

LICENSING, AUDIT AND GENERAL PURPOSES COMMITTEE

Meeting held on Thursday, 6th June, 2019 at the Council Offices, Farnborough at 7.00 pm.

Voting Members

Cllr J.E. Woolley (Chairman)
Cllr S.J. Masterson (Vice-Chairman)

Cllr J.B. Canty
Cllr A.K. Chowdhury
Cllr Veronica Graham-Green
Cllr Christine Guinness
Cllr L. Jeffers
Cllr Prabesh KC
Cllr P.F. Rust

Apologies for absence were submitted on behalf of Cllr A.J. Halstead and Cllr Jacqui Vosper.

1. MINUTES

The minutes of the meeting held on 25th March, 2019 were approved and signed by the Chairman.

2. RUSHMOOR DEVELOPMENT PARTNERSHIP - GOVERNANCE AND OVERSIGHT ARRANGEMENTS

The Committee considered the Chief Executive's Report No. CEX1903, which set out the Council's proposed governance and oversight arrangements for the Rushmoor Development Partnership LLP and the associated decision making activities of the Council. It was also proposed that this model could be used for future joint venture or company arrangements.

The Report advised Members that the Rushmoor Development Partnership Board consisted of three directors from Hill Investments Partnership Limited and three from Rushmoor Borough Council. The Council's directors were currently the Leader of the Council, the Major Projects and Property Portfolio Holder and the Executive Director (Customers, Digital and Rushmoor 2020). Both parties had an equal say in decision making and governance processes, with each partner having one vote each in decision making. If any matters under disagreement were not able to be resolved within a fixed period then this entered a deadlock process where the matter would be escalated to the Council's Chief Executive and the equivalent Hill Investments Partnership Limited Senior Officer for resolution with the support of experts or specialists as appropriate.

It was noted that Members would be engaged and updated on the work of the Rushmoor Development Partnership through regular seminars, the Policy and Project Advisory Board, together with six-monthly reports to the Council's shareholder (the Chief Executive). The Chief Executive would enable consideration by the Overview and Scrutiny Committee of appropriate reports on progress and the Licensing, Audit and General Purposes Committee on any governance matters. The Report set out a flowchart to illustrate the annual cycle of Rushmoor Development Partnership LLP/Rushmoor Borough Council governance and approvals. The Report also advised Members on the Rushmoor Development Partnership's site development process and associated land transfers.

The Report stressed that the Council had to ensure that its business was conducted in accordance with the law and proper standards and that public money was safeguarded, accounted for and spent economically, efficiently and effectively. This applied equally to the Council's partnerships, which had become an increasingly important way of delivering strategic objectives and services but which also produced particular risk and governance issues. The Council had to ensure that partnerships were linked to the Council's democratic processes to give assurance that the Council was not exposed to unacceptable or unforeseen risks. It was noted that, for the majority of matters arising from the establishment of, and proposed site development processes for, the Rushmoor Development Partnership, the Council's established arrangements for decision making, as set out in the Constitution, together with statutory guidance from Ministry of Housing, Communities and Local Government and other guidance from CIPFA were considered sufficient. However, if any changes to the Constitution were required, these would be picked up during the current review.

During discussion, the Chief Executive answered Members' questions regarding the agreement of the value of Council land to be transferred to the Rushmoor Development Partnership, the resolution of deadlock disagreements¹ and the history to the creation of the Partnership.

RESOLVED: That

- (i) the proposed governance arrangements, as outlined in the Chief Executive's Report No. CEX1903 be approved; and
- (ii) the governance arrangements be reviewed in twelve months' time.

3. STATEMENT OF ACCOUNTS 2018/19 - DUTIES AND RESPONSIBILITIES

The Committee received the Executive Head of Finance's Report No. FIN1921, which set out the duties and responsibilities for the Committee to provide effective scrutiny of the Council's financial statements.

A copy of the draft Statement of Accounts for 2018/19 was tabled at the meeting and Members had also been provided with a link to an electronic copy of the document.

¹ It is advised that there is a section on "Deadlock" in the agreement signed to establish the Rushmoor Development Partnership. The original report to the Cabinet on 18th September 2018 includes a copy of the agreement and the section on deadlock is on page 30, section 15.

That Statement of Accounts was an annual publication of the Council's financial position, containing a record of the assets and liabilities of the Council and the cost of the services that the Council provided. The Statement of Accounts had been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom (CIPFA/LASAAC) under International Financial Reporting Standards (IFRS) and in accordance with the Accounts and Audit (England) Regulations 2015. The Accounts and Audit (England) Regulations 2015 provided for the requirement for the Statement of Accounts 2018/19 to be available for public inspection online for a 30 day working period commencing 3rd June to 12th July 2019.

