

LICENSING, AUDIT AND GENERAL PURPOSES COMMITTEE

Meeting held on Monday, 26th November, 2018 at the Council Offices, Farnborough at 7.00 pm.

Voting Members

Cllr J.E. Woolley (Chairman)
Cllr Jacqui Vosper (Vice-Chairman)

Cllr Sue Carter
Cllr M.S. Choudhary
Cllr A.K. Chowdhury
Cllr A.H. Crawford
Cllr A.J. Halstead
Cllr B. Jones
Cllr Marina Munro
Cllr M.D. Smith

Apologies for absence were submitted on behalf of Cllr Liz Corps.

22. MINUTES

The minutes of the meeting held on 24th September, 2018 were approved and signed by the Chairman.

23. TREASURY MANAGEMENT MID-YEAR REPORT

The Committee considered the Executive Head of Finance's Report No. FIN1836, which set out the main activities of the Treasury Management Operations during the first half of 2018/19, provided an update on the current economic conditions affecting Treasury Management decisions and a forward look for the remainder of the financial year.

It was noted that the Council's full year 2018/19 budgeted investment income interest was estimated to be £835,000, compared to the original budget for the year of £846,000. Borrowing interest costs for the financial year were estimated to be £262,000 compared to a budget of £296,000 contained in the original budget for 2018/19.

The Committee was advised that the treasury team continued to concentrate on the security of deposits/investments while keeping a keen regard to the income returns available. Members were informed that the £5 million investment in Payden & Rygel's Sterling Reserve Fund had provided a 0.79% income performance. Due to the low level of income returned an alternative pooled fund option was being considered.

As a borrowing authority, any bonds that the Council redeemed would offset the need to borrow. However, interest income would then be lost which had a revenue implication. The Committee was advised that current short-term borrowing rates were around 1% and there was an option to reinvest a current active bond on redemption with a higher yielding pooled fund, producing a net benefit when taking into account borrowing rates. To enable a reinvestment of a Covered Bond in pooled funds the investment limit for pooled funds needed to be increased above the current £20 million limit by £5 million.

It was estimated that the Council's commitment towards capital expenditure in the current year would raise the level of external borrowing at the end of the year. Further capital expenditure in 2018/19 and future years would require further additional borrowing. Higher yielding pooled fund investments would be retained for as long as possible, as their redemption in the future to raise cash for capital purposes would cause significant revenue effects in relation to the loss of investment income.

It was confirmed that all treasury management activities undertaken during the first half of the financial year had fully complied with the CIPFA Code of Practice and the Council's approved Treasury Management Strategy. The Council continued to seek to diversify its investments in order to maximise returns and to safeguard the Council's treasury management position.

During discussion, a question was raised regarding a previous request made for Arlingclose to attend a meeting of the Committee. It was agreed that this would be followed up. Members also raised questions regarding how long the Payden & Rygel's Sterling Reserve Fund had been underperforming and also on short-term investments and these were answered by the Executive Head of Finance. A question concerning the incremental impact of capital investment decisions would be given a written response by the Executive Head of Finance.

RESOLVED: That

- (i) the Executive Head of Finance's Report No. FIN1836 be noted;
- (ii) the low level of investment income returned from Payden & Rygel's Sterling Reserve pooled fund and the option to replace it with a higher yielding fund be noted; and
- (iii) approval be given to an increase of £5 million in the Collective Investment Schemes (pooled funds) investment limit, as set in the Annual Treasury Management Strategy for 2018/19 and approved by the Council on 22nd February 2018.

24. **INTERNAL AUDIT UPDATE**

The Committee considered the Audit Manager's Report No. AUD1805 which gave an overview of the work completed by Internal Audit for Quarter 2, an update on progress made on expected deliverables for Quarters 3 and 4 and a schedule of work expected to be delivered in Quarter 4.

The Committee noted the status of audit findings following audit work carried out within Quarter 2 in respect of :

- Purchase Ledger
- GDPR
- Cyber Security

The status of the following audit findings would be reported to the Committee meeting in January 2019:

- IT access controls
- Weekly refuse and recycling contract
- Parking machine income follow-up
- Portable IT equipment follow-up
- Transparency code follow-up
- Depot

The Committee was also advised that work had been carried out in order to establish the current demands on the Corporate Investigations Officers, who now came under Internal Audit, so that a work programme could be established for the 2019/20 financial year and quarterly updates provided to the Committee on their work.

