

LICENSING AND GENERAL PURPOSES COMMITTEE

Meeting held on Monday, 29th January, 2018 at the Council Offices, Farnborough at 7.00 pm.

Voting Members

Cllr A. Jackman (Chairman)
Cllr J.E. Woolley (Vice-Chairman)

Cllr Sue Carter
Cllr Sophia Choudhary
Cllr Liz Corps
Cllr A.H. Crawford
Cllr B. Jones
Cllr S.J. Masterson
Cllr M.D. Smith
Cllr L.A. Taylor

Apologies for absence were submitted on behalf of Cllr Jacqui Vosper.

24. MINUTES

The Minutes of the Meeting held on 27th November, 2017 were approved and signed by the Chairman.

25. CRITERIA FOR THE SELECTION OF THE MAYOR AND DEPUTY MAYOR 2018/19

The Chief Executive reported on the outcome of the selection process for the Mayor-Elect and the Deputy Mayor-Elect for 2018/19. The Chief Executive had contacted the appropriate Members on the seniority list and reported that Cllr Sue Carter was the next Member able to accept the nomination for Deputy Mayor. Through normal progression, Cllr S.J. Masterson, currently Deputy Mayor, would progress to the position of Mayor for 2018/19.

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

- (i) Cllr S.J. Masterson be appointed as Mayor-Elect for the 2018/19 Municipal Year; and
- (ii) Cllr Sue Carter be appointed as Deputy Mayor-Elect for the 2018/19 Municipal Year.

26. WELLESLEY SECTION 106 AGREEMENT - RUSHMOOR BOROUGH COUNCIL APPOINTMENT TO THE ESTATE MANAGEMENT COMPANY - WELLESLEY RESIDENTS TRUST LTD

The Committee considered the Solicitor to the Council's Report No. LEG1801 which proposed the appointment of a Council representative as a Director of Wellesley Residents Trust Ltd, provided for by a Section 106 Agreement for the development. The Committee had considered the matter previously on 27th November, 2017, however, had sought further clarification on the appointment.

The Chief Executive confirmed that the appointment could be filled by either an officer or Member of the Council and that the duties would involve attendance at board and general meetings of the company. It was considered important that the appointment should be made so that the Council could influence the estate arrangements for the development to ensure that the development was properly funded, managed and maintained to a high standard so problems were not experienced by residents or by being a drain upon Council resources.

During discussion, Members were of the opinion that the Council should be represented on the Board by a Member of the Council and Cllr A.H. Crawford's name was put forward as a nominee. Following a vote, it was agreed that Cllr Crawford should be nominated as the Council's director on the estate management company – Wellesley Residents Trust Ltd.

RESOLVED: That Cllr A.H. Crawford be appointed at the Council's representative on Wellesley Residents Trust Ltd.

27. **AUDIT PLAN**

The Chairman welcomed to the meeting Ms. Justine Thorpe, Manager, Ernst & Young who was attending the meeting to present the external auditor's Audit Plan. The Committee received the Audit Plan which had been prepared by the Council's external auditors, Ernst & Young. The purpose of the Plan was to provide a basis on which to review the proposed audit approach and scope for the 2017/18 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. The Plan was also used to ensure that the audit was aligned with the Committee's service expectations.

The Plan also summarised Ernst & Young'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 the risks.

RESOLVED: That the Audit planning report for the year ended 31st March, 2018 be noted.

28. **HOUSING BENEFIT CLAIM CERTIFICATION**

The Committee received Ernst & Young's report, which summarised the results of the work on the Council's 2016/17 housing benefit claim to the Department for Work and Pensions (DWP) towards the cost of administering the Government's housing benefits scheme for tenants. In certifying the claim, Ernst & Young had followed a methodology determined by the DWP. The report showed that Ernst & Young had

checked and certified the housing benefits subsidy claim with a total value of £36,777,346. In testing an initial sample of claims, two cases had been identified where benefit had been overpaid (£187.96 and £5.51) and one case where the claim had been overpaid by £65.81 due to an incorrect earnings figure. In view of these errors, an additional random sample of 40 cases had been selected. The testing of the additional sample had identified four errors where benefit had been underpaid. These observations had been reported to the Department for Work and Pensions in a qualification letter. The auditor was of the opinion that there was no impact on the Council's claim to the DWP.

