

# FAREHAM

BOROUGH COUNCIL

## AGENDA

### AUDIT AND GOVERNANCE COMMITTEE

**Date:** Monday, 25 November 2019

**Time:** 6.00 pm

**Venue:** Council Chamber - Civic Offices

**Members:**

Councillor J E Butts (Chairman)

Councillor S D Martin (Vice-Chairman)

Councillors P J Davies

T Davies

Mrs T L Ellis

Mrs C Heneghan

J G Kelly

**Deputies:** I Bastable

J S Forrest



**1. Apologies**

**2. Minutes (Pages 5 - 8)**

To confirm as a correct record the Minutes of the Audit and Governance Committee meeting held on the 23 September 2019.

**3. Chairman's Announcements**

**4. Declarations of Interest and Disclosures of Advice or Directions**

To receive any declarations of interest from members in accordance with Standing Orders and the Council's Code of Conduct.

**5. Deputations**

To receive any deputations of which notice has been lodged.

**6. Exclusion of Public and Press**

To consider whether it is in the public interest to exclude the public and representatives of the press for this item on the grounds that the matter to be dealt with under item 7 of the agenda involves the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act.

**7. Risk Management - Cyber Security (Pages 9 - 10)**

To receive a presentation by the Head of Democratic Services on the Council's Cyber Security.

**8. Treasury Management Progress Report (Pages 11 - 48)**

To consider a report by the Deputy Chief Executive Officer on the progress and implementation of the Treasury Management Strategy 2019/20.

**9. Constitution Annual Review (Pages 49 - 126)**

To consider an annual report by the Deputy Monitoring Officer reviewing amendments to the Council's Constitution.

**10. Internal Audit Progress Report (Pages 127 - 142)**

To consider a quarterly report by the Head of Finance and Audit on the findings arising from the latest internal audit work to be finalised and the progress made on delivering the internal audit plan for 2019/20.

**11. Review of Work Programme (Pages 143 - 146)**

To consider a report by the Head of Finance and Audit on a review of the Committee's Work Programme for 2019/20.



P GRIMWOOD  
Chief Executive Officer

Civic Offices  
[www.fareham.gov.uk](http://www.fareham.gov.uk)  
18 November 2019

**For further information please contact:**  
**Democratic Services, Civic Offices, Fareham, PO16 7AZ**  
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# FAREHAM

BOROUGH COUNCIL

## Minutes of the Audit and Governance Committee (to be confirmed at the next meeting)

**Date:** Monday, 23 September 2019

**Venue:** Collingwood Room - Civic Offices

**PRESENT:**

**Councillor** J E Butts (Chairman)

**Councillor** S D Martin (Vice-Chairman)

**Councillors:** P J Davies, T Davies, Mrs T L Ellis, Mrs C Heneghan and  
J G Kelly

**Also  
Present:**



**1. APOLOGIES**

There were no apologies of absence.

**2. MINUTES**

The Chairman addressed the Committee to suggest an amendment to minute item 4 to read 'Councillor P J Davies declared a Pecuniary Interest in relation to Minute 7 – Statement of Accounts, in that he receives a pension through the Hampshire Pension Fund. He remained in the room for the duration of the item and took part in the debate.'; and

Minute item 7 to read 'Councillor P J Davies declared a Pecuniary Interest in this item as he receives a pension through the Hampshire Pension Fund. He remained in the room for the duration of the item and took part in the debate.'

RESOLVED that, subject to the amendments above, the minutes of the Audit and Governance Committee meeting held on the 22 July 2019 be confirmed and signed as a correct record.

**3. CHAIRMAN'S ANNOUNCEMENTS**

There were no Chairman's announcements made at this meeting.

**4. DECLARATIONS OF INTEREST AND DISCLOSURES OF ADVICE OR DIRECTIONS**

There were no declarations of interest made at this meeting.

**5. DEPUTATIONS**

There were no deputations made at this meeting.

**6. EXTERNAL AUDIT ANNUAL LETTER**

The Committee considered a report by the Deputy Chief Executive Officer on the External Auditors Annual Letter which summarises the findings from the 2018/19 audit.

RESOLVED that the Committee notes the contents of the Annual Audit Letter 2018/19 submitted by the Council's external auditors, attached as Appendix A.

**7. ANNUAL OMBUDSMAN REPORTS AND OVERVIEW OF COMPLAINTS AGAINST MEMBERS**

The Committee considered a report from the Director of Leisure and Community giving an overview of the complaints received against the Council in 2018/19.

RESOLVED that the Committee notes the contents of the report.

## **8. REVIEW OF FINANCIAL REGULATIONS**

The Committee considered a report by the Deputy Chief Executive Officer on a review of the Council's Financial Regulations.

RESOLVED that the Committee: -

- (a) considered the proposed changes to Regulation 19.4 – Recovery and Writes Offs, as set out in Appendix A;
- (b) considered the proposed changes to Procurement and Contract Rule 14 as set out in Appendix B;
- (c) considered the amalgamated Financial Regulations as set out in Appendix C; and
- (d) recommend the proposed changes as set out in Appendices A, B and C above to Council for approval.

## **9. REVIEW OF THE FUNCTIONS OF THE AUDIT AND GOVERNANCE COMMITTEE**

The Committee considered a report by the Deputy Chief Executive Officer following the 3-yearly review of the Functions of the Audit and Governance Committee.

RESOLVED that the Committee recommends to Council, that the changes to the Constitution in respect of the functions of the Audit and Governance Committee be approved.

## **10. RISK MANAGEMENT MONITORING**

The Committee considered the latest 6-monthly Risk Management monitoring report from the Deputy Chief Executive Officer.

RESOLVED that the Committee reviewed the report as a source of evidence that the current Risk Management Policy is operating in practice.

## **11. INTERNAL AUDIT PROGRESS REPORT**

The Committee considered a progress report by the Head of Finance and Audit on the assurances arising from the latest internal audit work.

RESOLVED that the Committee notes the progress and findings arising from the Internal Audit work.

## **12. REVIEW OF WORK PROGRAMME**

The Committee considered a report by the Head of Finance and Audit on a review of the Committee's Work Programme.

RESOLVED that the Committee approve the work programme for the rest of the municipal year, as shown in Appendix A to this report.

(The meeting started at 6.00 pm  
and ended at 7.06 pm).



# FAREHAM

## BOROUGH COUNCIL

### **Presentation to Audit and Governance Committee**

**Date:** 25 November 2019  
**Report of:** Head of Democratic Services  
**Subject:** RISK MANAGEMENT – CYBER SECURITY

#### **SUMMARY**

At the Audit and Governance Committee on the 22 July 2019, Members requested that an item be brought to the Committee outlining the Council's ICT Systems regarding security. Members will receive a confidential presentation providing details on the Council's cyber security and provide assurances on how the service manages these risks.

#### **RECOMMENDATION**

Members are invited to note the contents of the presentation.



# FAREHAM

## BOROUGH COUNCIL

### Report to Audit and Governance Committee

**Date:** 25 November 2019

**Report of:** Deputy Chief Executive Officer

**Subject:** TREASURY MANAGEMENT PROGRESS REPORT

#### SUMMARY

In accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code of Practice, the Council is required to maintain a Treasury Management Strategy and provide updates on the implementation of that strategy.

The Audit and Governance Committee is the responsible body to examine and assess the effectiveness of the Council's treasury management policy and strategy.

In accordance with this role, this report sets out the mid-year review of treasury management activity up to 30 September 2019 which confirms compliance with the strategy approved by Full Council on 22 February 2019.

#### RECOMMENDATION

It is RECOMMENDED that the Committee: -

- (a) reviews the contents of the report; and
- (b) provide comments in terms of the effectiveness of the treasury management strategy.

## INTRODUCTION

1. The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management recommends that members be updated on treasury management at least twice yearly (mid-year and at year end). This report therefore ensures the Council is implementing best practice in accordance with the Code.
2. The Council's Treasury Management Strategy for 2019/20 was approved by Full Council on 22 February 2019 and can be found in Appendix A.
3. The Council has borrowed and invested large sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. This report covers treasury activity and the associated monitoring and control of risk.
4. The 2017 Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by Full Council, covering capital expenditure and financing, treasury management and non-treasury investments. The Council's Capital Strategy for 2019/20 was approved by Full Council on 22 February 2019.
5. An economic commentary by the Council's Treasury Advisors, Arlingclose, can be found in Appendix B.

## BORROWING ACTIVITY

6. At 30 September 2019, the Council held £47.5 million of loans, (an increase of £2 million on 31 March 2019). The Council expects to borrow externally up to £5 million in 2019/20 to part fund the capital programme.
7. The Council's main objective when borrowing continues to be striking an appropriately low risk balance between securing low interest rates and achieving cost certainty over the period for which the funds are required.
8. With short-term interest rates remaining much lower than long-term rates, the Council considered it to be more cost effective in the near term to use internal resources rather than taking out short-term loans. This strategy enabled the Council to reduce net borrowing costs and reduce overall treasury risk.
9. Borrowing activity to 30 September 2019 was:

	<b>Balance on 31 March 2019 £'000</b>	<b>Balance on 30 Sept 2019 £'000</b>	<b>Average Rate</b>
Long-term borrowing	40,000	40,000	3.50%
Short-term borrowing	3,000	5,000	0.90%
Portchester Crematorium	2,510	2,510	0.25%
<b>Total Borrowing</b>	<b>45,510</b>	<b>47,510</b>	

10. The Council holds investments from Portchester Crematorium Joint Committee which is treated as a temporary loan.

11. On 9 October 2019, HM Treasury made a surprise announcement that Public Works Loan Board (PWLB) rates were to increase with immediate effect from 80 basis points above gilt rates to 180 basis point; in effect, increasing borrowing rates by 1%.
12. This could potentially have an impact on the viability of future capital projects to be funded by borrowing. To mitigate this, the Council will continue to borrow short-term from local authorities, at lower rates, and investigate alternative sources of funding from private investors, such as banks.

## INVESTMENT ACTIVITY

13. The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. During the six-month period, the Council's investment balance ranged between £13 and £19 million due to timing differences between income and expenditure.
14. The CIPFA Code and government guidance gives priority to security and liquidity and the Council's aim is to achieve a yield commensurate with these principles.
15. Security of capital has remained the Council's main investment objective. This has been maintained by following the Council's counterparty policy as set out in its Treasury Management Strategy Statement for 2019/20. The policy details the high quality and secure counterparty types the Council can invest with.
16. Given the increasing risk and low returns from short-term unsecured investments, the Council has further diversified into more secure and higher yielding asset classes. £4 million that is available for longer-term investment was moved from bank and building society deposits into externally management strategic pooled diversified income funds.
17. Details on investment activity to 30 September 2019 are summarised in the table below:

	Balance on 31 March 2019 £'000	Balance on 30 Sept 2019 £'000	Average Rate
Long-term Pooled Funds	2,000	6,000	4.16%
Banks and Building Societies	6,000	9,000	0.96%
Local Authorities	3,000	0	-
Money Market Funds	2,100	4,200	0.69%
<b>Total Investments</b>	<b>13,100</b>	<b>19,200</b>	

18. These funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives are regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years; but with the confidence that over a three to five-year period total returns will exceed cash interest rates.
19. Readiness for Brexit: At the scheduled leave for date for the UK to leave the EU, the Council will ensure there are enough accounts open at UK-domiciled banks and Money Market Funds to hold sufficient liquidity required in the near term and that its account with the Debt Management Account Deposit Facility (DMADF) remains available for use

in an emergency.

## COMMERCIAL PROPERTIES

20. The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the Council as well as other non-financial assets which the Council holds primarily for financial return.
21. Since the Executive approval of a Commercial Property Investment Acquisition Strategy in January 2013, the Council has purchased 9 commercial investment properties (including a retail park purchased in April 2019) as summarised below, averaging a return of 6.9% and expected to generate rental income of £2 million during 2019/20.

<b>Property Type</b>	<b>Purchase Cost £'000</b>	<b>Current Value £'000</b>
Retail	28,515	26,850
Commercial	1,721	2,250
Other	1,890	2,050
<b>Total</b>	<b>32,126</b>	<b>31,150</b>

22. The current value has decreased overall by £0.98 million mainly in the retail sector, offset by increases in the commercial and other sector. However, the annual rental income achieved is in line with forecast.
23. Property valuations are undertaken annually, to ensure that the Council's balance sheet reflects the current opinion of the value of the Council's assets. Fluctuations in value do not represent actual gains or losses, but do indicate market sentiment, which is often linked to rental income levels and lease terms and conditions.
24. The Council's total investment property portfolio is shown below and includes Fareham Shopping Centre, Faretec and industrial estates at Palmerston Business Park and Newgate Lane.

<b>Property Type</b>	<b>Current Value £'000</b>
Retail	42,162
Commercial	10,011
Other	4,373
Office	3,759
Leisure	1,167
<b>Total</b>	<b>61,472</b>

## BUDGETED INCOME AND OUTTURN

25. Our treasury advisor Arlingclose expects Bank Rate to remain at 0.75% for the foreseeable future but there remain substantial risks to this forecast, dependant on Brexit outcomes and the evolution of the global economy. Arlingclose also expects gilt yields to remain at low levels for the foreseeable future and judge the risks to be

weighted to the downside and that volatility will continue to offer longer-term borrowing opportunities.

26. The Council's budgeted net interest received for the year is £515,900 (£481,480 in 2018/19) and we are currently on target to achieve this by year end. The increase in budget is due to placing investments in longer term pooled funds with higher yields.