The Committee was reminded that, in providing effective scrutiny of the financial statements, Members should satisfy themselves that appropriate steps had been taken to meet statutory and professional practices, together with having regard to such factors as: materiality; transparency; valuation; consistency; completeness; legality/legislation; classification; economic climate/going concern principle; risk of error; fraud; and, rights and obligations.

The Report advised Members that consideration should also be given to what sources of information that could be used to help them approve the accounts and from whom they might seek assurance regarding the financial performance of the organisation. Such sources included: internal audit; the work of the Committee in considering fraud, risk and internal audit reporting; statements of senior officers; external audit opinion; other external evaluation (e.g. Local Government Peer Review); other inspection regimes (e.g. HMRC – VAT, PAYE); financial and performance reports; Members' own knowledge of the affairs of the Council; the context (i.e. economic climate, interest rates, property prices, inflation); and, expert knowledge (e.g. actuarial reports, property valuations).

It was stressed that Members of the Committee were not required to have a detailed knowledge of every transaction within the accounts or any detailed, technical accounting knowledge. Members should, however, consider the consistency of the information being presented and ask questions to gain reassurance.

RESOLVED: That the Executive Head of Finance's Report No. FIN1921 be noted.

4. ANNUAL GOVERNANCE STATEMENT - 2018/19

The Committee considered the Audit Manager's Report No. AUD1906, which set out the Annual Governance Statement 2018/19 for publication alongside the Council's Statement of Accounts.

It was noted that the Accounts and Audit Regulations 2015 required councils to prepare and publish an Annual Governance Statement in order to report publicly on the extent to which the Council complied with its Code of Corporate Governance, including how the Council had monitored the effectiveness of arrangements in the year and on any planned changes to governance arrangements in the coming year.

The Committee was advised that assurance statements had been obtained from Heads of Service to demonstrate how governance arrangements within their service

met the CIPFA/SOLACE 'Delivering good governance in Local Government framework – 2016 Edition'. Actions to improve the governance arrangements were set out in the Annual Governance Statement and work undertaken towards implementing these actions would be regularly reviewed by the Internal Corporate Governance Group and the Committee.

During discussion, reference was made to the review and update of the Council's Constitution which was currently taking place, to be overseen by the Corporate Governance Group. Members also raised questions regarding the Procurement Strategy and a target date for the annual renewal of the Capital Strategy.

RESOLVED: That approval be given to

- (i) the Council's Annual Governance Statement 2018/19; and
- (ii) the publication of the Governance Statement alongside the Council's Statement of Accounts for 2018/19.

5. LOCAL CODE OF CORPORATE GOVERNANCE 2018/19

The Committee considered the Audit Manager's Report No. AUD1905, which set out an updated Local Code of Corporate Governance for review and approval.

The Report advised that the updated Code was based on the CIPFA/SOLACE publication 'Delivering good governance in Local Government: Framework 2016 Edition' and was based on seven core principles:

- behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
- ensuring openness and comprehensive stakeholder engagement
- defining outcomes in terms of sustainable economic, social and environmental benefits
- determining the interventions necessary to optimise the achievement of the intended outcomes
- developing the entity's capacity, including the capability of its leadership and the individuals within it
- managing risks and performance through robust internal control and strong public financial management
- implementing good practices in transparency, reporting and audit, to deliver effective accountability.

The Code also identified the actions and behaviours taken by the Council in relation to each of the core principles and associated sub-principles. These were summarised in Appendix A of the Code with supporting evidence in Appendix B.

During discussion, Members raised questions regarding the principle of social value in contracts and also the need to make the document easily understandable by those not involved in local government.

RESOLVED: That the updated Local Code of Corporate Governance 2018/19 be approved, as set out in the Audit Manager's Report No. AUD1905.

6. **INTERNAL AUDIT - AUDIT OPINION**

The Committee considered the Audit Manager's Report No. AUD1904 which set out the Internal Audit coverage, findings and performance for 2018/19 and presented the Audit Manager's overall assurance opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control environment. The Report also covered the self-assessment carried out against the Public Sector Internal Audit Standards (PSIAS) and the progress on the Quality and Assurance Improvement Plan (QAIP) for the year.

It was noted that, in assessing the level of assurance to be given for 2018/19, the opinion had been based on:

- all audits undertaken in 2018/19
- the result of any follow-up action carried out in 2018/19 in respect of previous audit work
- any significant recommendations not accepted by management and the potential consequences
- NFI fair processing checks
- participation on a working group to develop and improve risk management throughout the Council
- participation on a working group to incorporate the requirements of the General Data Protection Regulation (GDPR) across the organisation
- participation on a corporate governance working group.

