs D.M.T. Bell, R.L.G. Dibbs, B. Jones and P.F. Rust be appointed to the Customer Services Working Group for the 2017/18 Municipal Year. Cllr P.G. Taylor, Corporate Services Portfolio Holder, would be invited to attend meetings as required by the Group.

## 5. HUMAN RESOURCES REPORT FOR 2016/17

The Panel welcomed Ms Rachel Gray, Human Resources Manager, and received the Human Resources Report for 2016/17 (No. HR1701), which provided a detailed report on the Rushmoor workforce and related HR and Learning and Development activities.

The Panel noted the key data relating to the workforce profile, including headcount, gender breakdown, part-time workers, age, turnover, training and sickness.

The Panel considered the information relating to sickness absence and noted that Rushmoor was slightly above average for working days lost due to sickness compared to other district councils in the region, but considerably lower than the national figure. Anxiety, stress and depression were the main reasons for sickness and this was again similar to other councils. In terms of information before the Panel, it was suggested that it would be useful to have data on the number of employees to whom the sickness data applied as it was unclear whether the data was distorted by the long-term sickness of few individuals rather than shorter term sickness leave for a number of staff. Rachel Gray reassured the Panel that triggers were in place to identify staff who had recurring sickness absence.

The Panel identified succession planning as a concern, given the age profile of the current workforce. The Panel noted that the new Chief Executive was due to introduce a Future Leaders' programme.

In terms of starters and leavers, the Panel was advised that obtaining data on leavers' reasons for leaving was to be improved. The Panel noted that, in certain circumstances, market supplements were paid to recruit new staff in specialist areas, such as IT and building surveying. In addition, Rushmoor was part of a Hampshire apprenticeship scheme and worked with other councils to manage and promote apprenticeship opportunities in the region.

The Panel noted the ongoing review of HR policies and was advised that no cases of bullying or harassment had been raised in 2016/17.

The Panel thanked Rachel Gray for her report, which was **NOTED**.

## 6. PROCUREMENT UPDATE

The Panel welcomed Ms Katherine Booker, Principal Procurement Officer, who gave a presentation on the Better Procurement Project, which had been developed following significant changes to legislation introduced in 2015, as well as an identified need to increase the profile and awareness of procurement amongst spending managers. The presentation covered five main areas:

- Staff Training
- Frameworks
- Supplier Selection
- Key Procurement Projects
- Impacts and Measures of the Procurement Service

The Panel noted that Staff Training had been undertaken in order to increase the profile of procurement, provide an understanding of the new procurement rules, and to ensure good practice was being followed.

Katherine Booker then explained the benefits of the framework process, whereby companies underwent a tender exercise before being accepted onto the various frameworks managed by the Council. The Panel was advised that the framework process saved time and resource, and also encouraged competition between approved firms. The Panel noted that the frameworks also operated at a local level where local firms were encouraged and given assistance to apply to be on the framework.

In terms of the contract value, the Panel was given a handout which explained the various frameworks in place depending on the contract value. It was noted that any contract over £50,000 must be advertised on the South East Business Portal.

The Panel was informed of the supplier selection process, including the provision of feedback to suppliers on their performance where they had not been selected as the supplier for a specific good or service. In addition, the Panel was advised of the evaluation process used for assessing and selecting suppliers for specific contracts.

The Panel noted the current and future key procurement projects.

The Panel considered the impact and measures which showed positive outcomes in many areas, including cost savings, risk reduction and business engagement. It was acknowledged that social value outcomes were yet to be specifically addressed although there had been some increase in apprenticeships and work experience placements generally.

The Panel thanked Katherine Booker for her detailed presented and **NOTED** the update.

## 7. **WORK PROGRAMME**

The Panel considered the list of potential items for the work programme for 2017/18. It was suggested that a review of the Emergency Response Plan would be timely given recent events. However, it was noted that this issue had already been identified by Cabinet Members as an area to be addressed. Other issues raised as potential agenda items were building security and asset management.

Members were invited to put forward further potential items of interest for the future programme of work which would be considered at the next mid-cycle meeting due to be arranged for early/mid-August 2017.

The meeting closed at 9.02 pm.

CLLR JACQUI VOSPER (CHAIRMAN)

-----

This page is intentionally left blank