### **COMPLIANCE WITH TREASURY AND PRUDENTIAL INDICATORS**

27. The Council confirms compliance with its Treasury and Prudential Indicators for 2019/20, which was set on 22 February 2019 as part of the Council's Treasury Management Strategy.
28. Performance for the first half of the year is shown in Appendix C. During the financial year to date the Council has operated within the treasury limits and prudential indicators.

**Background Papers:**

**Reference Papers:**

**Enquiries:**

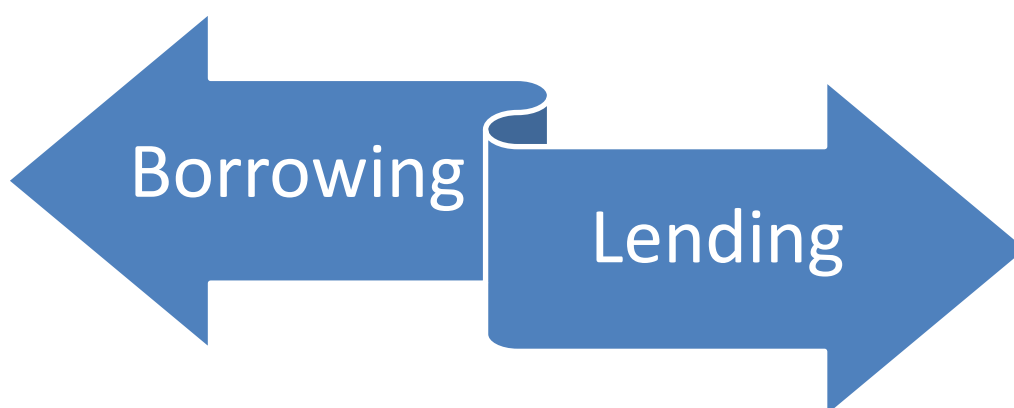
For further information on this report please contact Caroline Hancock (Ext 4589).



# FAREHAM

BOROUGH COUNCIL

## TREASURY MANAGEMENT STRATEGY AND INVESTMENT STRATEGY 2019/20





# INTRODUCTION

## WHAT IS TREASURY MANAGEMENT?

1. Treasury Management is defined as:

*The management of the organisation's cash flows, its banking, money market and capital market transactions;*

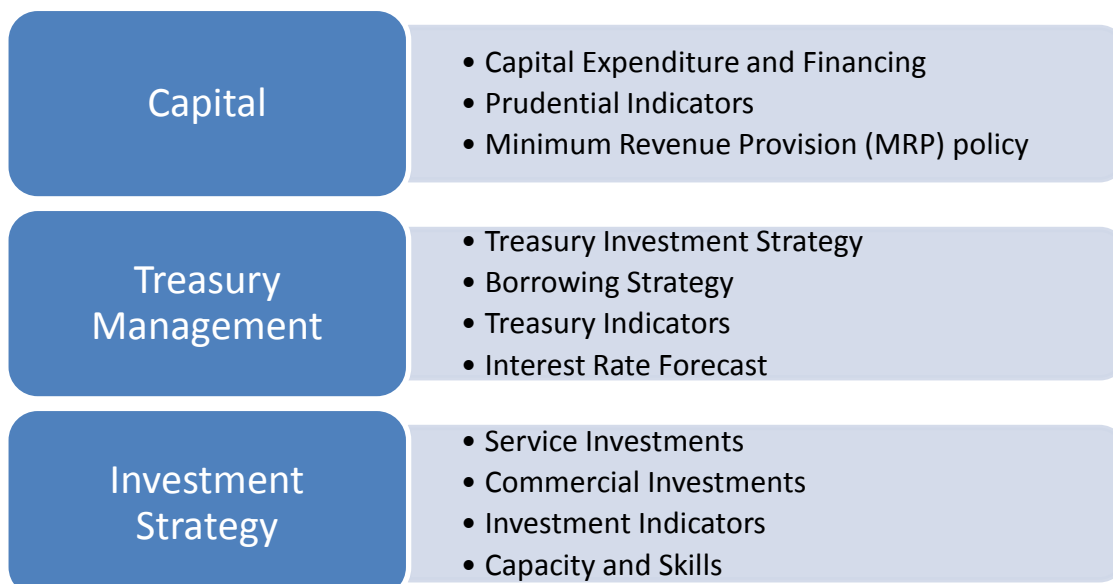
*the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks.*

2. The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. There are two aspects to the treasury management service:

- a) To ensure the cash flow is adequately planned, with **cash being available when it is needed**. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.
- b) To ensure the cash flow meets the Council's **capital plans**. These capital plans provide a guide to the **borrowing need** of the Council. Essentially this is the longer term cash flow planning to ensure that the Council can meet its capital spending requirements. The management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

## CONTENT OF THE TREASURY MANAGEMENT AND INVESTMENT STRATEGIES

3. These strategies set out the expected approach to capital, treasury management and investment activities for 2019/20. It covers three main areas:



4. The content of the Strategy

5. is designed to cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, the CIPFA Treasury Management Code and the MHCLG Investment Guidance.

## REPORTING REQUIREMENTS

6. The Council receives and approves three main reports each year in relation to Treasury Management, which incorporate a variety of polices, estimates and actuals. The three reports are:



7. The Executive Committee is responsible for the implementation and monitoring of these reports whilst the Audit and Governance Committee is responsible for the effective scrutiny of the treasury management strategy and policies.

## CAPITAL

### CAPITAL EXPENDITURE AND FINANCING

8. The objectives of the CIPFA Prudential Code are to ensure that capital investment plans are **affordable**, **prudent** and **sustainable**, and that treasury decisions are taken in accordance with good professional practice.
9. The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the following **three prudential indicators**, which are designed to assist member's overview and confirm capital expenditure plans.

#### 1) Level of Planned Capital Expenditure

This prudential indicator is a summary of the Council's capital expenditure plans and shows how these plans are being financed by capital or revenue resources.

Capital Expenditure and Financing	2018/19 Revised £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	Total £'000
<b>Public Protection</b>	100	0	0	0	0	100
<b>Streetscene</b>	107	574	0	0	158	839
<b>Leisure and Community</b>	348	378	100	100	600	1,526
<b>Housing</b>	1,098	500	500	500	529	3,127
<b>Planning and Development</b>	63	0	0	0	0	63
<b>Policy and Resources</b>	8,370	18,726	5,899	0	1,323	34,318
Total General Fund	<b>10,086</b>	<b>20,178</b>	<b>6,499</b>	<b>600</b>	<b>2,610</b>	<b>39,973</b>
HRA	<b>4,441</b>	<b>8,575</b>	<b>5,552</b>	<b>4,079</b>	<b>3,429</b>	<b>26,076</b>
Total Expenditure	<b>14,527</b>	<b>28,753</b>	<b>12,051</b>	<b>4,679</b>	<b>6,039</b>	<b>66,049</b>
<b>Capital Receipts</b>	1,294	322	3,106	232	29	4,983
<b>Capital Contributions</b>	1,771	3,823	600	600	758	7,552
<b>Capital Reserves</b>	3,134	6,356	5,556	2,644	3,243	20,933
<b>Revenue</b>	2,626	2,047	2,789	1,203	2,009	10,674
<b>Borrowing</b>	5,702	16,205	0	0	0	21,907
Total Financing	<b>14,527</b>	<b>28,753</b>	<b>12,051</b>	<b>4,679</b>	<b>6,039</b>	<b>66,049</b>

#### 2) The Council's Borrowing Need (Capital Financing Requirement)

This prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure financed by borrowing will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a

statutory annual revenue charge which broadly reduces the borrowing in line with the asset's life.

The CFR projections are as follows:

£'000	2018/19 Revised £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000
<b>General Fund</b>	44,487	59,846	58,610	57,336
<b>HRA</b>	51,141	51,141	51,141	51,141
<b>Total CFR</b>	<b>95,628</b>	<b>110,987</b>	<b>109,751</b>	<b>108,477</b>

### 3) Financing Costs as % of Net Revenue Stream

This is an indicator of affordability and identifies the trend in the cost of capital (borrowing and other long-term obligation costs net of investment income) against the net revenue stream.

The positive percentage for the Housing Revenue Account (HRA) reflects the net borrowing costs for the HRA settlement.

	2018/19 Revised	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
<b>General Fund</b>	3%	6%	10%	10%
<b>HRA</b>	15%	14%	14%	13%
<b>Total</b>	<b>10%</b>	<b>11%</b>	<b>12%</b>	<b>12%</b>

## HOUSING REVENUE ACCOUNT (HRA) RATIOS

10. As a result of the HRA Reforms in 2012, the Council moved from a subsidy system to self-financing and was required to take on **£49.3 million** of debt. The table below shows additional local indicators relating to the HRA in respect of this debt.

	2018/19 Revised	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
<b>HRA Debt £'000</b>	49,268	49,268	49,268	49,268
<b>HRA Revenues £'000</b>	12,238	12,321	12,760	13,079
<b>Number of HRA Dwellings</b>	2,401	2,417	2,407	2,397
<b>Ratio of Debt to Revenues %</b>	4.03:1	4.00:1	3.86:1	3.77:1
<b>Debt per Dwelling £</b>	£20,518	£20,382	£20,467	£20,552

## MINIMUM REVENUE PROVISION (MRP) POLICY STATEMENT

11. Where the Council finances capital expenditure by debt, it must **put aside resources to repay that debt** in later years. The amount charged to the revenue budget for the repayment of debt is known as **Minimum Revenue Provision (MRP)**.

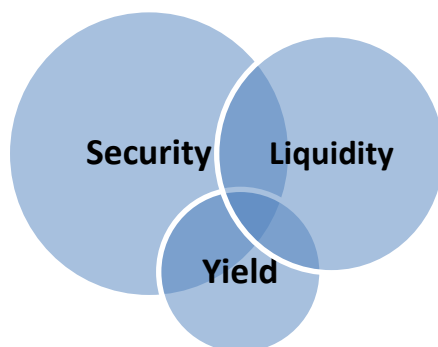
12. The Council is required to set an annual policy on the way it calculates the prudent provision for the repayment of General Fund borrowing. The main policy adopted is that MRP will be determined by charging the expenditure over the **expected useful life** of the relevant assets on an **annuity basis** starting in the year after the asset becomes operational. This calculation will be reviewed on a case by case basis depending on the circumstances and with a view to minimising the impact on the council tax payer.
13. Where expenditure is on an asset which will be held on a short-term basis (up to 5 years), no MRP will be charged. However, the capital receipt generated by the sale of the asset will be used to repay the debt instead.
14. No MRP will be charged in respect of assets held within the HRA, in accordance with MHCLG Guidance and capital expenditure incurred during 2019/20 will not be subject to a MRP charge until 2020/21.

## TREASURY MANAGEMENT

### INVESTMENTS

#### Treasury Investment Strategy

15. The CIPFA Code requires the Council to invest its funds prudently, and to have regard to the **security** and **liquidity** of its investments before seeking the highest rate of return, or **yield**.



16. The Council's objective when investing money is to strike an appropriate balance between **risk and return**, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.
17. If the UK enters into a recession in 2019/20, there is a small chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to **negative interest rates** on all low risk, short-term investment options. This situation already exists in many other European countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.
18. Given the increasing risk and very low returns from short-term unsecured bank investments, the Council where practical and reasonable, aims to further **diversify into**

**more secure and/or higher yielding asset classes.** This is especially the case for the estimated £10m that is available for longer-term investment. The majority of the Council's surplus cash is currently invested in short-term unsecured bank deposits and money market funds. This diversification will represent a continuation of the strategy adopted in 2017/18.

19. Under the new IFRS 9 standard, the accounting for certain investments depends on the Council's **business model** for managing them. The Council aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

## Approved Counterparties

20. The Council may invest its surplus funds with any of the counterparty types in the table below, subject to the cash limits (per counterparty) and the time limits shown.

Credit Rating	Banks Unsecured	Banks Secured	Government
UK Govt	n/a	n/a	£Unlimited 50 years
AAA	£2m 5 years	£4m 20 years	£4m 50 years
AA+	£2m 5 years	£4m 10 years	£4m 25 years
AA	£2m 4 years	£4m 5 years	£4m 15 years
AA-	£2m 3 years	£4m 4 years	£4m 10 years
A+	£2m 2 years	£4m 3 years	£2m 5 years
A	£2m 13 months	£4m 2 years	£2m 5 years
A-	£2m 6 months	£4m 13 months	£2m 5 years
BBB+	£1m 100 days	£2m 6 months	£1m 2 years
None	£1m 6 months	n/a	£4m 25 years
Pooled Funds	£4m per fund		

21. Investment limits are set by reference to the lowest published **long-term credit rating** from a selection of external rating agencies. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be considered.

22. Summary of counterparty types:

a) **Banks Unsecured:** Accounts, deposits, certificates of deposit and senior unsecured



bonds with banks and building societies. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail.

- b) **Banks Secured:** Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.
- c) **Government:** Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.
- d) **Pooled Funds:** Shares or units in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

Bond, equity and property funds offer enhanced returns over the longer term but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

- 23. The Council may also invest its surplus funds in corporates (loans, bonds and commercial paper issued by companies other than banks), registered providers (loans and bonds issued by, guaranteed by or secured on the assets of Registered Providers of Social Housing and registered social landlords, formerly known as Housing Associations) and real estate investment trusts, subject to meeting the minimum credit rating criteria and time limits recommended by the Council's treasury advisers.