The Report advised that the Audit Manager had given an overall reasonable assurance opinion on the effectiveness of the Council's risk management, control and governance for 2018/19. However, there were a few areas where action would enhance the adequacy and effectiveness and these included the rolling out of the reconstituted risk management process across the Council and the development of an Asset Management Strategy. These were issues that had already been identified by managers and they were working to address them.

The Report set out a summary of the results of the Public Sector Internal Audit Standards self-assessment. It was noted that there were eleven overall standards, which were broken down into 336 fundamental principles, against which compliance was measured. The Report advised that, in 2018/19, the Council had been 91% compliant, 3% partially compliant, 2% not compliant and 4% not applicable. The Quality Assurance and Improvement Plan would address some of the non-compliance and partial compliance over the following financial year.

Members noted that work carried out in 2018/19 towards the Quality Assurance and Improvement Plan had resulted in the overall non-compliance being reduced by 1.5%. A full copy of the Plan was set out in Appendix C to the Report.

During discussion, Members raised questions regarding the processes in place to make the Council fully compliant, the resources available within Internal Audit, the time allowed to turn around limited assurances on audit areas and contract management.

RESOLVED: That

- (i) the contents of the Audit Manager's Report No. AUD1904, including the audit opinion, be noted;
- (ii) the self-assessment exercise against the Public Sector Internal Audit Standards, as set out in the Report, be noted; and
- (iii) the Quality and Assurance Improvement Plan for 2019/20, as set out in Appendix C to the Report, be endorsed.

7. INTERNAL AUDIT - AUDIT PLAN

The Committee considered the Audit Manager's Report No. AUD1902 which set out the Internal Audit – Audit Plan for 2019/20. The Plan provided a framework for the use of audit resources and ensured that resources were focused on activities that would enable the Audit Manager to provide the organisation with an overall assurance of the internal control environment.

The Report advised Members on the methodology for compiling audit coverage, including the risk universe and risk criteria and full details were set out in the Report. Heads of Service had been consulted on the risk areas which were high risk on the audit universe to ensure that these were appropriate to be reviewed within the financial year and to highlight any areas of concern within their services.

The Audit Plan would include a review of key financial systems on a three-year rolling basis, adjusted for any significant system developments or identified weaknesses. Other areas of coverage were based on various risk factors developed by Internal Audit and input from Heads of Service.

The Committee noted that there was currently a vacant full-time auditor post. Currently, the work of this post was being carried out by contract auditors.

The first six months' work of the 2019/20 Audit Plan was set out in Appendix A to the report and had been selected from the higher risk areas detailed in Appendix B. The list of audits was subject to review due to the changing needs of the organisation or resource availability and an update would be provided at the next meeting.

RESOLVED: That the Annual Plan for 2019/20, as set out in the Audit Manager's Report No. AUD1902 and to be monitored and updated on a rolling quarterly basis, be approved.

8. APPOINTMENTS 2019/20

(1) Outside Bodies –

RESOLVED: That the appointment of representatives to outside bodies for the 2019/20 Municipal Year, as set out in the Appendix (set out below), be approved.

(2) Appointments and Appeals Panel –

RESOLVED: That the following Members be appointed to serve on the Appointments and Appeals Panel for the 2019/20 Municipal Year (1 Conservative: 1 Labour: 1 Liberal Democrat and a representative of the Cabinet):

Conservative Group	Cllr S.J. Masterson with Cllr J.E. Woolley as Standing Deputy
Labour Group	Cllr P.F. Rust with Cllr Christine Guinness as Standing Deputy
Liberal Democrat Group	A representative from the Liberal Democrats
Cabinet Member	Cllr Adrian Newell

(3) Licensing Sub-Committee –

RESOLVED: That the following Members be appointed to serve on the Licensing Sub-Committee for the 2019/20 Municipal Year (3 Conservative: 2 Labour):

Conservative Group	Cllrs S.J. Masterson, Jacqui Vosper and J.E. Woolley
Labour Group	Cllrs P.F. Rust and Christine Guinness

(4) Licensing Sub-Committee (Alcohol and Entertainments) –

RESOLVED: That the Head of Democracy, Strategy and Partnerships be authorised to make appointments from the membership of the Licensing, Audit and General Purposes Committee to the Licensing Sub-Committee (Alcohol and Entertainments) in accordance with the procedure agreed by the Committee at its meeting on 21st May, 2009.