During discussion, a question was raised regarding the underpayment of a claim and whether the Council would go back to the claimant. The Head of Financial Services undertook to look into the matter and report back.

RESOLVED: That Ernst & Young's report on its certification work on the Council's housing benefits subsidy claim be noted.

29. **LOCAL GOVERNMENT AUDIT COMMITTEE BRIEFING**

The Committee received the Local Government Audit Committee briefing paper that had been produced by Ernst & Young, which covered Government and economic news, accounting, auditing and governance and any key questions for the Committee.

RESOLVED: That the Local Government Audit Committee Briefing Paper be noted.

30. **INTERNAL AUDIT UPDATE**

The Committee received the Audit Manager's Report No. AUD1801, which set out the work carried out by Internal Audit for Quarter 3 of the 2017/18 financial year and gave details of the proposed work to be delivered for Quarter 4.

It was noted that audit reviews which had been completed since September, 2017 had included: cyber security; contract letting and tendering; purchase of property and land; Aldershot and Farnborough Markets follow-up; and, HMRC requirements and tax requirements.

The Committee was also advised that Internal Audit had provided input and advice as part of the Risk Management Group, which was overseeing the reconstitution of the Council's risk management processes and development of strategic and operational risk registers. Input had also been provided to work to ensure that the Council was set up to comply with the new General Data Protection Regulations (GDPR), which would replace the existing Data Protection Act from May 2018.

The Report advised that, since the previous internal audit update report in September, 2017, an additional review had been added to the audit plan in respect of portable IT equipment, which was expected to be completed in the near future. Follow-up of previous audit recommendations relating to IT network security had also been added to the schedule and a follow-up of recommendations made concerning

the Parking Machine income review would be deferred as this was reliant on the introduction of new parking machines which had been delayed.

RESOLVED: That the Audit Manager’s Report No. AUD1801 be noted.

31. INTERNAL AUDIT PLAN

The Committee considered the Audit Manager’s Report No. AUD1802, setting out the Annual Internal Audit Plan for 2018/19 which provided the framework for the use of audit resources.

The first six months’ work was set out in the Report and this had been selected from the higher risk areas set out in Appendix B to the Report. The Committee was advised that it would receive quarterly updates on the Audit Plan and that the list of audits would be subject to review due to the changing needs of the organisation or resource availability.

RESOLVED: That approval be given to the annual audit plan, as set out in the Audit Manager’s Report No. AUD1802, which would be monitored and updated on a rolling, quarterly basis.

32. FEES AND CHARGES - ENVIRONMENTAL HEALTH ANIMAL LICENCES

The Committee considered the Head of Environmental Health and Housing’s Report No. EHH1802, which sought approval for revised fees for new licences and licence renewals in respect of animal boarding establishments, pet shops, dog breeders and dangerous wild animals following a review of the work time required to deliver the work. The fees proposed were based on the principle of full cost recovery and were comparable with other local authorities.

RESOLVED: That approval be given to the following fees, as set out in the Head of Environmental Health and Housing’s Report No. EHH1802, with effect from 1st April, 2018:

Licence	Existing Fee	Fee payable from 1st April 2018
New Animal Boarding Establishment Licence/Renewal	£142/£142	£242/£143
New Pet Shop Licence/Renewal	£142/£142	£271/£171
New Dog Breeder Licence/Renewal	£160/£160	£271/£171
New Dangerous Wild Animals Licence (2 years)/Renewal	£280/£280	£399/£399

33. AMENDMENT TO STANDING ORDER 8 - NOTICES OF MOTION

The Committee considered a report on a potential amendment to the Council Procedure Rules (Standing Orders) relating to Notices of Motion and Questions. The report had been prepared by the Vice-Chairman, Cllr John Woolley, following discussion on the issue at the Committee meeting on 27th November, 2017 when it

had been agreed that further information should be provided on the current situation and potential amendment options.

Cllr Woolley presented his report and explained that the background to his proposal for an amendment was to ensure that all motions debated by the Council were relevant to topics over which the Council had some control and thereby using the Council's time more effectively.