### **Operational Bank Accounts**

- 24. The Council may incur operational exposures, for example though current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £4m per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.

### **Risk Assessment and Credit Ratings**

25. Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- no new investments will be made,
  - any existing investments that can be recalled or sold at no cost will be, and
  - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.
26. Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

### **Other Information on the Security of Investments**

27. The Council understands that credit ratings are good, but not perfect predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations, in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press and analysis and advice from the Council treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above credit rating criteria.
28. The following **internal measures** are also in place:
- Investment decisions formally recorded and endorsed using a Counterparty Decision Document.
  - Monthly officer reviews of the investment portfolio and quarterly reviews with the Chief Executive Officer.

### **Investment Limits**

29. The Council's revenue reserves available to cover investment losses are forecast to be £13 million on 31st March 2019. In order to minimise risk, in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £4 million. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

	Cash limit
<b>Any single organisation, except the UK</b>	£4m each

<b>Central Government</b>	
<b>UK Central Government</b>	unlimited
<b>Any group of organisations under the same ownership</b>	£4m per group
<b>Any group of pooled funds under the same management</b>	£10m per manager
<b>Negotiable instruments held in a broker's nominee account</b>	£10m per broker
<b>Foreign countries</b>	£4m per country
<b>Unsecured investments with Building Societies</b>	£2m in total
<b>Money Market Funds</b>	£20m in total

## Liquidity Management

30. The Council uses a purpose-built cash flow forecasting spreadsheet to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium term financial plan and cash flow forecast.

## Investment Treasury Management Indicator

31. **Principal sums invested for longer than a year.** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the year end will be:

£M	2018/19 Revised	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
<b>Limit on principal invested beyond year end</b>	10	10	10	10

## BORROWING

### Current Portfolio Position

32. The Council's treasury portfolio position at 31 March 2016, with forward projections are summarised below. The table shows the actual external borrowing (the treasury management operations), against the capital borrowing need (the Capital Financing Requirement), highlighting any under or over borrowing.

£'000	2018/19 Revised	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Debt at 1 April	52,017	58,017	74,017	74,017
Expected change in debt	6,000	16,000	0	0
<b>Gross Debt at 31 March</b>	<b>58,017</b>	<b>74,017</b>	<b>74,017</b>	<b>74,017</b>
Capital Financing Requirement (CFR)	<b>95,628</b>	<b>110,987</b>	<b>109,751</b>	<b>108,477</b>

£'000	2018/19 Revised	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
<b>Under/(Over) Borrowing</b>	<b>37,611</b>	<b>36,970</b>	<b>35,734</b>	<b>34,460</b>
<b>CFR for last, current and next 2 years</b>	<b>406,922</b>	<b>424,843</b>	<b>436,380</b>	<b>431,206</b>

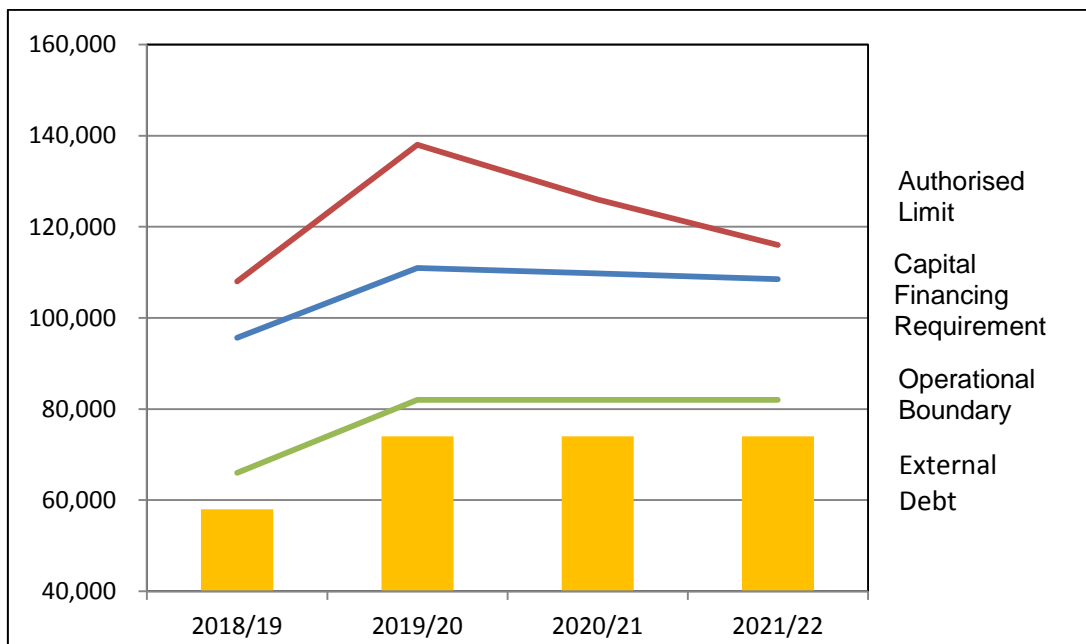
33. The Council is currently maintaining **an under-borrowed position**. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure.
34. Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2019/20 and the following two financial years.
35. The Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view considers current commitments, existing plans and the proposals in the budget report.

### **Treasury Indicators: Limits to Borrowing Activity**

36. The treasury indicators include two limits to borrowing activity:
- 1) The **operational boundary** is based on the Council's estimate of the most likely (i.e. prudent but not worst case) scenario for external debt. This is the limit beyond which external borrowing is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual borrowing.
  - 2) The **authorised limit** is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Council can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.
37. The limits are:

£'000	2018/19 Revised	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Operational Boundary				
<b>Borrowing</b>	62,000	78,000	78,000	78,000
<b>Other long-term liabilities</b>	4,000	4,000	4,000	4,000
<b>Total</b>	<b>66,000</b>	<b>82,000</b>	<b>82,000</b>	<b>82,000</b>
Authorised Limit				
<b>Borrowing</b>	102,000	132,000	120,000	110,000
<b>Other long-term liabilities</b>	6,000	6,000	6,000	6,000
<b>Total</b>	<b>108,000</b>	<b>138,000</b>	<b>126,000</b>	<b>116,000</b>

38. The graph below shows the projections for the CFR and borrowing limits:



### Treasury Indicator: Maturity Structure of Borrowing

39. This treasury indicator is set to control the Council’s exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Maturity structure of borrowing	Upper Limit	Lower Limit
	%	%
- Loans maturing within 1 year	25	0
- Loans maturing within 1 - 2 years	25	0
- Loans maturing within 2 - 5 years	25	0
- Loans maturing within 5 - 10 years	50	0
- Loans maturing in over 10 years	100	100

40. Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

### Borrowing Strategy

41. The Council’s main objective when borrowing money is to strike an appropriately low risk balance between **securing low interest costs** and achieving **certainty of those costs** over the period for which funds are required. The flexibility to renegotiate loans should the Council’s long-term plans change is a secondary objective.

42. The Council has been in a debt free position for the General Fund for many years mainly due to having sufficient capital reserves to meet the Council’s capital programme. However, this position will change over the coming years as borrowing is required for large capital schemes at Daedalus and new property investment opportunities.

43. With short-term interest rates currently much lower than long-term rates, it is likely to be

more cost effective in the short term to either **use internal resources**, or to **borrow short-term** loans instead.

44. By doing so, the Council can reduce net borrowing costs (despite foregone investment income) and **reduce overall treasury risk**. The benefits of internal borrowing or short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly.
45. Our treasury advisers will assist the Council with this '**cost of carry**' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2018/19 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
46. Alternatively, the Council may arrange forward starting loans during 2018/19, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.
47. In addition, the Council may borrow short-term loans (normally for up to one month) to cover unexpected cash flow shortages.

## **Sources of Borrowing**

48. The approved sources of long-term and short-term borrowing are:
  - Public Works Loan Board (PWLB) and any successor body.
  - Any institution approved for investments.
  - Any other bank or building society authorised to operate in the UK.
  - Any other UK public sector body.
  - UK public and private sector pension funds (except the Hampshire County Council Pension Fund).
  - Capital market bond investors.
  - UK Municipal Bonds Agency plc (see below) and other special purpose companies created to enable local authority bond issues.
49. In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:
  - Leasing
  - Hire purchase
  - Private Finance Initiative
  - Sale and leaseback
50. The Council has previously raised all of its long-term borrowing from the PWLB but it will investigate other sources of finance, such as local authority loans and bank loans that may be available at more favourable rates.

51. **Municipal Bonds Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a joint and several guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to full Council.

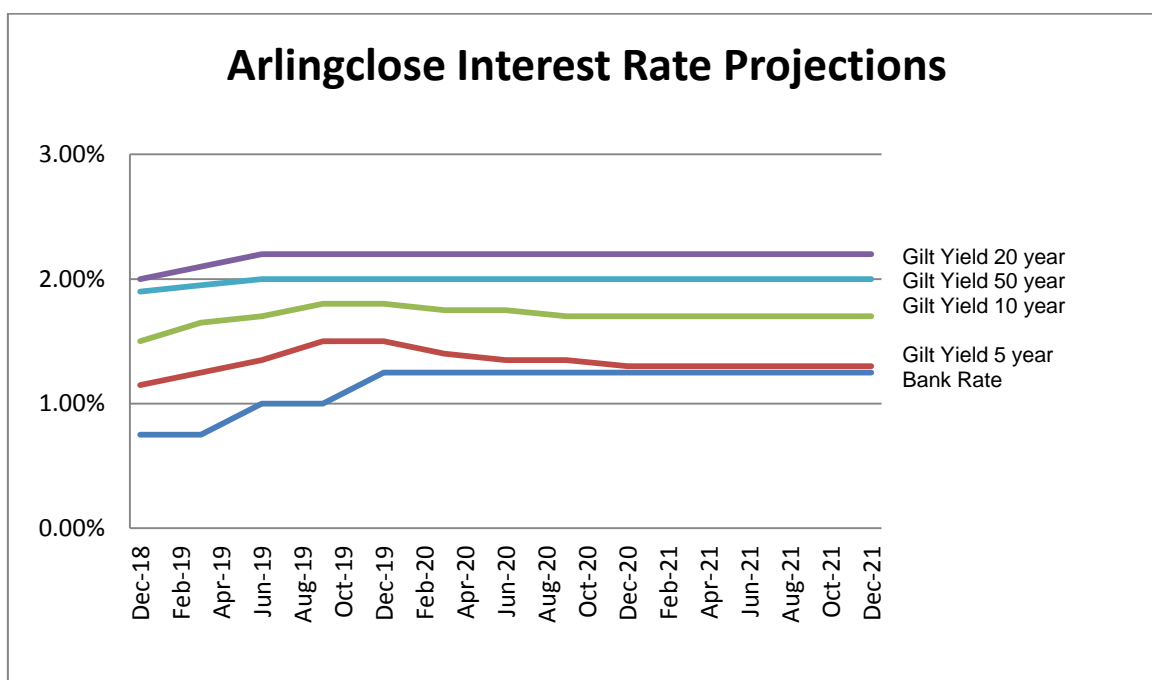
## Debt Rescheduling

52. The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

## PROSPECTS FOR INTEREST RATES

53. The Council's treasury management advisers assist the Council to formulate a view on interest rates. The latest detailed economic and interest rate forecast provided by Arlingclose is attached at Annex A.

54. The following graph and commentary gives the Arlingclose's central view on interest rates.



55. Following the increase in Bank Rate to 0.75% in August 2018, the Council's treasury management adviser Arlingclose is forecasting two more 0.25% hikes during 2019 to take official UK interest rates to 1.25%. The Bank of England's MPC has maintained expectations for slow and steady rate rises over the forecast horizon. The MPC continues to have a bias towards tighter monetary policy but is reluctant to push interest

rate expectations too strongly. Arlingclose believes that MPC members consider both that ultra-low interest rates result in other economic problems, and that higher Bank Rate will be a more effective policy weapon should downside Brexit risks crystallise when rate cuts will be required.

56. The UK economic environment remains relatively soft, despite seemingly strong labour market data. Arlingclose's view is that the economy still faces a challenging outlook as it exits the European Union and Eurozone growth softens. While assumptions are that a Brexit deal is struck and some agreement reached on transition and future trading arrangements before the UK leaves the EU, the possibility of a "no deal" Brexit still hangs over economic activity. As such, the risks to the interest rate forecast are considered firmly to the downside.
57. Gilt yields and hence long-term borrowing rates have remained at low levels but some upward movement from current levels is expected based on Arlingclose's interest rate projections, due to the strength of the US economy and the ECB's forward guidance on higher rates. 10-year and 20-year gilt yields are forecast to remain around 1.7% and 2.2% respectively over the interest rate forecast horizon, however volatility arising from both economic and political events are likely to continue to offer borrowing opportunities.

## Other Items

58. The CIPFA Code requires the Council to include the following in its Treasury Management Strategy.
59. **Policy on Use of Financial Derivatives:** The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be considered when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.
60. Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.
61. **Policy on Apportioning Interest to the HRA:** On 28 March 2012, the Council borrowed £40 million from the Public Works Loan Board (PWLB) to buy itself out of the HRA subsidy System. The monies were borrowed by the General Fund on behalf of the HRA. The interest on these loans is charged to the HRA on a half-yearly basis at the rate charged by PWLB. A further £9.268 million was lent by the General Fund to the HRA to complete the buyout. Interest on this element is charged at the average weighted rate of the PWLB loans.
62. The unfunded HRA capital financing requirement is also charged to the HRA at the average weighted rate of the PWLB loans.
63. The General Fund credits the HRA with interest earned on HRA credit balances



calculated on the monthly movement in reserve balances and applied at year end. The rate used is the weighted interest rate on General Fund investments and cash balances.