APPENDIX**LICENSING, AUDIT AND GENERAL PURPOSES COMMITTEE
6TH JUNE 2019****REPRESENTATION ON OUTSIDE BODIES 2019/20**

NAME OF ORGANISATION	REPRESENTATIVE(S) 2019/20
Age Concern, Farnborough	Cllrs C.P. Grattan, Jacqui Vosper and one vacancy
Aldershot & Farnborough Festival of Music & Art	Cllrs Gaynor Austin, A.S. Dekker and K.H. Muschamp
Aldershot Military Museum Strategic Local Agreement Meeting	Cllrs Mrs D.B. Bedford and Sophie Porter
Aldershot Town Centre Business and Retailers Group	Cllrs Gaynor Austin, M.S. Choudhary, Sophia Choudhary, Christine Guinness and Prabesh KC
Basingstoke Canal Joint Management Committee	Cllrs J.H. Marsh and Veronica Graham-Green with Cllrs C.P. Grattan and P.G. Taylor as Standing Deputies
Blackbushe Airport Consultative Committee	Cllr P.J. Cullum with Cllr J.E. Woolley as Standing Deputy
Blackwater Valley Advisory Panel for Public Transport	Cllr M.L. Sheehan and M.J. Roberts with Cllrs T.D. Bridgeman and R.M. Cooper as Standing Deputies
Blackwater Valley Countryside Partnership	Cllrs Mrs D.B. Bedford and P.G. Taylor with and Cllr A.J. Halstead as Standing Deputy
Brickfields Country Park, Friends of	Three Manor Park Ward Members (Cllrs D.E. Clifford, P.I.C. Crerar and B.A. Thomas)

Cove Brook Greenway Group	Cllrs Veronica Graham-Green and L. Jeffers
District Council's Network (DCN)	Leader of the Council (Cllr D.E. Clifford)
Enterprise M3 Joint Leaders Board	Leader of the Council (Cllr D.E. Clifford)
Farnborough Aerodrome Consultative Committee	Cabinet Member (Cllr M.L. Sheehan) and Cllr P.G. Taylor (as a representative of an adjoining ward) with Cllr M.J. Tennant as Standing Deputy
Farnborough and Cove War Memorial Hospital Trust Limited	Cllr C.J. Stewart
457 Farnborough Squadron	Cllr J.H. Marsh
Hampshire and Isle of Wight Local Government Association	Leader of the Council (Cllr D.E. Clifford) and Cllr P.G. Taylor (Cabinet Member)
Hampshire Buildings Preservation Trust AGM	Cllrs Veronica Graham-Green and Marina Munro
Hampshire Districts Health and Wellbeing Forum	Cllr Marina Munro (Cabinet Member)
Hampshire Police and Crime Panel	Cllr K.H. Muschamp (Cabinet Member)
Local Government Association - General Assembly	Leader of the Council (Cllr D.E. Clifford)
North Hampshire Area Road Safety Council	Cllr Mara Makunura with Cllr P.G. Taylor as Standing Deputy
North Hampshire Community Safety Partnership	Cllr M.L. Sheehan (Cabinet Member)

Joint Scrutiny Committee (Hart/Basingstoke/Rushmoor) North Hampshire Community Safety Partnership	Two representatives from Chairman and Vice-Chairmen of the Overview and Scrutiny Committee and Cllr A.H. Crawford with Cllr K. Dibble and remaining Scrutiny Chairman or Vice-Chairman as nominated substitutes
Parity for Disability	Cllr S.J. Masterson with Cllr Sue Carter as Standing Deputy
Project Integra Strategic Board	Cllr M.L. Sheehan (Cabinet Member)
Royal British Legion (Farnborough Branch) Remembrance Day Arrangements	Cllr Mrs. D.B. Bedford
Rushmoor Citizens' Advice Bureaux Trustee Board	Cllrs P.F. Rust and C.J. Stewart
Rushmoor Development Partnership LLP (RDP)	Cllrs D.E. Clifford, M.J. Tennant and Executive Director (Mrs. Karen Edwards)
Rushmoor Local Housing Company – Board Directors	Cllrs. K. Dibble, K.H. Muschamp and J.E. Woolley
Rushmoor in Bloom Forum	Cllrs Mrs. D.B. Bedford, M.S. Choudhary, Mrs Liz Corps, C.P. Grattan and Sophie Porter
Rushmoor Partners Network	Cllrs Marina Munro, K.H. Muschamp and Cllr D.E. Clifford
Rushmoor Voluntary Services Board	Cllr S.J. Masterson
Rushmoor Youth Forum (currently a virtual forum)	Cllrs J.B. Canty, Sue Carter and A.J. Halstead

South East Employers – Full Meeting	Cllr P.G. Taylor (Cabinet Member) and one vacancy as Standing Deputy
South East Employers – The Local Democracy and Accountability Network	Cllrs P.F. Rust and J.E. Woolley
South East England Councils (SEEC) All Member Meeting	Cllr D.E. Clifford (Cabinet Member)
Thames Basin Heaths Joint Strategic Partnership Board	Cllr Marina Munro (Cabinet Member with responsibility for Planning Policy)
West End Centre Management Committee	Cllrs M.S. Choudhary and Sophie Porter

The meeting closed at 8.11 pm.

CLLR J.E. WOOLLEY (CHAIRMAN)