At the previous meeting, it had also been suggested that a similar amendment could be made to Standing Order 8(3) (Questions). However, it was felt that very few questions were submitted under this Standing Order and, as there was no debate on the question, the item was therefore dealt with quickly. Standing Order 8 questions were there to give Members the opportunity to raise issues which might not otherwise be dealt with by an agenda item.

The report gave examples of motions which had been debated by Members, the subject matter over which the Council had no powers or duties. The report also gave details of other local authorities' rules in respect of Notices of Motion.

During discussion on the proposal, Members raised questions regarding the Government's response to the resolutions passed by the Council the point was made that the idea behind the proposal was to focus the Council's time rather than to stifle debate. A further request was made that there should be an annual report to the Council on the outcome of Notices of Motion taken to full Council.

The Committee RECOMMENDED TO THE COUNCIL that

- (i) the proposed change to the provisions relating to Notices of Motion be agreed; and
- (ii) the following amendment be made to Council Procedure Rule (Standing Orders) 9(6), to read as follows:

"Every motion shall be relevant to some matter in relation to which the Council has powers or duties"; and

RESOLVED: That further examination of the proposal to have an annual report to full Council of the outcome of Notices of Motion be considered as part of the next review of the Council Procedure Rules.

Note: Recommendation (ii) will stand adjourned without discussion until the Council Meeting on 19th April 2018.

34. APPOINTMENT OF HONORARY ALDERMEN

The Committee considered the Head of Democratic and Customer Services' Report No. DEM1802 which recommended the approval of changes to the appointment and duties of Honorary Aldermen and the protocol thereon in the Council's Constitution.

Following a review of arrangements for appointing Honorary Aldermen and their roles, it was proposed that there should be a reduction in the period of eligible service with the Council and its constituent authorities from 25 to a total of 16 years (i.e. four full terms) and the inclusion of a provision that Aldermen should normally be Borough residents. In addition, it was proposed that Aldermen should be allowed to ask to speak at meetings, subject to agreement by the relevant Council body. This arrangement was the same as that which was currently afforded to elected Members who were not already members of that body. At full Council meetings each Alderman would be able to speak on one agenda item at a meeting, subject to the other rules of debate set out in Standing Orders.

It was further proposed to include in the protocol the provision to appoint an Honorary Alderman to represent the Council on outside bodies. If agreed, the new arrangements would be kept under review.

The Committee RECOMMENDED TO COUNCIL that approval be given to changes regarding the appointment and role of Honorary Aldermen, as set out in the Head of Democratic Services' Report No. DEM1802.

35. **APPOINTMENT OF INDEPENDENT PERSON**

The Committee considered the Head of Democratic and Customer Services' Report No. DEM1802 which recommended an appointment to the role of Designated Independent Person for the Council, as part of the regime on Members' standards which had been introduced by the Localism Act 2011.

The Report advised the Committee that the previously appointed Designated Independent Person was no longer available to the Council and that it had therefore become necessary to re-appoint to this role. The Report set out the role description and statutory functions of the Designated Independent Person. It was noted that a person could not be considered independent if:

- he or she had been an elected or co-opted Member of the Council or an officer of the Council;
- he or she had been an elected or co-opted Member of any committee or sub-committee of the Council; or
- he or she had a relative or close friend of a current elected or co-opted Member or officer of the Council

There was no payment for the role, however it was proposed that a small, annual retainer allowance should be paid to the post-holder equivalent to the amount paid to a co-opted committee member (£480 per annum).

The Report gave details of the appointment process which had been undertaken for the role, following which it was proposed that Mrs Mary Harris be recommended for appointment as the Designated Independent Person for a three-year term, subject to the approval of the Committee and the Council. Details of the candidate were also set out in the Report.

During discussion, it was agreed that, prior to seeking the approval of the full Council, contact would be made with all Members of the Council to confirm the independence of the recommended candidate for the appointment.

Subject to confirmation by Members of the Council of the independence of the recommended candidate, the Committee **RECOMMENDED TO THE COUNCIL** that Mrs Mary Harris be appointed to the role of Designated Independent Person for a three-year term.