64. **Markets in Financial Instruments Directive:** The Council has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Authority's treasury management activities, the Chief Financial Officer believes this to be the most appropriate status.

## Financial Implications

65. The budget for interest received in 2019/20 for the General Fund is £500,600 and the HRA is £126,300 and the budget for debt interest paid in 2019/20 is £35,000 for the General Fund and £1,794,900 for the HRA. If actual levels of investments and borrowing, and actual interest rates differ from those forecast, performance against budget will be correspondingly different.

## Other Options Considered

66. The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Chief Financial Officer, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
<b>Invest in a narrower range of counterparties and/or for shorter times</b>	Interest income will be lower	<b>Lower chance of losses from credit related defaults, but any such losses may be greater</b>
<b>Invest in a wider range of counterparties and/or for longer times</b>	Interest income will be higher	<b>Increased risk of losses from credit related defaults, but any such losses may be smaller</b>
<b>Borrow additional sums at long-term fixed interest rates</b>	Debt interest costs will rise; this is unlikely to be offset by higher investment income	<b>Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain</b>
<b>Borrow short-term or variable loans instead of long-term fixed rates</b>	Debt interest costs will initially be lower	<b>Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain</b>
<b>Reduce level of</b>	Saving on debt	<b>Reduced investment</b>

<b>borrowing</b>	interest is likely to exceed lost investment income	<b>balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain</b>
<b>Invest in a narrower range of counterparties and/or for shorter times</b>	<b>Interest income will be lower</b>	<b>Lower chance of losses from credit related defaults, but any such losses may be greater</b>

## INVESTMENT STRATEGY

67. The Council invests its money for three broad purposes:
- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
  - to support local public services by lending to or buying shares in other organisations (**service investments**), and
  - to earn investment income (known as **commercial investments** where this is the main purpose).
68. This investment strategy is a **new part of this document for 2019/20**, meeting the requirements of statutory guidance issued by the Government in January 2018, and focuses on the second and third of these categories.

### Service Investments

69. The Council does not currently lend to or buy shares in other organisations.

### Commercial Investments

70. The Council invests in local and some regional UK commercial property with the intention of making a profit that will be spent on local public services.
71. Since the Executive approval of a Commercial Property Investment Acquisition Strategy in January 2013, the Council has purchased 8 commercial investment properties, as summarised below, averaging a return of 6.98%.

Property Type	Purchase Cost £'000	Value at 31 March 2018 £'000
<b>Retail</b>	23,705	<b>23,475</b>
<b>Commercial</b>	1,721	<b>1,980</b>
<b>Other</b>	1,890	<b>1,980</b>
Total	27,316	27,435

72. The Council's total investment property portfolio is shown below and includes Fareham Shopping Centre, Faretec and industrial estates at Palmerston Business Park and Newgate Lane.

Property Type	Value at 31 March 2018 £'000
<b>Retail</b>	<b>39,741</b>
<b>Commercial</b>	<b>9,775</b>
<b>Other</b>	<b>3,666</b>
<b>Office</b>	<b>4,652</b>
<b>Leisure</b>	<b>1,138</b>

Total	58,972
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73. In accordance with government guidance, the Council considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.
74. A fair value assessment of the Council's more recent commercial property purchases has been made within the past twelve months, and the underlying assets provide security for capital investment. Should the 2018/19 year-end accounts preparation and audit process value these properties below their purchase cost, then an updated investment strategy will be presented to full Council detailing the impact of the loss on the security of investments and any revenue consequences arising therefrom.
75. The Council assesses the risk of loss before entering into and whilst holding property investments. These risks are managed by ensuring:
- funds available for new purchases are disaggregated to limit the overall impact that any single investment would have on the Council's finances;
  - new purchases are only considered with existing tenants of "high quality" and sufficiently long tenancy term;
  - appropriate checks are carried out to ascertain the tenant's reliability;
  - other "due diligence" is undertaken to protect the Councils investment as far as possible such as checks on planning conditions, land contamination issues and planning policy issues.

## Proportionality

76. The Council is dependent on profit generating investment activity to achieve a balanced revenue budget. The table below shows the extent to which the expenditure planned to meet the service delivery objectives is dependent on achieving the expected net profit from investments over the lifecycle of the Medium Term Financial Strategy.

£'000	2017/18 Actual	2018/19 Forecast	2019/20 Budget	2020/21 Budget	2021/22 Budget
<b>Gross service expenditure</b>	46,124	46,131	46,627	46,696	46,986
<b>Investment income</b>	3,807	4,246	4,555	4,555	4,555
Proportion	<b>8.3%</b>	<b>9.2%</b>	<b>9.8%</b>	<b>9.8%</b>	<b>9.7%</b>

## Investment Indicators

77. The Council has set the following quantitative indicators to assess the Council's total risk exposure as a result of its investment decisions.
78. **Total risk exposure:** The first indicator shows the Council's total exposure to potential investment losses.

	2017/18 Actual £'000	2018/19 Forecast £'000	2019/20 Forecast £'000
Total Investment Exposure			
<b>Treasury Management Investments</b>	12,000	14,000	<b>12,000</b>
<b>Commercial Investments</b>	58,972	64,082	<b>64,082</b>
Total	70,972	78,082	76,082

79. **How investments are funded:** Government guidance is that these indicators should include how investments are funded. Since the Council does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the following investments could be described as being funded by borrowing. The remainder of the Council's investments are funded by usable reserves and income received in advance of expenditure.

Investments funded by borrowing	2017/18 Actual £'000	2018/19 Forecast £'000	2019/20 Forecast £'000
<b>Treasury Management Investments</b>	0	0	<b>0</b>
<b>Commercial Investments</b>	18,840	18,412	<b>17,972</b>
Total	18,840	18,412	17,972

## Capacity and Skills

### TRAINING

80. The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny.
81. Treasury management officers regularly attend training courses, seminars and conferences provided by the Council's treasury management advisers and CIPFA.
82. Property services officers also regularly attend training courses, seminars and conferences provided RICS (Royal Institution of Chartered Surveyors) accredited/approved providers.

### USE OF TREASURY MANAGEMENT CONSULTANTS

83. The Council has appointed Arlingclose as treasury management advisers and receives specific advice on investment, debt and capital finance issues.
84. The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.
85. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

## ARLINCLOSE ECONOMIC AND INTEREST RATE FORECAST DECEMBER 2018

### Economic Background

The UK's progress negotiating its exit from the European Union, together with its future trading arrangements, will continue to be a major influence on the Authority's treasury management strategy for 2019/20.

UK Consumer Price Inflation (CPI) for October was up 2.4% year/year, slightly below the consensus forecast and broadly in line with the Bank of England's November Inflation Report. The most recent labour market data for October 2018 showed the unemployment rate edged up slightly to 4.1% while the employment rate of 75.7% was the joint highest on record. The 3-month average annual growth rate for pay excluding bonuses was 3.3% as wages continue to rise steadily and provide some pull on general inflation. Adjusted for inflation, real wages grew by 1.0%, a level still likely to have little effect on consumer spending.

The rise in quarterly GDP growth to 0.6% in Q3 from 0.4% in the previous quarter was due to weather-related factors boosting overall household consumption and construction activity over the summer following the weather-related weakness in Q1. At 1.5%, annual GDP growth continues to remain below trend. Looking ahead, the BoE, in its November Inflation Report, expects GDP growth to average around 1.75% over the forecast horizon, providing the UK's exit from the EU is relatively smooth.

Following the Bank of England's decision to increase Bank Rate to 0.75% in August, no changes to monetary policy has been made since. However, the Bank expects that should the economy continue to evolve in line with its November forecast, further increases in Bank Rate will be required to return inflation to the 2% target. The Monetary Policy Committee continues to reiterate that any further increases will be at a gradual pace and limited in extent.

While US growth has slowed over 2018, the economy continues to perform robustly. The US Federal Reserve continued its tightening bias throughout 2018, pushing rates to the current 2%-2.25% in September. Markets continue to expect one more rate rise in December, but expectations are fading that the further hikes previously expected in 2019 will materialise as concerns over trade wars drag on economic activity.

### Credit Outlook

The big four UK banking groups have now divided their retail and investment banking divisions into separate legal entities under ringfencing legislation. Bank of Scotland, Barclays Bank UK, HSBC UK Bank, Lloyds Bank, National Westminster Bank, Royal Bank of Scotland and Ulster Bank are the ringfenced banks that now only conduct lower risk retail banking activities. Barclays Bank, HSBC Bank, Lloyds Bank Corporate Markets and NatWest Markets are the investment banks. Credit rating agencies have adjusted the ratings of some of these banks with the ringfenced banks generally being better rated than their non-ringfenced counterparts.

The Bank of England released its latest report on bank stress testing, illustrating that all entities included in the analysis were deemed to have passed the test once the levels of capital and potential mitigating actions presumed to be taken by management were factored in. The BoE did not require any bank to raise additional capital.

European banks are considering their approach to Brexit, with some looking to create new UK subsidiaries to ensure they can continue trading here. The credit strength of these new banks remains unknown, although the chance of parental support is assumed to be very high if ever needed. The uncertainty caused by protracted negotiations between the UK and EU is weighing on the creditworthiness of both UK and European banks with substantial operations in both jurisdictions.

#### **Underlying assumptions:**

- Our central interest rate forecasts are predicated on there being a transitional period following the UK's official exit from the EU.
- The MPC has a bias towards tighter monetary policy but is reluctant to push interest rate expectations too strongly. We believe that MPC members consider that: 1) tight labour markets will prompt inflationary pressure in the future, 2) ultra-low interest rates result in other economic problems, and 3) higher Bank Rate will be a more effective policy weapon if downside risks to growth crystallise.
- Both our projected outlook and the increase in the magnitude of political and economic risks facing the UK economy means we maintain the significant downside risks to our forecasts, despite the potential for slightly stronger growth next year as business investment rebounds should the EU Withdrawal Agreement be approved. The potential for severe economic outcomes has increased following the poor reception of the Withdrawal Agreement by MPs. We expect the Bank of England to hold at or reduce interest rates from current levels if Brexit risks materialise.
- The UK economic environment is relatively soft, despite seemingly strong labour market data. GDP growth recovered somewhat in the middle quarters of 2018, but more recent data suggests the economy slowed markedly in Q4. Our view is that the UK economy still faces a challenging outlook as the country exits the European Union and Eurozone economic growth softens.
- Cost pressures are easing but inflation is forecast to remain above the Bank's 2% target through most of the forecast period. Lower oil prices have reduced inflationary pressure, but the tight labour market and decline in the value of sterling means inflation may remain above target for longer than expected.
- Global economic growth is slowing. Despite slower growth, the European Central Bank is conditioning markets for the end of QE, the timing of the first rate hike (2019) and their path thereafter. More recent US data has placed pressure on the Federal Reserve to reduce the pace of monetary tightening – previous hikes and heightened expectations will, however, slow economic growth.

- Central bank actions and geopolitical risks have and will continue to produce significant volatility in financial markets, including bond markets.

**Forecast:**

- The MPC has maintained expectations of a slow rise in interest rates over the forecast horizon, but recent events around Brexit have dampened interest rate expectations. Our central case is for Bank Rate to rise twice in 2019, after the UK exits the EU. The risks are weighted to the downside.
- Gilt yields have remained at low levels. We expect some upward movement from current levels based on our central case that the UK will enter a transitional period following its EU exit in March 2019. However, our projected weak economic outlook and volatility arising from both economic and political events will continue to offer borrowing opportunities.



**ECONOMIC COMMENTARY BY TREASURY ADVISORS ARLINGCLOSE**

**Economic background:** UK Consumer Price Inflation (CPIH) fell to 1.7% year/year in August 2019 from 2.0% in July, weaker than the consensus forecast of 1.9% and below the Bank of England's target. The most recent labour market data for the three months to July 2019 showed the unemployment rate edged back down to 3.8% while the employment rate remained at 76.1%, the joint highest since records began in 1971. Nominal annual wage growth measured by the 3-month average excluding bonuses was 3.8% and 4.0% including bonuses. Adjusting for inflation, real wages were up 1.9% excluding bonuses and 2.1% including.

The Quarterly National Accounts for Q2 GDP confirmed the UK economy contracted by 0.2% following the 0.5% gain in Q1 which was distorted by stockpiling ahead of Brexit. Only the services sector registered an increase in growth, a very modest 0.1%, with both production and construction falling and the former registering its largest drop since Q4 2012. Business investment fell by 0.4% (revised from -0.5% in the first estimate) as Brexit uncertainties impacted on business planning and decision-making.

Politics, both home and abroad, continued to be a big driver of financial markets over the last quarter. Boris Johnson won the Conservative Party leadership contest and has committed to leaving the EU on 31<sup>st</sup> October regardless of whether a deal is reached with the EU. Mr Johnson prorogued Parliament which led some MPs to put forward a bill requiring him to seek a Brexit extension if no deal is in place by 19th October. The move was successful and, having been approved by the House of Lords, was passed into law. The Supreme Court subsequently ruled Mr Johnson's suspension of Parliament unlawful.

