

LICENSING AND GENERAL PURPOSES COMMITTEE

Meeting held on Monday, 26th June, 2017 at the Council Offices, Farnborough at 7.18 p.m.

Voting Members:

a Cllr A Jackman (Chairman)
Cllr J E Woolley (Vice-Chairman) (In the Chair)

a Cllr Sue Carter
a Cllr Sophia Choudhary
Cllr Liz Corps
Cllr Jennifer Evans
Cllr B Jones
Cllr S J Masterson
Cllr M D Smith
Cllr L A Taylor
a Cllr Jacqui Vosper

Apologies for absence were received on behalf of the Chairman (Cllr A Jackman) and Cllr Sue Carter, Sophia Choudhary and Jacqui Vosper.

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

1. MINUTES –

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

2. 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.

3. 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.

4. 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.

5. 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.

6. CONSULTATION ON A PROPOSED VARIATION TO THE SCHEME OF HACKNEY CARRIAGE 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.

7. **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.

8. **ANNUAL GOVERNANCE STATEMENT 2016/17 –**

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 p.m.

CLLR J E WOOLLEY (VICE-CHAIRMAN)