36. **TREASURY MANAGEMENT STRATEGY AND PRUDENTIAL INDICATORS 2018/19**

The Committee considered the Head of Financial Services' Report No. FIN1802, which set out the Treasury Management Strategy, Annual Borrowing Strategy and Annual Investment Strategy, Prudential Indicators and Minimum Revenue Provision Statement for recommendation to the Cabinet for approval.

The Committee 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 (MHCLG) had also recently undertaken a consultation on treasury management issues. However, neither of these institutions had produced additional new definitive reference and guidance. The Treasury Management Strategy Statement for 2018/19 had therefore been prepared in accordance with the existing 2011 CIPFA Treasury Management Code of Practice and the 2010 MHCLG Investment Guidance. It was expected that CIPFA and the MHCLG would provide further definitive guidance in the coming months. Should this be the case, then a revision and an update to the Treasury Management Strategy for 2018/19 might be required during the current financial year.

The Report set out the purpose and functions of the treasury management operation and the Strategies, Indicators and Statement set out in Appendices A, B and C provided an approved framework within which officers undertook the day-to-day capital and treasury activities.

Members were advised that Arlingclose continued to indicate that the Council should diversify investment risk (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 specific investments reaching their maturity dates, the Council should not replace them. This strategy would allow for a natural reduction in overall investments balance during a period when borrowing was increasing.

The Committee was also advised that the Council had incurred prudential code borrowing in 2016/17 of £6.548 million in relation to its capital expenditure. Further borrowing to support the financing of the approved Capital Programme for the 2017/18 financial year would be required. The Council had therefore commenced the 2018/19 financial year in a position where its investment holdings continued to remain significant, but the Council also carried some accumulating debt. Members

were advised that there would be an inevitable requirement to incur some further borrowing to service capital expenditure in future years.

The Report advised that careful observation of the Prudential Indicator “gross debt v capital financing requirement” would need to be undertaken progressively throughout the financial year. This meant that the Council might need to redeem an element of its core pooled fund investments at some time in the future in order to adhere to the requirements of this Indicator.

During discussion, Members asked questions in respect of borrowing in respect of Aldershot Regeneration projects, the role of Arlingclose and levels of risk in respect of investment.

RESOLVED: That

- (i) the Cabinet be recommended to approve
 - (a) the Treasury Management Strategy, Annual Borrowing Strategy and Annual Investment Strategy, as set out in Appendix A to the Head of Financial Services’ Report No. FIN1802;
 - (b) the Prudential Indicators, 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.

37. RISK MANAGEMENT UPDATE

The Committee considered the Head of Financial Services’ Report No. FIN1806, which set out the new processes being established to manage corporate risk within the organisation.

The Report advised that a Corporate Risk Management Group had been formed to undertake a review and update of the risk register, which had led to the establishment of new policy and processes for risk management, details of which were set out in the Report. Members were advised that, in order to ensure that key risks were assessed, managed and recorded appropriately, a risk register would be updated and maintained for the Council by the Risk Management Group. A copy of the draft register was also set out in the Report. The risk register would be a “living document” and would be subject to on-going updating and used as a tool for assessing and mitigating risk to the Council.

The Committee was advised that the Head of Financial Services would report on the risk register to the Corporate Leadership Team every three months to ensure that Heads of Service and Directors remained aware of the key risks to the Council and the measures being put in place to mitigate that risk. The Head of Financial Services would report on the risk register at least annually to Members via the Committee and the appropriate scrutiny panel.

Work would continue to develop the risk register and adapt the system being established to ensure it remained fit for purpose. In order to ensure risks were effectively identified and managed into the future, work to embed these practices at all levels of the organisation would take place. Initially it was proposed to cascade information through a workshop for the Corporate Leadership Team and middle managers, with the aim of maturing the corporate risk management system within the organisation to a position where effective risk management was recognised and actively promoted at all levels.

It was further reported that regular discussions had been held with the external auditors to validate and improve the Council's approach and to respond to recommendations in the Audit Results Report/Annual Audit Letter and to develop the risk register. In addition, the Council's insurers were actively engaged and would be assisting with a workshop on risk management issues.