Tensions continued between the US and China with no trade agreement in sight and both countries imposing further tariffs on each other's goods. The US Federal Reserve cut its target Federal Funds rates by 0.25% in September to a range of 1.75% - 2%, a pre-emptive move to maintain economic growth amid escalating concerns over the trade war and a weaker economic environment leading to more pronounced global slowdown. The euro area Purchasing Manager Indices (PMIs) pointed to a deepening slowdown in the Eurozone. These elevated concerns have caused key government yield curves to invert, something seen by many commentators as a predictor of a global recession. Market expectations are for further interest rate cuts from the Fed and in September the European Central Bank reduced its deposit rate to -0.5% and announced the recommencement of quantitative easing from 1<sup>st</sup> November.

The Bank of England maintained Bank Rate at 0.75% and in its August Inflation Report noted the deterioration in global activity and sentiment and confirmed that monetary policy decisions related to Brexit could be in either direction depending on whether or not a deal is ultimately reached by 31<sup>st</sup> October.

**Financial markets:** After rallying early in 2019, financial markets have been adopting a more risk-off approach in the following period as equities saw greater volatility and bonds rallied (prices up, yields down) in a flight to quality and anticipation of more monetary stimulus from central banks. The Dow Jones, FTSE 100 and FTSE 250 are broadly back at the same levels seen in March/April.

Gilt yields remained volatile over the period on the back of ongoing economic and political uncertainty. From a yield of 0.63% at the end of June, the 5-year benchmark gilt yield fell to 0.32% by the end of September. There were falls in the 10-year and 20-year gilts over the same period, with the former dropping from 0.83% to 0.55% and the latter falling from 1.35% to 0.88%. 1-month, 3-month and 12-month LIBID (London Interbank Bid) rates averaged 0.65%, 0.75% and 1.00% respectively over the period.

Recent activity in the bond markets and PWLB interest rates highlight that weaker economic growth remains a global risk. The US yield curve remains inverted with 10-year Treasury yields lower than US 3-month bills. History has shown that a recession hasn't been far behind a yield curve inversion. Following the sale of 10-year Bunds at -0.24% in June, yields on German government securities continue to remain negative in the secondary market with 2 and 5-year securities currently both trading around -0.77%.

**Credit background:** Credit Default Swap (CDS) spreads rose and then fell again during the quarter, continuing to remain low in historical terms. After rising to almost 120bps in May, the spread on non-ringfenced bank NatWest Markets plc fell back to around 80bps by the end of September, while for the ringfenced entity, National Westminster Bank plc, the spread remained around 40bps. The other main UK banks, as yet not separated into ringfenced and non-ringfenced from a CDS perspective, traded between 34 and 76bps at the end of the period.

There were minimal credit rating changes during the period. Moody's upgraded The Co-operative Bank's long-term rating to B3 and Fitch upgraded Clydesdale Bank and Virgin Money to A-.

## 2019/20 INDICATORS – HALF YEARLY PERFORMANCE

## PRUDENTIAL INDICATORS

## 1) Level of Planned Capital Expenditure

ON TRACK

This prudential indicator is a summary of the Council's capital expenditure plans and shows how these plans are being financed by capital or revenue resources.

Capital Expenditure and Financing	Revised Estimate £'000	Actual to 30 Sept £'000
Health and Public Protection	10	0
Streetscene	571	202
Leisure and Community	427	266
Housing	750	0
Planning Development	19	0
Policy and Resources	25,239	5,646
<b>Total General Fund</b>	<b>27,016</b>	<b>6,114</b>
<b>HRA</b>	<b>9,374</b>	<b>1,366</b>
<b>Total Expenditure</b>	<b>36,390</b>	<b>7,480</b>
Capital Receipts	1,439	106
Capital Grants	4,132	330
Capital Reserves	7,791	1,398
Revenue	1,501	492
Internal Borrowing	21,527	5,154
<b>Total Financing</b>	<b>36,390</b>	<b>7,480</b>

Expenditure to 30 September is within the overall revised budget for the year. The budgets will be reviewed and re-phased where applicable as part of the forthcoming budget setting process.

## 2) The Council's Borrowing Need (Capital Financing Requirement)

ON TRACK

The Capital Financing Requirement (CFR) is the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure financed by borrowing will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing in line with the asset's life.

	<b>Estimate £'000</b>	<b>Actual to 30 Sept £'000</b>
<b>General Fund</b>	59,846	39,382
<b>HRA</b>	51,141	51,141
<b>Total CFR</b>	<b>110,987</b>	<b>90,523</b>

The CFR is slightly lower than projected due to lower internal borrowing for Daedalus capital expenditure.

### 3) Financing Costs as % of Net Revenue Stream

ON TRACK

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

	<b>Estimate</b>	<b>Actual to 30 Sept</b>
<b>General Fund</b>	6%	6%
<b>HRA</b>	14%	16%
<b>Total</b>	<b>11%</b>	<b>12%</b>

### 4) Housing Revenue Account (HRA) Ratios

ON TRACK

Due to the HRA Reforms in 2012, the Council moved from a subsidy system to self-financing and was required to take on £49.3 million of debt. The table below shows additional local indicators relating to the HRA in respect of this debt.

	<b>Estimate</b>	<b>End of Year Forecast</b>
<b>HRA debt £'000</b>	49,268	49,268
<b>HRA revenues £'000</b>	12,321	12,506
<b>Number of HRA dwellings</b>	2,417	2,385
<b>Ratio of debt to revenues %</b>	4.00	3.94
<b>Debt per dwelling £</b>	£20,382	£20,660

## TREASURY INDICATORS

### 5) Investments - Principal Sums Invested for Periods Longer than 364 Days

ON TRACK

The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments.

£M	Estimate	Actual
<b>Principal sums invested &gt; 364 days</b>	10	6

£6 million is placed with a pooled property fund which is a long-term investment and the remaining investments are currently placed for less than 364 days to allow cash to be available for schemes in the capital programme that require internal borrowing.

### 6) Borrowing - Gross Debt and the Capital Financing Requirement

ON TRACK

In order to ensure that over the medium-term debt will only be for a capital purpose, the Council should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence. The indicator shows that total debt is expected to remain below the CFR.

£'000	Estimate £'000	Actual to 30 Sept £'000
Debt at 1 April	58,017	45,510
Expected change in debt	16,000	2,000
<b>Gross Debt at 31 March</b>	<b>74,017</b>	<b>47,510</b>
Capital Financing Requirement (CFR)	110,987	90,523
<b>Under/(Over) Borrowing</b>	<b>36,970</b>	<b>43,013</b>
<b>CFR for last, current and next 2 years</b>	<b>424,843</b>	<b>391,607</b>

### 7) Borrowing - Limits to Borrowing Activity

ON TRACK

The actual debt levels are monitored against the Operational Boundary and Authorised Limit for External Debt, below.

	Limit £'000	Actual £'000
<b>Operational Boundary</b>		
Borrowing	78,000	47,510
Other long-term liabilities	4,000	0
<b>Total</b>	<b>82,000</b>	<b>47,510</b>
<b>Authorised Limit</b>		
Borrowing	132,000	47,510
Other long-term liabilities	6,000	0
<b>Total</b>	<b>138,000</b>	<b>47,510</b>

Total debt at 30 September was £47.5 million. During the first half of 2019/20 the Authorised

Limit of £138 million was not breached at any time.

## 8) Interest Rate Exposures

ON TRACK

This indicator is set to control the Council's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the proportion of net principal borrowed are, shown in the table below.

Upper limits on interest rate exposures	Limit %	Actual %
Upper limit on variable interest rate exposures	25	19
Upper limit on fixed interest rate exposures	100	81

## 9) Maturity Structure of Borrowing

ON TRACK

This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing are:

Maturity structure of borrowing	Upper Limit %	Actual %
Loans maturing within 1 year	25	16
Loans maturing within 1 - 2 years	25	0
Loans maturing within 2 - 5 years	25	0
Loans maturing within 5 - 10 years	50	0
Loans maturing in over 10 years	100	84

The £40m HRA loans represent 84% of loans maturing in over 10 years. The Council holds investments from Portchester Crematorium which is treated as a temporary loan and £5 million short-term loan. These represent 16% of loans maturing within 1 year.

## 10) Commercial Investments - Proportionality

ON TRACK

The Council is dependent on profit generating investment activity to achieve a balanced revenue budget. The table below shows the extent to which the expenditure planned to meet the service delivery objectives is dependent on achieving the expected net profit from investments over the lifecycle of the Medium Term Financial Strategy.

£'000	2019/20 Budget	Actual to 30 Sept
Gross service expenditure	46,627	19,050
Investment income	4,555	2,258
<b>Proportion</b>	<b>9.8%</b>	<b>11.9%</b>

## 11) Total Risk Exposure

ON TRACK

This indicator shows the Council's total exposure to potential investment losses.

<b>Total Investment Exposure</b>	<b>2019/20 Forecast £'000</b>	<b>Actual to 30 Sept £'000</b>
Treasury Management Investments	12,000	19,200
Commercial Investments	64,082	61,472
<b>Total</b>	<b>76,082</b>	<b>80,672</b>

## 12) How Investments are Funded

ON TRACK

Government guidance is that these indicators should include how investments are funded. Since the Council does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the following investments could be described as being funded by borrowing. The remainder of the Council's investments are funded by usable reserves and income received in advance of expenditure.

<b>Investments funded by borrowing</b>	<b>2019/20 Forecast £'000</b>	<b>Actual to 30 Sept £'000</b>
Treasury Management Investments	0	0
Commercial Investments	17,972	23,522
<b>Total</b>	<b>17,972</b>	<b>23,522</b>





# FAREHAM

## BOROUGH COUNCIL

### **Report to Audit and Governance Committee**

**Date:** 25 November 2019  
**Report of:** Deputy Monitoring Officer  
**Subject:** ANNUAL CONSTITUTION REVIEW

#### **SUMMARY**

This report sets out the annual review of the Council's Constitution. The report highlights the ongoing amendments to improve and revamp the documents and associated webpages alongside the amendments that have taken place through the Council's decision making process.

This report also seeks approval for a number of changes to the Council's Standing Orders with Respect to Meetings, which are required following that the creation of the Scrutiny Panels in October 2018, to allow the new Scrutiny Panels to take effect.

#### **RECOMMENDATION**

It is RECOMMENDED that the Committee: -

- (a) notes the contents of the report;
- (b) agrees the amendments to the Standing Orders with Respect to Meetings as set out in Appendix B;
- (c) agrees the amendments to the Scheme of Delegation to Officers as set out in Appendix C
- (d) agrees the deletion of the Part 3 – Chapter 12 – Deputation Scheme; and
- (e) recommends the amendments at (b), (c) and (d) to Council for approval.

## **INTRODUCTION**

1. This is the second year that this annual review reporting the changes to the Council's Constitution has been presented to the Audit and Governance Committee.
2. The purpose of this report is to capture all the work over the last 12 months to keep the Constitution Document up to date and fit for purpose, as well as documenting all the changes made as part of the Council's decision-making process.
3. This report is set out in four sections for Members to consider and approve: -
  - i. The first part of this report provides an overview of the work that has been carried out to keep the document up to date and the continued work to revamp the webpages to assist users accessing the information they require.
  - ii. Appendix A provides details of all the decisions that have been agreed by Council that have subsequently required changes to the Constitution document. For example, the change to the Senior Management Structure in February 2019 and the updates to the Financial Regulations last month.
  - iii. Appendix B to this report highlights to the Committee all the changes which require approval to the Council's Standing Orders with Respect to Meetings.
  - iv. Appendix C to this report, sets out some minor changes that are required to the Scheme of Delegation to Officers to delegate authority to the Head of Development Management to issue planning consents, the detail of which is set out in paragraph 18 to this report.

## **WEBPAGES AND ASSOCIATED DOCUMENTS**

4. The website is the sole platform by which the Constitution document is now viewed. Officers within the Committee team monitor the pages regularly to make sure the pages are user friendly and the information is up to date.
5. Work is currently underway to create links and shortcuts to allow users to move through the document with ease. Links have also been created to other documents, such as legislation and other relevant pages within the Council's webpages to assist users in navigating around the document.
6. Alongside this work on the Constitution, Officers have updated supporting webpages, such as the Deputation and Petition procedure pages which ensure they are fit for purpose and mirror the schemes outlined within the Constitution document itself.
7. The Anti-Bribery Policy is now also to be added to the Constitution in Part 5 – Codes of Conduct. The Anti-Bribery Policy is a key Governance policy, so it is deemed appropriate by Officers for this to be included formally in this section of the Constitution.

## **AMENDMENTS REQUIRED THROUGH THE DECISION-MAKING PROCESS**

8. Appendix A to this report lists all the decisions made at Council over the past twelve months which have subsequently required updates to the Constitution.
9. Not all the decisions listed explicitly outline the amendments made but allow delegated authority to amendments to be made where necessary. These amendments have been

updated on the webpages and the Constitution log has been updated accordingly.

10. Members are required to simply note that these changes have been made in accordance with the decision-making process.

