

LICENSING, AUDIT AND GENERAL PURPOSES COMMITTEE

Meeting held on Monday, 30th July, 2018 at the Council Offices, Farnborough at 7.00 pm.

Voting Members

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

Cllr M.S. Choudhary
Cllr A.K. Chowdhury
Cllr Liz Corps
Cllr A.H. Crawford
Cllr A.J. Halstead
Cllr B. Jones
Cllr M.D. Smith

Apologies for absence were submitted on behalf of Cllr Sue Carter and Cllr Marina Munro.

9. MINUTES

The Minutes of the Meeting held on 24th May, 2018 were approved and signed by the Chairman.

10. CONSULTATION ON PROPOSED VARIATION TO THE SCHEME OF HACKNEY CARRIAGE FARES

The Committee considered the Head of Environmental Health and Housing's Report No. EHH1820, which outlined proposals to vary the current scheme of hackney carriage fares. The proposals had received provisional approval from the Cabinet and had been published for consultation with the last date for representations and comments being 31st July 2018. Given the role and responsibilities of the Committee, its views were being sought on any proposed change to the scheme of fares. It was noted that, should there be no representations or objections to the proposals, the proposed scheme would be introduced from 1st September, 2018. However, if there were significant objections to the proposals, these would have to be taken back to the Cabinet for consideration.

The Report set out the proposed variations, including a direct uplift to the pull-off charges and the consolidation of the night time and Bank Holiday rates, which had been submitted by the taxi trade. The trade was also proposing to present charges at time, time and a half, and double time across meter rates 1, 3 and 4 and sought to apply a £1 flat fee for each of the current extra charges. The trade was also suggesting that there should be a general policy that all hackney carriages must accept credit or debit card payments. However, as the mandatory provision of credit/debit card payment facilities would represent a change to current policy, this

specific matter had been deferred from the public consultation pending a review of the Council's taxi licensing policy.

The Report set out the implications of the proposals, together with a comparison of benchmark taxi journeys and the legal and equality impact implications. It was noted that the Council's taxi licensing policy specified that the Council should undertake an annual review of taxi fares. Whilst subject to an approved methodology, the taxi trade had submitted its own proposals for consideration. The proposals for variation had to be subject to public consultation and, where appropriate, all representations and comments would be taken back to the Cabinet for consideration before determination. By law, any advertised proposal would automatically take effect in the event that it did not attract any significant representations or comments. It was therefore proposed that any revised scheme would take effect from 1st September, 2018.

During discussion, Members raised questions regarding credit card payments and the ability to negotiate fares payable on journeys outside of the Borough.

RESOLVED: That the Cabinet be advised of the Committee's support of the proposals set out in the Head of Environmental Health and Housing's Report No. EHH1820.

NOTE: Cllr M.S. Choudhary declared a prejudicial interest in this item in respect of his profession and, in accordance with the Members' Code of Conduct, left the meeting during the discussion and voting thereon.

11. **PERFORMANCE MONITORING PROCESS**

The Head of Democracy, Strategy and Partnerships gave a presentation on performance management arrangements in Rushmoor. It was noted that the Council Plan was currently prepared on an annual basis, although an assessment was being made whether to move to a 3-5 year timespan with annual updates. The framework of the Council Plan was drafted around the ethos of Listen, Learn, Deliver Better. There were four themes within the current Plan with 32 priorities and a number of specific plans for major programmes (e.g. Rushmoor 2020 and Regenerating Rushmoor). Consultation took place with residents about the Council's actions and priorities and this information was used to inform the work of updating the Plan, the process for which commenced in early Autumn each year.

The Committee was advised of the principles, processes and structure of the performance management framework, which culminated in the production of a quarterly monitoring document, which was reviewed by service managers, Directors, Cabinet Members and the Overview and Scrutiny Committee. It was also noted that, as part of this process, it was important to consider financial and delivery performance as well as the completion of objectives.

Some performance data was focused in particular areas and portfolio dashboards were currently being trialled. In addition, quarterly health and safety reports were being produced around how the Council was performing. Exception reports were produced which were considered by the Cabinet and Corporate Leadership Team in

addition to the Overview and Scrutiny Committee. It was felt that the current process provided more up-to-date and accurate information and had contributed to the development of a more robust business plan process.

The role of the Committee in the performance monitoring process was to consider the governance issues involved. Namely, that the Council had an effective performance system overall with the necessary controls and checks in place and at the same time monitoring trends. It was the intention to present an annual report to the Committee showing how processes had worked and the overall performance of the Council from the previous year. The Committee's role would be to monitor the delivery of outcomes and whether the system was fit for purpose.

During discussion, a question was raised regarding access by residents of the performance management information.

RESOLVED: That the presentation by the Head of Democracy, Strategy and Partnerships be noted.

12. **STATEMENT OF ACCOUNTS 2017/18, LETTER OF REPRESENTATION 2017/18 AND AUDIT RESULTS REPORT 2017/18**

The Committee considered the Executive Head of Finance's Report No. FIN1822, which sought approval of the Council's Statement of Accounts for 2017/18 and set out the findings of the Council's auditors, Ernst & Young, in carrying out their audit work in relation to the 2017/18 financial year.

The Committee was advised that the Statement of Accounts had been prepared in line with CIPFA's Code of Practice on Local Authority Accounting for 2017/18, under International Financial Reporting Standards and in accordance with the Accounts and Audit (England) Regulations 2015. The Regulations required the Committee to consider and approve the Statement and to ensure that the Chairman signed them off and for the Statement to be published by 31st July 2018. The Committee was also advised that the Council's Annual Governance Statement, which had been approved by the Committee in May 2018, would be published alongside the Statement of Accounts.