During discussion, it was requested that Members should also receive training on risk management,

RESOLVED: That approval be given to the approach to corporate risk management as set out in the Head of Financial Services' Report No. FIN1806.

38. **AUDIT FEES - RESPONSE TO CONSULTATION**

The Committee received the Head of Financial Services' Report No. FIN1805 which set out the Council's response to the Public Sector Audit Appointments Limited (PSAA) consultation on scale fee setting for 2018/19 for opted-in local government and police bodies.

It was noted that, from 2018/19, Public Sector Audit Appointments was responsible for appointing an auditor and setting scale fees for relevant principal authorities that had chosen to opt into its national scheme and that, for the Council, there would be a 23% fee reduction in 2018/19, providing an audit fee saving of £11,462. In its response to the consultation, the Council had made representation regarding additional fees, which could be charged by an external auditor for additional work undertaken. It was felt that there should be a robust consultation process in place on a fee variation, to include the audited body, auditor and PSAA with an iterative progressive resolution process in place.

RESOLVED: That the Head of Financial Services' Report No. FIN1805 be noted.

39. **PUBLIC SECTOR AUDIT APPOINTMENTS' REPORT ON RESULTS OF AUDITOR'S WORK**

The Committee received the Head of Financial Services' Report No. FIN1807 which summarised the results of audit work performed on local government bodies in the 2016/17 audit cycle and the types of audit opinion that could be issued.

RESOLVED: That the Head of Financial Services' Report No. FIN1807 be noted.

40. **ACCOUNTING POLICIES AND RELATED MATTERS FOR THE YEAR 2017/18**

The Committee considered the Head of Financial Services' Report No. FIN1809 which reviewed the proposed accounting policies to be applied for the closure of the 2017/18 accounts.

The Report advised that, as part of its Statement of Accounts, the Council had to disclose the accounting policies it had applied to all material balances and transactions. This process was described in CIPFA's Code of Practice on Local Authority Accounting in the UK 2017/18 (the Code) as proper accounting policies, over which the Council had limited discretion. The accounting policies had not changed compared to the policies applied for the previous financial year other than for:

- cash and cash equivalent's policy had been clarified to remove ambiguity with investments
- the introduction of new accounting policy related to the capitalisation of borrowing cost
- date references relating to the financial year 2017/18 applicable to some of the accounting policies had been updated.

Members were advised that the materiality threshold might be lower for common transactions and outcomes where materiality judgements were usually particularly sensitive. Preparations for 2017/18 account disclosure would be commencing in the near future and would be reviewed against the previous year's disclosures in line with the level of materiality.

RESOLVED: That

- (i) the minor amendments to accounting policy in respect of cash and cash equivalents and borrowing costs eligible for capitalisation, as set out in the Head of Financial Services' Report No. FIN1809, be approved for the closure of the 2017/18 accounts; and
- (ii) the updated disclosures and internal level of materiality to be included within the Statement of Accounts for 2017/18 be noted.

41. **FOLLOW UP FROM AUDIT RESULTS REPORT**

The Committee considered the Head of Financial Services' Report No. FIN1810, which set out a proposed course of action in response to observations made by Ernst & Young and set out in its recent Audit Results Report and in the Annual Audit Letter in respect of:

- revised terms of reference and work programme for the Licensing and General Purposes Committee
- mapping and reporting of the Council's Assurance Framework
- review of Risk Management Framework

- robust challenge of experts

Other actions were proposed to underpin this work and these included improved communications on available training and forums and targeted training for Members of the Committee to understand their role as “those charged with governance”.

During discussion, Members raised questions regarding the setting up of a work programme for the Committee, training and the scheduling of committee meetings. The comment was also made that some of the issues identified would need to be actioned by the end of the 2017/18 financial year.

RESOLVED: That approval be given to the action plan in response to the observations made by Ernst & Young in its annual Audit Results Report and Annual Audit Letter reported to the Committee on 25th September and 27th November, 2017 respectively, and as set out in the Head of Financial Services’ Report No. FIN1810.

The meeting closed at 8.45 pm.

CLLR A. JACKMAN (CHAIRMAN)