### **AMENDMENTS TO THE STANDING ORDERS WITH RESPECT TO MEETINGS**

11. Following the initial amendments to the Constitution that were made in October 2018 to allow the creation of the new Scrutiny Panels to take effect, Officers found that further amendments were required to clarify the procedures under the new Committee Structure.
12. On reviewing the document several other updates were discovered and the decision was made by the Head of Democratic Services to conduct a full review of the Standing Order with Respect to Meetings, which have not been updated since December 2013.
13. The areas for review were identified and several meetings with the Southampton legal team were held to analyse the document in more detail.
14. The changes to the document have been set out in Appendix B, for the Committee by way of track changes with notes to explain the rationale for the amendments.
15. Key changes are the addition of a section on the call-in procedure to clearly outline how this process now differs from the ordinary Scrutiny Panel meetings, and there is also the addition of a Petition Scheme which until now was not included within the Constitution document.
16. An additional change is for the approval to remove the Deputation Scheme from the main part of the Constitution as it currently is duplicated in Part 3 – Chapter 12 and the Standing Orders with Respect to Meetings – Appendix One and Two.

### **AMENDMENTS TO SCHEME OF DELEGATION TO OFFICERS**

17. As part of the work to review the Constitution some updates have been made to the Scheme of Delegation to Officers. The wording has been updated to ensure the scheme reflects the delegation of both Executive and non-Executive functions.
18. An additional paragraph has been added to the scheme, under the Delegation to the Head of Development Management, as a result of the following -

Before the Council can grant planning permission for residential development, it must carry out an appropriate assessment under the Conservation of Habitats and Species Regulations 2017 and conclude that the development will not have an adverse effect on the integrity of European protected sites.

During the early part of 2019, Natural England highlighted that increased levels of nitrates entering The Solent (because of increased amounts of wastewater from new dwellings) is likely to have a significant effect upon European protected sites.

19. There are twelve planning applications (comprising 822 dwellings) that have a resolution to grant planning permission from the Council's Planning Committee but where the formal decision notice has not yet been issued. These resolutions pre-date Natural England's current advice.

There is a need to undertake appropriate assessments on each of these 12 planning applications, which the Planning Committee has resolved to grant planning permission for. Once the appropriate assessments have been undertaken, there is also a need to consult with Natural England.

Where an appropriate assessment concludes that the proposed development will not have an adverse effect on the integrity of designated sites (with any necessary mitigation), the proposed change to the Scheme of Delegation would enable the Head of Development Management to determine these planning applications, following due consideration of any further material planning considerations, and amendments to and/or additional planning conditions and amendments to and/or additional heads of terms in related planning obligations where necessary, to address any likely significant effects identified through appropriate assessments.

20. This delegation relates solely to those 12 planning applications which the Planning Committee have previously considered and resolved to grant planning permission for.

### **THE NEXT TWELVE MONTHS**

21. During the next twelve months work will continue to maintain the Constitution document and the associated webpages. Sections of the document for review will be identified by the Head of Democratic Services and agreed by the Monitoring Officer with any identified amendments being brought to the Audit and Governance Committee in autumn 2020.

### **CONCLUSION**

It is RECOMMENDED that the Committee: -

- (a) notes the contents of the report;
- (b) agrees the amendments to the Standing Orders with Respect to Meetings as set out in Appendix B;
- (c) agrees the amendments to the Scheme of Delegation to Officers as set out in Appendix C;
- (d) agrees the deletion of the Part 3 – Chapter 12 – Deputation Scheme; and
- (e) recommends the amendments at (b), (c) and (d) to Council for approval.

**Appendices:** - Appendix A - Decisions made since November 2018 which have required amendments to be made to the Council's Constitution.

Appendix B – Standing Orders with Respect to Meetings

Appendix C – Scheme of Delegation to Officers

**Background Papers:** NONE

**Reference Papers:**

The Constitution

Report to Council - Constitution Updates Following Committee Structure Changes – 13 December 2018

Report to Council - Senior Management Structure – 23 February 2019

Council Minutes – 24 October 2019

**Enquiries:**

For further information on this report please contact Leigh Usher. (Ext: 4553)



Audit and Governance Committee – 25 November 2019

Decisions made since November 2018 which have required amendments to be made to the Council's Constitution.

Section of the Constitution that required amending	Date amendment agreed at Council	Report title	Minute text
<ul style="list-style-type: none"> <li>• Part One Chapter 7 – Overview and Scrutiny</li> <li>• Part One Chapter 16 – Codes of Conduct – Appendix 6 – Role of Chairman of Scrutiny Panels</li> <li>• Part Two – Chapter 3 – Functions of the Scrutiny Panels</li> <li>• Part Three – Chapter 9 – Rights of the Scrutiny Board and PDR Panels</li> <li>• Part Three – Chapter 12 – Deputation Scheme</li> </ul>	13 December 2018	Constitution Updates Following Committee Structure Changes	RESOLVED that the updates made to the Constitution (as set out in Appendix A), following the Committee Structure changes agreed by Council on the 11 October 2018, be received.
Part Four - Scheme of Delegations to Officers	22 February 2019	Senior Management Structure	RESOLVED that the Council approves: <ol style="list-style-type: none"> <li>(a) the deletion of the current post of Managing Director of Fareham Housing with effect from 1st April 2019;</li> <li>(b) that with effect from 1st April 2019:               <ol style="list-style-type: none"> <li>i. the designation of the Director of Finance and Resources be amended to Deputy Chief Executive Officer;</li> <li>ii. the designation of the Director of Planning and Regulation be amended to Director of Planning and Regeneration;</li> <li>iii. the designation of the Head of Human Resources and ICT be amended to Director of Support Services; and</li> <li>iv. the designation of the Head of Leisure and Corporate Services be amended to Director of Leisure and Community;</li> </ol> </li> <li>(c) the appointment of Mrs Sarah Robinson, Director of Support Services (subject to the approval of recommendation (b)), to the role of the Council's Monitoring Officer with effect from 1st April 2019;</li> <li>(d) that authority be delegated to the Chief Executive Officer to amend the Constitution, including but not limited to the Scheme of Delegation to Officers to transfer functions between Directors as described in this report.</li> </ol>

<p>Part Three – Chapter 1 – Access to information procedure rules Part Three – Chapter 3 – Notice of Key Decisions and Key Decisions</p>	<p>18 April 2019</p>	<p>Constitution Updates</p>	<p>RESOLVED that: (a) the Minutes of the Audit and Governance Committee meeting held on Monday 11 March 2019 be received; (b) the recommendations contained in Minute 13 – Constitution Update, be accepted and accordingly that the Council agrees the updates to the Constitution as set out in Appendices A and B to the report; and (c) the recommendation in respect of Item 14 – Annual Report of the Committee be dealt with at Item 16 of the agenda.</p>
<ul style="list-style-type: none"> <li>• Part Four – Financial Regulations</li> <li>• Part Two – Functions of the Audit and Governance Committee</li> </ul>	<p>24 October 2019</p>	<ul style="list-style-type: none"> <li>• Review of Financial Regulations</li> <li>• Review of Functions of the Audit and Governance Committee</li> </ul>	<p>RESOLVED that: a) the Minutes of the Audit and Governance Committee held on Monday 23 September 2019 be received; and b) the recommendations contained in Minute 8 – Review of Financial Regulations, be accepted and the Council agrees the proposed changes as set out in Appendices A, B and C.</p>



# FAREHAM

BOROUGH COUNCIL

## Standing Orders with Respect to Meetings



5 April 2007  
Amended: Dec 2008  
Further amended: April 2009  
Further amended wef:13 May 2010  
Revised December: 2013

Updated – October 2018

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# FAREHAM BOROUGH COUNCIL

## STANDING ORDERS WITH RESPECT TO MEETINGS

### INTRODUCTION

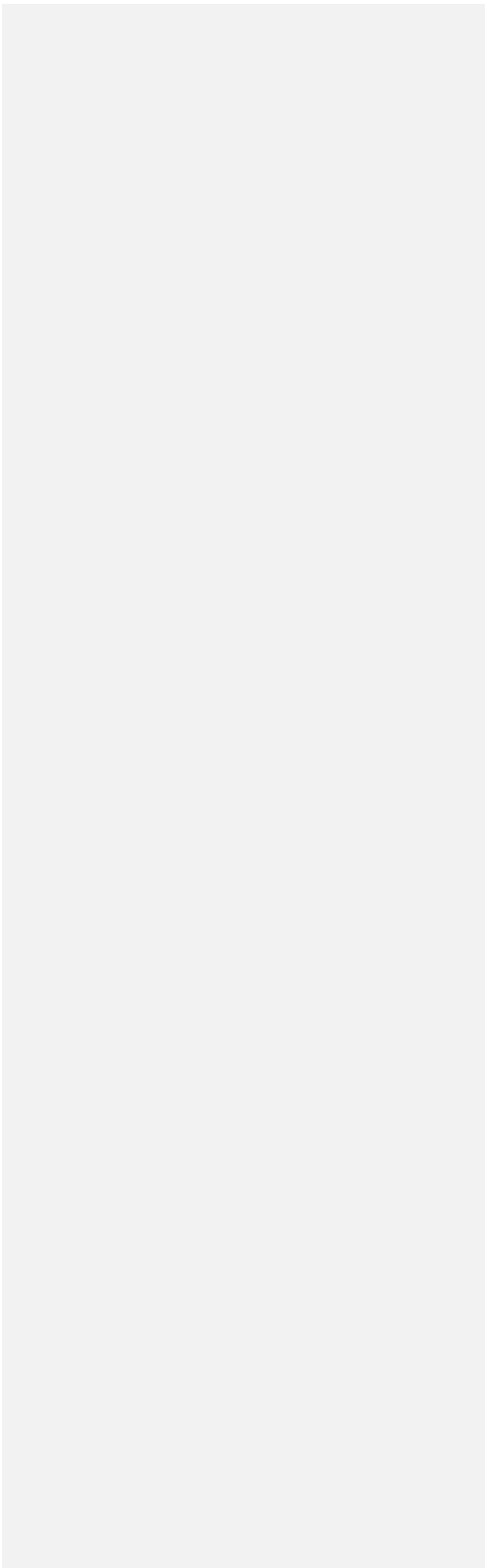
- i A local authority is permitted, but not required, by the Local Government Acts 1972 and 2000, to make Standing Orders for the regulation of its proceedings and business.
- ii Such Standing Orders are for the purpose of establishing and maintaining the orderly conduct of meetings. The form and operation of the Standing Orders are under the control of the Council and may be worded to regulate meetings in the manner that the Council wishes. Apart from matters referred to in paragraph 4 below, there is no statutory requirement to provide Standing Orders in any form or for them to contain specific provisions. However, the Council is required by law to include its Standing Orders in its written Constitution.
- iii Once Standing Orders have been established, however, failure to comply with them could, in some circumstances, render a decision void or subject to legal challenge. Further, it could be maladministration to do so. Except for those requirements mentioned at paragraph 4 below, the Council may rescind, suspend, waive, or vary Standing Orders in accordance with the procedures contained in them.
- iv The Council is required by law to include in its Standing Orders the following:
  - (a) Provisions as to the Appointment of Chief Officers and other Statutory Officers; and
  - (b) Provisions with regard to Disciplinary Action in respect of the Head of the Paid Service and other Statutory Officers.
- v These matters are contained in separate Standing Orders with respect to the Appointment, Dismissal and Discipline of Employees. [\(Part 4: Chapter 2 of this Constitution\)](#)
- vi [These Standing Orders set out the Council's processes to maintain transparency and democracy throughout the decision-making process.](#)
- vii [The Appendices \(Deputation and Petition Schemes\)](#) to these Standing Orders is for information only and does not form part of the Constitution. Certain procedures of the Council are, however, prescribed by Statute (Local Government Acts 1972 and 2000).
- viii These Standing Orders have been approved by the Council and are written in a form to enable Members to identify the procedures to be followed in relation to any point or matter.

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**Commented [HA1]:** Following advice from the Legal Team this paragraph has been added.

**Commented [HA2]:** Reference to the Petition Scheme has been included here as this is a new addition to the Standing Orders with Respect to Meetings.

**NOTE:** This introduction does not form part of Standing Orders and is explanatory only.



**PART 1**  
**ANNUAL MEETING OF THE COUNCIL**

**1. DATE AND TIME OF MEETING**

- 1.1 The Annual Meeting of the Council will be held on the second Thursday of May, subject to any statutory provisions to the contrary. If it cannot be held on that date, it must be held as soon as possible after the second Thursday of May as decided by the Council, or, failing decision by the Council, by the Mayor.
- 1.2 The Annual Meeting of the Council shall be held at 10:30 in the morning or such other time as the Mayor shall decide.

**2. ELECTION OF MAYOR**

- 2.1 The first formal business shall be the election of a Mayor.
- 2.2 In addition to electing the Mayor at the Annual Meeting, the Council shall elect a Deputy Mayor.

**3. APPOINTMENT OF EXECUTIVE LEADER**

- 3.1 The Council shall appoint or confirm, a member to act as Executive Leader in accordance with section 9C (3) Local Government Act 2000.
- 3.2 The Executive Leader shall be appointed for a term of office as provided for in the Council's Constitution (Part 1: Chapter 6). The Executive Leader may hold office for more than one term.

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**4. APPOINTMENT OF EXECUTIVE MEMBERS**

- 4.1 The Executive Leader shall announce the number of Members to be appointed as Executive Members to act with the Executive Leader as the Executive under section 9C of the Local Government Act 2000.
- 4.2 The Executive Leader shall appoint Members to act as Executive Members under Standing Order 4.1.
- 4.3 The Executive Members shall each be appointed for such term of office as is provided for in the Council's Constitution (Part 1: Chapter 6). The Executive Members may hold office for more than one term.

4.4 The appointment of any Executive Member may be terminated as provided for in the Council's Constitution (Part 3: Chapter 7).

