

LICENSING, AUDIT AND GENERAL PURPOSES COMMITTEE

Meeting held on Monday, 28th January, 2019 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 Liz Corps
Cllr A.H. Crawford
Cllr B. Jones
Cllr Marina Munro
Cllr M.D. Smith

29. MINUTES

The minutes of the meeting held on 26th November, 2018 were approved and signed by the Chairman.

30. SELECTION OF THE MAYOR AND DEPUTY MAYOR 2019/20

The Chief Executive reported on the outcome of the selection process for the Mayor-Elect and the Deputy Mayor-Elect for 2019/20. The Chief Executive had contacted the appropriate Members on the seniority list and reported that Cllr Peter Frank Rust was the next Member able to accept the nomination for Deputy Mayor. Through normal progression, Cllr Sue Carter, currently Deputy Mayor, would progress to the position of Mayor for 2019/20.

The Committee **RECOMMENDED TO THE COUNCIL** that:

- (i) Cllr Sue Carter be appointed as Mayor-Elect for the 2019/20 Municipal Year; and
- (ii) Cllr Peter Frank Rust be appointed as Deputy Mayor-Elect for the 2019/20 Municipal Year.

31. INTERNAL AUDIT UPDATE

The Committee considered the Audit Manager's Report No. AUD1901, which described the work carried out by Internal Audit for quarter 3 and the proposed work to be delivered for quarter 4.

Members were advised that the following audit work had been carried out in quarter 3:

- Council depot
- Transparency Code follow-up

It was noted that there had been a delay in some of the audits carried out by the contract auditors due to two officers being on long periods of sickness. There had been an assurance from the senior auditor at Wokingham Borough Council that all the audits required would be completed by the end of March, as per the contract.

The Committee was advised that the following work was expected to be delivered in quarter 4, subject to change due to the changing needs of the organisation or resource availability:

- Contract management
- Corporate governance
- Benefits
- Recovery
- Sales ledger
- Purchase of property follow-up
- Card payments follow-up
- Contract letting and tendering follow-up
- IT portable equipment follow-up
- Planning applications
- Disabled Facilities Grant
- Capital Programme Management
- Risk management

During discussion, Members referred to the audit findings on the Depot and the lessons to be learned going forward. Following a question, the Chief Executive undertook to provide cost/benefit analysis information to the Committee.

RESOLVED: That

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

32. **EXTERNAL AUDIT PLAN**

The Chairman welcomed Justine Thorpe (Audit Manager, Ernst & Young) to the meeting. The Committee received a copy of Ernst & Young's Audit Plan for the 2017/18 audit, which provided a basis on which to review the proposed approach and scope for the audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the

Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements.

The Audit Plan summarised the auditor's initial assessment of the key risks driving the development of an effective audit for the Council and outlined the planned audit strategy in response to those risks. It was noted that the Audit Plan would cover the work that was planned to provide the Council with:

- an audit opinion on whether the financial statements gave a true and fair view of the financial position as at 31st March 2019 and of the income and expenditure for the year then ended; and
- a conclusion on the Council's arrangements to secure economy, efficiency and effectiveness.

The audit would also take into account several key inputs, including:

- strategic, operational and financial risks relevant to the financial statements;
- developments in financial reporting and auditing standards;
- the quality of systems and processes;
- changes in the business and regulatory environment; and
- management's views on all of these inputs.

During discussion, the Executive Head of Finance and Audit Manager of Ernst & Young answered questions regarding the valuation of land and buildings, depreciation of assets, the budget strategy and budget savings and income generation.

RESOLVED: That the Audit Planning report by Ernst & Young for the year ended 31st March 2019 be noted.

33. **CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT**

The Committee received the external auditor's report on housing benefit subsidy certification work for the Council's 2017-18 housing benefit claim.

It was noted that the housing benefits subsidy claim with a total value of £35,785,954 had been checked and certified. Ernst & Young had not had to amend the Council's claim. The certification fee for the 2017-18 housing benefit subsidy claim was £8,652.

From 2018-19 onwards the Council would be responsible for appointing its own reporting accountant to undertake the certification of the housing benefit subsidy claim in accordance with the Housing Benefit Assurance Process requirements that had been established by the Department for Work and Pensions. The Council had not appointed Ernst & Young as its reporting accountant from 2018-19.

RESOLVED: That Ernst & Young's report on housing benefit subsidy certification work for the 2017-18 housing benefit claim be noted.

34. **TREASURY MANAGEMENT AND INVESTMENT STRATEGY 2019/20**

The Committee considered the Executive Head of Finance's Report No. FIN1905, which set out the proposed Treasury Management Strategy and Investment Strategy for 2019/20, including the borrowing and investment strategies and treasury management indicators for capital finance for 2019/20 and the Minimum Revenue Provision Statement.

It was noted that CIPFA had conducted reviews of the Prudential Code and the Treasury Management Code of Practice in 2017 and that the Ministry of Housing, Communities and Local Government had also issued revised guidance on Local Government Investment. The Treasury Management Strategy Statement for 2019/20 and the Investment Strategy had been prepared in accordance with the new guidance.

Arlingclose advice continued to indicate that the Council should diversify investment risk by spreading smaller amounts over an increasing number of counterparties wherever possible. The Council was progressively incurring further borrowing and Arlingclose had advised that, in the circumstances of some current investments reaching their maturity date, the Council should replace them with long-term pooled funds. This strategy allowed for the maintained level of principal sums to be invested during a period when borrowing was increasing.

The Committee noted that the Council had incurred prudential code borrowing in 2017/18 in the sum of £5.89 million in relation to its capital expenditure. Further borrowing to support the financing of the Council's approved Capital Programme for the year 2018/19 would also be required. The Council would commence the 2019/20 financial year in a position where investment holdings continued to remain significant (although less than in previous financial years) but it also carried some accumulating debt. There would be an inevitable requirement to incur some further borrowing to service capital expenditure in future years.

It was advised that careful observation of the "gross debt v capital financing requirement" indicator would need to be undertaken progressively throughout the financial year. Where a material change to the proposed strategies during the year was required, a revised strategy would be presented to the Council before the change was implemented.

During discussion, Members raised the question about Arlingclose being invited to brief the Committee. It was agreed that this would be actioned as a briefing seminar for all Members. Questions were also raised regarding the valuation of commercial properties, which were answered by the Executive Head of Finance.

RESOLVED: That:

- (i) the Cabinet be recommended to approve

- (a) the Treasury Management Strategy and Annual Borrowing Strategy as set out in Appendix A to the Executive Head of Finance's Report No. FIN1905;
 - (b) the Annual Investment Strategy, as set out in Appendix B; and
 - (c) the Minimum Revenue Position Statement, as set out in Appendix C; and
- (ii) an all Member seminar be organised on the role and work of Arlingclose in due course.

The meeting closed at 8.17 pm.

CLLR J.E. WOOLLEY (CHAIRMAN)