The Report also set out the work expected to be delivered in Quarters 3 and 4, on which an update would be provided at the next meeting in January, 2019.

During discussion, Members requested further information concerning the recommendations made regarding the purchase ledger audit.

RESOLVED: That

- (i) the audit work carried out in Quarter 2 be noted;
- (ii) the update to the expected deliverables for Quarter 3; and
- (iii) the expected deliverables for Quarter 4 be endorsed.

25. **DATA PROTECTION BREACH POLICY**

The Committee considered the Audit Manager's Report No. AUD1807 which set out an updated Data Protection Breach Policy to meet the new General Data Protection Regulation (GDPR), including a form to record all data breaches. The updated policy would ensure that any data breaches, whether paper or electronic, were dealt with appropriately and the necessary action taken to mitigate the risk and, where necessary, inform individuals and regulatory bodies (eg the Information Commissioner's Office or National Cyber Security Centre).

The policy would be communicated to Members and Officers. A training session would be held at a middle-managers meeting to highlight the key issues and actions to be taken. This would then be cascaded down to all employees and Members.

The communication of the policy to new employees would be carried out during induction sessions.

During discussion, clarification was sought regarding registration with the Information Commissioner's Office.

RESOLVED: That approval be given to the Data Protection Breach Policy, as set out in the Audit Manager's Report No. AUD1807.

26. **AUDIT CHARTER**

The Committee considered the Audit Manager's Report No. AUD1806 which set out the purpose, authority and responsibility of Internal Audit within the Council.

It was noted that, as part of the Public Sector Internal Audit Standards, there was a requirement to have an Internal Audit Charter in place. As part of the Quality Assurance Improvement Plan, it was agreed that an Internal Audit Charter would be developed to ensure there was greater compliance towards the standards. The Charter would be updated annually and considered by the Committee, in line with the requirements of the Public Sector Internal Audit Standards.

RESOLVED: That the Audit Manager's Report No. AUD1806 be approved.

27. **URGENT ADDITIONAL ITEM - PROPOSED VARIATION TO THE STANDARD SEX SHOP LICENCE CONDITIONS**

The Chairman had agreed that this item could be included in the business of the meeting as a matter of urgency.

The Committee considered the Head of Operational Services' Report No. EHH1826 which outlined proposals to vary the standard conditions applied to sex shop licences. It was noted that the Council's standard conditions had previously been reviewed in 1999. Darker Enterprises Limited had recently submitted a request seeking permission to modernise its premises. Consideration of the request had prompted a review of the standard conditions, which required updating to take account of changes in the law and the experience of officers engaged in the regulation of the premises.

The Report set out the proposed standard conditions. It was noted that, following the removal of conditions that duplicated other regulatory requirements, the amended standard conditions consolidated the previous set of standard conditions and those of other authorities with licensed premises within the Hampshire & Isle of Wight Licensing Officers Group. It was further proposed that a six weeks period of public consultation would be undertaken in respect of the proposed changes. If no representations were made on the consultation, the revised conditions would take effect from 1st February 2019. Any substantive feedback would be referred back to the Committee for consideration.

RESOLVED: That

- (i) approval be given to the proposed standard conditions for licensed sex shops for public consultation for a six weeks period; and
- (ii) if no substantive representations be made during the consultation period, the revised conditions to take effect from 1st February, 2019.

28. **URGENT ADDITIONAL ITEM - APPOINTMENT OF EXECUTIVE HEAD OF FINANCE AND SECTION 151 OFFICER**

The Chairman had agreed that this item could be included in the business of the meeting as a matter of urgency.

The Committee was advised that, following interviews on 23rd November, 2018 by a panel of Members, consisting of the Chairman, Cllrs P.F. Rust, D.M.T. Bell, D.E Clifford (Leader of the Council) and Barbara Hurst (Cabinet Member), the post of Executive Head of Finance and Section 151 Officer had been offered to, and verbally accepted by, Mr David Stanley.

RESOLVED: That

- (i) approval be given to the appointment of David Stanley as the Executive Head of Finance and Section 151 Officer, subject to references and no Cabinet objection; and
- (ii) the Chief Executive, in consultation with the Chairman, formally appoint the candidate, Mr David Stanley.

The meeting closed at 8.12 pm.

CLLR J.E. WOOLLEY (CHAIRMAN)