#### 5. DETERMINATION OF AREA OF EXECUTIVE RESPONSIBILITY

5.1 The Executive Leader shall determine the separate areas of responsibility to be allocated to individual Executive Members in accordance with the Council's constitution. The areas of responsibility of the Executive Members are outlined in the Executive Portfolios – Part 1: Chapter 16, Appendix 5 (annexe).

5.2 A decision of the Executive Leader under 5.1 above shall be made in accordance with the Council's procedures for the taking of decisions by individual members of the Executive and a written record provided.

#### 6. APPOINTMENTS OF SCRUTINY PANELS

6.1 The Council shall appoint Scrutiny Panels, as are provided for in the Council's Constitution, to undertake the functions of overview and scrutiny under sections 9F and 21 of the Local Government Act 2000 (Part 1: Chapter 7 of this Constitution).

6.2 Each Scrutiny Panel appointed under Standing Order 6.1 shall have such terms of reference and areas of responsibility as the Council approves from time to time in accordance with executive arrangements and the Constitution of the Council (Part 2: Chapter 3 of this Constitution).

6.3 The number of Members and Deputies appointed for each Scrutiny Panel, shall be decided by Council.

6.4 The Council shall appoint the Chairmen and Vice-Chairmen of each of the Scrutiny Panels it appoints under Standing Order 6.1.

6.5 The Council shall allocate seats on the Scrutiny Panels to Members in accordance with the political balance under Section 15 of the Local Government and Housing Act 1989

6.6 Seats allocated shall not last longer than the next Annual Council. This shall not prevent re-appointment to office.

#### 7. APPOINTMENTS OF OTHER COMMITTEES

7.1 The Council shall appoint such committees as it is required to appoint under statute and as it considers necessary to carry out its functions.

7.2 Each Committee appointed under Standing Order 7.1 shall have such terms of reference and areas of responsibility as the Council approves from time to time in accordance with executive arrangements and the Constitution of the Council (Part 2).

7.3 The number of Members and Deputies appointed for each Committee, shall be decided by

**Commented [HA3]:** Text simplified through this section.

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Council.

7.4 The Council shall appoint the Chairmen and Vice-Chairmen of each of the Committees it appoints under Standing Order 7.1

7.5 The Council shall allocate seats on the Committee to Members in accordance with the political balance under Section 15 of the Local Government and Housing Act 1989.

7.6 Seats allocated shall not last longer than the next Annual Council. This shall not prevent re-appointment to office.

8. **POLICY FRAMEWORK**

8.1 The Council must establish or confirm the plans and strategies that are to comprise the Council's overall policy framework within which the Executive shall operate during the coming year.

9. **OTHER BUSINESS**

9.1 The Council shall make appointments to outside bodies other than those appointments which are required by law to be made by the Executive.

9.2 Other business shall be conducted, where relevant, in accordance with Part 2 of these Standing Orders.

**Deleted:** shall have such number of members and standing deputies as the Council from time to time appoints, subject to any applicable statutory requirements. Subject to any statutory provision providing otherwise, no member of a committee may be appointed to hold office later than the next Annual Meeting. This shall not prevent re-appointment to office.

**Deleted:** <#>The Council shall appoint the Chairman and Vice-Chairman of each of the Committees it appoints under Standing Order 7.1.

¶ **ALLOCATION OF SEATS** ¶

¶ Whenever the Council is either required to review the allocation of seats on committees between political groups or the Council resolves to carry out such a review, the Council must determine the allocation of seats to political groups in a way which best meets the requirements of or other statutory provision.¶

**Deleted:** ¶ **ALLOCATION OF SEATS** ¶

¶ Whenever the Council is either required to review the allocation of seats on committees between political groups or the Council resolves to carry out such a review, the Council must determine the allocation of seats to political groups in a way which best meets the requirements of or other statutory provision.¶

## PART 2

### MEETINGS OF THE COUNCIL

#### 10. TIME OF MEETINGS

- 10.1 Meetings of the Council for the transaction of general business shall be held during each year on dates set by Council. Meetings shall be held at 6:00 p.m. unless the Mayor determines otherwise. [The annual budget setting Council meeting held in February will commence at 5pm.](#)
- 10.2 Any additional meeting called by the Mayor or by five Members of the Council under [paragraph 3 of Schedule 12 of the Local Government Act 1972](#) shall be on the date and at the time the Mayor decides.

#### 11. CHAIRMAN

- 11.1 The Mayor must act as Chairman of the Council and, if present, must preside at meetings of the Council.
- 11.2 If the Mayor is absent, the Deputy Mayor must act as Chairman and shall preside.
- 11.3 If both Mayor and Deputy Mayor are absent from a meeting of the Council, the Council must elect a Member to preside.

#### 12. QUORUM

- 12.1 A quorum of the Council is at least one third of [the whole number of members of the Council.](#)
- 12.2 If, after counting the number of members present during any meeting of the Council, the Mayor declares that there is not a quorum present, the meeting must stand adjourned.
- 12.3 The consideration of any business not transacted must be adjourned to a time fixed by the Mayor at the time the meeting is adjourned, or, if he/she does not fix a time, to the next ordinary meeting of the Council.

#### 13. ORDER OF BUSINESS

- 13.1 Except for variations allowed under Standing Order 13.2, the order of business at ordinary meetings of the Council shall be:
- (a) Prayers;
  - (b) To choose a person to preside in the absence of both the Mayor and Deputy Mayor;
  - (c) To approve as a correct record and sign the minutes of the last meeting of the Council;

- (d) To deal with any business expressly required by statute to be done;
- (e) Mayor's announcements;
- (f) Executive Leader's announcements;
- (g) Executive Members' announcements;
- (h) Declarations of Interest;
- (i) Presentation of Petitions;
- (j) Reception of Deputations;
- (k) To dispose of business (if any) remaining from the last meeting;
- (l) To receive, consider and answer questions on reports and recommendations of the Executive and of the Scrutiny Panels or other Committees of the Council and minutes of Committees of the Council;
- (m) To answer questions asked under Standing Order 16.2;
- (n) To consider motions in the order in which notice has been received; and
- (o) Other business, if any, specified in the summons.

#### **Variation of Order of Business**

13.2 The Order of Business may be varied: -

- (a) By the Mayor at his/her discretion.
- (b) By a resolution passed on a motion properly moved and seconded. Such a motion shall be moved and put without discussion.

#### 14. MOTION

##### **Notice of Motions**

14.1 Except for motions under Standing Order 15, written notice must be given of each motion to be moved at the meeting of the Council. Such written notice may be given by electronic means provided that S.O.15.2 is complied with as to signature.

14.2 Each notice must be signed by the member or members of the Council giving the notice unless sent electronically, in which case it must be sent from the lead member's Fareham Borough Council e-mail account.

14.3 Each notice must be delivered at least seven clear working days before the next meeting of the Council, to the office of the Chief Executive Officer. The Chief Executive Officer must

date each notice and number the notices in the order received. Motions shall be listed on the agenda in the order in which notice was received. The notices received must be retained and be open to the inspection of every member of the Council.

- 14.4 If notice is given of a motion which, in the opinion of the Chief Executive Officer is illegal, irregular, improper or repetitive (repeated within the last 6 months), it shall not be accepted. In the event of nonacceptance, the Chief Executive Officer shall immediately inform the member giving notice.

#### **Motions to be Set Out in Summons**

- 14.5 The summons for every meeting of the Council must have set out in it the properly notified motions, in the order in which they have been received.

#### **Motion Not Moved**

- 14.6 If a motion set out in the summons is not moved either by a member who gave notice of it or by another member on his/her behalf it must, unless postponed by consent of the Council, be treated as withdrawn and cannot be moved without fresh notice.

#### **Automatic Reference to the Executive, Committee or Scrutiny Panel**

- 14.7 If the subject matter of any properly notified motion comes within the terms of reference or functions of the Executive or of a committee of the Council it must, on being formally moved and seconded, stand referred without discussion to the Executive, the relevant Committee or relevant Scrutiny Panel. The Executive, Committee or relevant Scrutiny Panel to which the motion has been referred shall consider the motion and report back to the Council provided that, before considering a motion that has been referred to it, the Executive must consult the relevant Scrutiny Panel.

If the Mayor considers it appropriate, he/she may allow the motion to be dealt with at the meeting at which it is moved, and they shall inform the proposer accordingly before the meeting, unless the motion relates to an Executive function.

For the purposes of clarification, if a motion to Council falls under an Executive Function, the Council must not make a decision unless it would contravene the Policy framework or be outside or not fully in accordance with the approved budget (in which case the Executive has no power to make it).

**Deleted:** upon an Executive function, arising from a Motion to Council, may not be taken by the Council

#### **Scope of Motions**

- 14.8 Every motion must be directly relevant to some matter in relation to which the Council has powers or duties or which affects the economic, social or environmental well-being of the Borough of Fareham or any of its inhabitants. For the purposes of this Standing Order, Council shall be deemed to include the Executive.

#### **15. NOTICE NOT REQUIRED**

- 15.1 The following motions and amendments may be moved without notice:
- Appointment of a Chairman of the meeting.
  - Motions relating to the accuracy of the minutes.

- (c) That an item of business specified in the summons shall have precedence.
- (d) Reference to a committee or to the Executive.
- (e) Appointment of a committee or members thereof, prompted by an item mentioned in the summons to the meeting.
- (f) Receipt of reports and recommendations of the Executive, committees of the Council or officers and of minutes of Committees of the Council and any consequent resolutions.
- (g) That leave is given to withdraw a motion.
- (h) Extending the time limit for speeches.
- (i) Amendments to motions.
- (j) Motion to exclude the public under Section 100A(4) of the Local Government Act 1972.
- (k) Variation of order of business in accordance with Standing Order 13.2.
- (l) That a member named under **Standing Order 20** be not further heard or must leave the meeting.
- (m) Suspending Standing Orders, in accordance with **Standing Order 69**
- (n) Removing the confidentiality from any item on the Council agenda provided that the motion must refer to the confidential item by minute reference number only.
- (o) That the Council proceed to the next business.
- (p) That the question is now put.
- (q) That the debate is now adjourned.
- (r) That the Council now adjourn.

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## 16. QUESTIONS

- 16.1 A member of the Council may ask the Executive Leader, Executive Members or the Chairman of a committee of the Council any question on an item contained in the recommendations or reports of the Executive or of a committee or minutes of a committee when those reports, or recommendations or minutes, are under consideration by the Council.
- 16.2 A member of the Council may: -
- (a) If seven clear working days" notice in writing has been given to the Chief Executive Officer, ask the Mayor or the Executive Leader or the Chairman of any committee of the Council any question on any matter falling within their terms or reference in relation to which the Council has powers or duties or which directly affects the economic, social or environmental wellbeing of the Borough of Fareham or any of its inhabitants. For the purposes of this Standing Order, Council shall be deemed to include the Executive.
  - (b) With the permission of the Mayor, put to him/her or the Executive Leader or the Chairman of any committee of the Council, any question relating to urgent business falling within their terms of reference, of which notice has not been given; but a copy of any such question must, if possible, be delivered to the Chief Executive Officer not later than ten o'clock in the morning of the day of the meeting.
- 16.3 Every question must be put and answered without discussion, but the person to whom a question has been put may decline to answer. If the member asking a question considers

that the reply given requires further clarification, he/she may ask for a further reply. Otherwise no further question may be put except by permission of the Mayor.

- 16.4 An answer may take the form of:
- (a) a direct spoken answer, or
  - (b) where the desired information is contained in a publication of the Council, a reference to the publication; or
  - (c) a written answer.

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## 17. PREVIOUS MINUTES

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- 17.1 The Mayor must put the motion that the minutes of the meeting of the Council held on the.....day of.....be approved as a correct record.
- 17.2 No discussion shall take place on the minutes, except as to their accuracy, and any question of their accuracy must be raised by motion. If no such question is raised, or if it is raised then as soon as it has been disposed of, the Mayor must sign the minutes.
- 17.3 Where the next meeting is an extraordinary meeting of the Council called under paragraph 3 of Schedule 12 to the Local Government Act 1972, the next following meeting of the Council shall be treated as a suitable meeting for the purposes of signing the minutes (in accordance with Local Government Act 1972 Schedule 12 paragraph 41(1) and (2)).

## 18. RULES OF DEBATE FOR COUNCIL MEETINGS

### **Motions and Amendments**

- 18.1 A motion or amendment may not be discussed unless it has been proposed and seconded. Unless notice has already been given in accordance with Standing Order 15, it must, if required by the Mayor, be put into writing and handed to the Mayor before it is further discussed or put to the meeting.

### **Secunder's Speech**

- 18.2 If he/she then declares his/her intention to do so, a member seconding a motion or amendment may reserve his/her speech until the end of the debate.

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### **Only One Member to Stand at a Time**

- 18.3 When speaking, each member must stand and address the Mayor. If two or more members rise at the same time, the Mayor shall call on one to speak; the other or others must then sit. While a member is speaking, the other members shall remain seated, unless rising to a point of order or in personal explanation.

### Content and Length of Speeches

- 18.4 A member must direct his/her speech to the question under discussion or to a point of order or to a personal explanation. No speech may exceed five minutes except with the permission of the Council.

### When a Member May Speak Again

- 18.5 A member who has spoken on any motion may not speak again whilst it is the subject of debate, except:
- (a) To speak once on an amendment moved by another member;
  - (b) If the motion has been amended since he/she last spoke, to move a further amendment;
  - (c) If his/her first speech was on an amendment moved by another member, to speak on the main issue, whether or not the amendment on which he/she spoke was carried;
  - (d) In exercise of a right given by Standing Order 18.11 or 18.16;
  - (e) On a point of order; or
  - (f) By way of personal explanation.