The Report then set out the Council's draft letter of representation to the auditors, as part of the annual audit process. The letter was an important factor in enabling the auditors to form an opinion as to whether the Statement of Accounts provided a true and fair view of the financial position of the Council.

The auditors had substantially completed their audit for 2017/18 and their conclusions were set out in the Audit Results Report, attached at Appendix C to the Report. Ernst & Young had reported that it anticipated issuing an unqualified opinion on the financial statements and that the Council had made proper arrangements to secure economy, efficiency and effectiveness in the use of resources.

Members' attention was drawn to the Audit Results Report which outlined a single unadjusted audit difference of £426,487 which related to the Council's share of the variance between the estimated fair value of the £6,582,000 Hampshire Pension

Fund assets and the actual fair value of the fund assets at 31st March 2018, which had been found to be higher at £6,613,000. Details of the unadjusted audit difference was set out in the Management Representation Letter, set out in Appendix B to the Report. The Council had not corrected the difference because it was a timing difference based on information available from the Council's actuaries at the time of compiling the statements and was an estimate of the position at the year end. There was no material effect on the accounts, given that the materiality level had been set at £994,000.

RESOLVED: That

- (i) the Auditor's Audit Results Report be noted;
- (ii) the financial statements for 2017/18 be approved;
- (iii) the letter of representation be approved; and
- (iv) the Chairman be authorised to sign the Statement of Accounts 2017/18 to certify the Committee's approval.

13. **ANNUAL AUDIT 2018/19 - FEES**

The Committee received a letter from the Council's auditor, Ernst & Young, regarding the annual audit 2018/19. It was noted that the indicative audit fee for 2018/19 was £38,375 and that this fee did not cover the certification of the 2018/19 housing benefit subsidy claim. The letter also advised that it was expected that the Audit Plan would be issued in December 2018.

RESOLVED: That the auditor's annual audit 2018/19 letter, setting out an indicative audit fee for 2018/19, be noted.

14. **INTERNAL AUDIT UPDATE**

The Committee received the Audit Manager's Report No. AUD1804 which provided an overview of the work completed for quarter 1 and an update to the proposed work to be delivered for quarter 2. The expected deliverables for quarters 2 and 3 were as follows:

- Audit Charter (Internal Audit)
- Capital Programme – Depot (Finance)
- Weekly refuse and recycling contract (Community)
- Contaminated water review (Finance)
- GDPR review (Corporate Leadership Team)
- IT access controls (IT)
- Contract management (Finance)
- Corporate governance (Corporate Leadership Team)
- Parking machine income follow up (Community)
- Benefits (Finance)
- Recovery (Finance)

- Sales Ledger (Finance)
- Risk management (Corporate Leadership Team)
- Cyber security follow up (IT)
- Transparency Code follow up (Corporate Leadership Team)
- Car payments follow up (Finance)

RESOLVED: That

- (i) the Audit Manager's Report No. AUD1804 in respect of work carried out in quarter 1 and the update to expected deliverables for quarter 2 be noted; and
- (ii) the expected deliverables for quarter 3 be endorsed.

15. **TREASURY MANAGEMENT OPERATIONS 2017/18**

The Committee received the Executive Head of Finance's Report No. FIN1823, which gave details of the treasury management operations for 2017/18, an update on future changes to treasury management principles and schedules and a summary of changes in capital expenditure.

RESOLVED: That the Executive Head of Finance's Report No. FIN1823 be noted.

16. **APPOINTMENT OF EXTERNAL AUDITOR - HOUSING BENEFIT SUBSIDY CLAIM**

The Committee considered the Executive Head of Finance's Report No. FIN1824, which provided an update on the process undertaken to procure external audit services for the Council's Housing Benefit Subsidy claim for the year 2018/19.

Following the demise of the Audit Commission, new arrangements had been put in place for the appointment of external auditors. The Council had opted in to the appointing person regime, allowing Public Sector Audit Appointments Limited to carry out a sector-wide procurement exercise. These arrangements, however, only covered the core audit work in relation to the annual statement of accounts and the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources. The Council was required to make its own arrangements for the audit of the Housing Benefit Subsidy Claim in line with the requirements of the Department of Work and Pensions. In the absence of a sector-wide procurement option, Chief Finance Officers across Hampshire and the Isle of Wight had considered a collaborative approach in order to maximise benefit from the procurement process. Following a tendering exercise, KPMG had been identified as the preferred supplier. The Committee was advised that the fixed price for authorities without a Housing Revenue Account, such as Rushmoor, was £7,995 with additional work charged at £71 per hour. A variant bid had also been stated, which allowed authorities to choose to undertake initial sampling in-house. The fixed price for this was £3,995. The planned fee for housing benefit subsidy assurance for Rushmoor for 2017/18 was £8,652 under the existing arrangements with Ernst & Young LLP.

Members were advised that, whilst the exercise had resulted in a marginal saving for Rushmoor, it was important to demonstrate that the Council had followed due

process in the procurement of auditors for the Housing Benefit Subsidy claim, given the significant figures involved in the subsidy (approximately £39 million) and the potential loss of subsidy if the Council was found not to be administering its Housing Benefit claims correctly, including the consequential effect on residents.

RESOLVED: That the approach outlined in the Executive Head of Finance's Report No. FIN1824 for the appointment of external auditors for the Housing Benefit Subsidy claim be endorsed.

The meeting closed at 8.25 pm.

CLLR J.E. WOOLLEY (CHAIRMAN)