### Amendments to Motions

- 18.6 An amendment must be relevant to the motion and must be either:
- (a) To refer a subject of debate to the Executive or to a committee of the Council for consideration or re-consideration;
  - (b) ~~Remove~~ words;
  - (c) ~~Replace words~~; or
  - (d) ~~Add~~ words.

**Deleted:** To leave out

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Any omissions, insertions or addition of words must not have effect of negating the motion before the Council.

- 18.7 Only one amendment may be moved and discussed at a time and no further amendment may be moved until the amendment under discussion has been disposed of.

However, the Mayor may permit two or more amendments to be discussed (but not voted on) together if circumstances suggest that this course would facilitate the proper conduct of the Council's business. The Mayor may postpone discussion of an amendment which in his/her view materially changes the meaning of the motion until in his/her opinion members who wish to speak on the motion as proposed have had the opportunity to do so.

18.8 If an amendment is lost, other amendments may be moved on the original motion. If an amendment is carried, the motion as amended shall take the place of the original motion and shall become the motion on which any further amendment may be moved.

#### **Alterations of ~~Motions~~**

18.9 With the consent of the Council signified without discussion, a member may:

(a) Alter a motion of which he/she has given notice, or

~~(b) Remove words;~~

~~(c) Replace words; or~~

~~(d) Add words.~~

#### **Withdrawal of Motion**

18.10 The mover may withdraw a motion or amendment with the consent of his/her seconder and of the Council. Consent, if given, must be signified without discussion. No member may speak on the motion or amendment after the mover has asked permission for its withdrawal, unless such permission has been refused.

#### **Right of Reply**

18.11 The proposer of a motion must have a right to reply at the close of the debate on a motion immediately before it is put to the vote.

A member exercising a right of reply shall not introduce a new matter.

If an amendment or reference back is moved, its proposer shall have a right of reply at the close of the debate on it, subject to the proposer of the original motion (who shall not otherwise speak on the amendment) having the final right of reply immediately before that amendment or reference back is put to the Council.

After reply by the proposer of the original motion, a decision shall be taken on that amendment without further discussion or questions asked.

18.12 The recommendations, reports or minutes of the Executive, the Scrutiny Panels or of a Committee of the Council shall be presented to the Council by the Executive Leader or the Chairman of the meeting concerned or, in his/her absence, by some other member of the Executive or of the committee who was present at that meeting. The Executive Leader, Chairman or other member shall move that the report or minutes be received, and that any recommendation be approved and adopted.

18.13 After a motion has been proposed under Standing Order 18.12, a recommendation shall be determined by the members present. The Mayor or person presiding at the meeting shall require that the matter subject to debate be debated and disposed of before proceeding to

**Commented [HA5]:** Wording amended to match section above for consistency.

**Deleted: <#>**With the further consent of his/her seconder, alter a motion which he/she has moved, if (in either case) the alteration is one which be made as an amendment to it.¶



the next motion except where otherwise agreed by the Council or where Standing Order 18.14 applies.

18.14 When the Council resolves that two or more motions or amendments shall be considered together, Standing Order No 19.11 shall apply so as to give to each proposer of any such motions or amendments the right of reply. The order specified in Standing Order 19.11 shall apply. The Mayor may direct as to the order in which the various motions and/or amendments are voted on.

18.15 When a motion is under debate, no other motion may be moved except the following:

- (a) To amend the motion;
- (b) That a member is not further heard;
- (c) By the Mayor under Standing Order 21.2 that a member must leave the meeting;
- (d) That the public be excluded under Section 100A (4) of the Local Government Act 1972;
- (e) That the subject of debate be referred (back) to the Executive or committee of the Council;
- (f) That the Council proceed to the next business;
- (g) That the question is now put;
- (h) That the debate is now adjourned;
- (i) That the Council now adjourns.

#### **Closure Motions**

18.16 At the conclusion of a speech of a member, another member may move without comment, "That the Council proceed to the next business," "That the question is now put", "That the debate is now adjourned," or "That the Council now adjourns," on the seconding of which the Mayor shall proceed as follows:

- (a) **On a motion to proceed to next business:** unless in his/her opinion the matter before the meeting has not been sufficiently discussed, he/she shall first give the mover of the original motion a right of reply, and then put to the vote the motion to proceed to next business;
- (b) **On a motion that the question is now put:** unless in his/her opinion the matter before the meeting has not been sufficiently discussed, he/she shall first put to the vote the motion that the question is now put. If the motion is passed the mover of the original motion shall have a right of reply under Standing Order 19.11 before putting his/her motion to the vote;

- (c) **On a motion to adjourn the debate (or the meeting):** if in his/her opinion the matter before the meeting has not been sufficiently discussed and cannot reasonably be sufficiently discussed on that occasion he/she shall put the adjournment motion to the vote without giving the mover of the motion his/her right of reply on that occasion.

#### Points of Order and Personal Explanation

- 18.17 A member may rise on a point of order or in personal explanation and shall be entitled to be heard immediately.

A point of order may relate only to an alleged breach of a Standing Order or statutory provision and the member shall specify the Standing Order or statutory provision and the way in which he/she considers it has been broken.

A personal explanation must be confined to:

- (a) some material part of a former speech by him/her which may appear to have been misunderstood in the present debate and must be in order to clarify his/her former speech or to correct such misunderstandings, or
- (b) the correction of facts which concern himself/herself contained in a speech of another member in the present debate.

- 18.18 The ruling of the Mayor on a point or order or on the admissibility of a personal explanation shall not be open to discussion.

#### Respect for Chairman

- 18.19 Whenever the Mayor rises during a debate, a member then standing must resume his/her seat and the Council shall be silent.

#### 19. MOTIONS AFFECTING PERSONS EMPLOYED BY THE COUNCIL

- 19.1 If any question on a motion arises at a meeting of the Council as to the appointment, promotion, dismissal, salary, superannuation or conditions of service, or as to the conduct of any person employed by the Council, such question may not be the subject of discussion until the Council has decided whether or not the power of exclusion of the public under section 100A(4) of the Local Government Act 1972 shall be exercised. This Standing Order applies also to the Executive or to a committee of the Council to which the Local Government Act 1972 applies by virtue of Sections 100A and 100E of that Act.

**Deleted:** <#>Questions as to the appointment, promotion, dismissal, salary, superannuation or conditions of service of any employee other than a Chief Officer, shall not be the subject of discussion at a meeting of the Council, the Executive, or a Committee or Sub-Committee of the Council other than the Appeals Committee.¶¶  
<#>¶¶

#### 20. RESCISSION OF PRECEDING RESOLUTION

- 20.1 No motion to rescind any resolution passed within the preceding six months and no motion or amendment to the same effect as one which has been rejected within the preceding six

**Commented [HA7]:** The order has been changed to this section to allow the topic of Motions to be in one place.

**Moved (insertion) [3]**

months, may be proposed unless:

- (a) a member gives notice as required by Standing Order 15; and
- (b) the notice has been signed by at least six other members.

## 21. MOTIONS ON EXPENDITURE

Moved (insertion) [1]

21.1 Any motion or recommendation which is not accompanied by a recommendation of the Executive and which if carried, would materially increase the expenditure on any service or reduce revenue or involve capital expenditure must, when proposed and seconded, be adjourned without discussion to the next ordinary meeting of the Council. The Executive and any committee of the Council affected by the motion must consider and report their view thereon.

## 22. VOTING

Moved (insertion) [2]

22.1 All questions coming or arising before the Council shall be determined by a majority of those members of the Council present and voting. If there is an equality of votes, the person presiding at the meeting shall have a second (or casting) vote.

22.2 Members shall vote:

- (a) By shows of hands; or
- (b) By the use of an electronic system of recording votes, as the Mayor shall determine on each occasion.

22.3 If any member so requests before the vote is taken, the voting on any question shall be by roll call and shall be recorded so as to show how each member present and voting gave his/her vote. The name of any member present and not voting must also be recorded.

22.4 If any member so requires immediately after a vote is taken at a meeting of the Council, there must be recorded in the minutes of the proceedings of that meeting whether that person cast his/her vote for the question or against the question or whether he/she abstained from voting.

## 23. VOTING ON APPOINTMENTS

23.1 Where there are more than two persons nominated for any position to be filled by the Council, and of the votes given there is not a majority in favour of one person, the name of the person having the least number of votes shall be struck off the list and a fresh vote shall be taken, and so on until a majority of votes is given in favour of one person.

## 24. DISORDERLY CONDUCT

### **Misconduct by a Member**

24.1 If, in the opinion of the Mayor notified to the Council, any member misconducts himself or herself by persistently disregarding the ruling of the Chairman or by behaving irregularly, improperly, or offensively, or by wilfully obstructing the business of the Council, the Mayor or any other member may move that the member named be not further heard. If seconded, the motion must be put and determined without discussion.

#### Continuing Misconduct by a Named Member

24.2 If the member named continues his/her misconduct after a motion under Standing Order 21.1 has been carried the Mayor shall either: -

- (a) move that the member named shall leave the meeting (in which case the motion shall be put and determined without seconding or discussion); or
- (b) adjourn the meeting of the Council for such period as he/she in his/her discretion considers expedient.

#### General Disturbance

24.3 In the event of general disturbance which in the opinion of the Mayor renders the due and orderly dispatch of business impossible, in addition to any other power vested in him/her, the Mayor may, without question put, adjourn the meeting of the Council for such period as he/she in his/her discretion considers expedient.

#### 25. DISTURBANCE BY MEMBERS OF THE PUBLIC

25.1 If a member of the public interrupts the proceedings at any meeting the Mayor shall warn him/her/them. If he/she/they continue(s) the interruption, the Mayor shall order his/her/their removal from the Council Chamber. In the case of general disturbance in any part of the Chamber open to the public, the Mayor shall order that part to be cleared and/or the meeting to be adjourned.

25.2 This Standing Order does not apply to a decision or recommendation of the Executive, a Scrutiny Panel or of a Committee of the Council.

25.3 Any motion to rescind a previous resolution of the Council that has been passed within the preceding six months may be dealt with by the Council at the meeting at which it is moved.

#### 26. DURATION OF COUNCIL MEETINGS

26.1 After a meeting has lasted three hours, the Mayor may direct that only unopposed or formal business shall be proceeded with and any remaining motions shall stand adjourned to a subsequent meeting.

#### 27. INTERESTS OF MEMBERS IN CONTRACTS AND OTHER MATTERS

#### Moved up [3]: <#>RESCISSION OF PRECEDING RESOLUTION¶

<#>¶  
<#>No motion to rescind any resolution passed within the preceding six months and no motion or amendment to the same effect as one which has been rejected within the preceding six months, may be proposed unless:¶  
<#>¶  
<#>a member gives notice as required by Standing Order 15; and¶  
<#>¶  
<#>the notice has been signed by at least six other members.¶

#### Moved up [2]: <#>VOTING¶

<#>¶  
<#>All questions coming or arising before the Council shall be determined by a majority of those members of the Council present and voting. If there is an equality of votes, the person presiding at the meeting shall have a second (or casting) vote.¶  
<#>¶  
<#>Members shall vote:¶  
<#>¶  
<#>By shows of hands; or¶  
<#>¶  
<#>By the use of an electronic system of recording votes, as the Mayor shall determine on each occasion.¶  
<#>If any member so requests before the vote is taken, the voting on any question shall be by roll call and shall be recorded so as to show how each member present and voting gave his/her vote. The name of any member present and not voting must also be recorded.¶  
<#>¶  
<#>If any member so requires immediately after a vote is taken at a meeting of the Council, there must be recorded in the minutes of the proceedings of that meeting whether that person cast his/her vote for the question or against the question or whether he/she abstained from voting.¶  
<#>¶

#### <#>VOTING ON APPOINTMENTS¶

<#>¶  
<#>Where there are more than two persons nominated for any position to be filled by the Council, and of the votes given there is not a majority in favour of one person, the name of the person having the least number of votes shall be struck off the list and a fresh vote shall be taken, and so on until a majority of votes is given in favour of one person.¶

#### Moved up [1]: <#>MOTIONS ON EXPENDITURE¶

<#>¶  
<#>Any motion or recommendation which is not accompanied by a recommendation of the Executive and which if carried, would materially increase the expenditure on any service or reduce revenue or involve capital expenditure must, when proposed and seconded, be adjourned without discussion to the next ordinary meeting of the Council. The Executive and any committee of the Council affected by the motion must consider and report their view thereon.¶

### **Disclosable Pecuniary Interests and Pecuniary Interests**

- 27.1 If any member of the Council has any disclosable pecuniary interest or a pecuniary interest within the meaning of the Council's Code of Conduct for Members in any contract, proposed contract, or other financial matter, that member must:
- (a) disclose the existence and nature of that interest in accordance with the Council's Code of Conduct for Members; and
  - (b) withdraw from the meeting while the contract, proposed contract, or other matter, is under consideration by the Council unless he/she has obtained a dispensation from the Monitoring Officer or can attend in accordance with paragraph 1.7 and/or 5.4 of the Code (i.e. making representations).

### **Non-pecuniary Interests**

- 27.2 If any member of the Council has a non-pecuniary interest, within the meaning of the [Council's Code of Conduct for Members](#), in any contract, proposed contract, or other matter, that member must disclose the existence and nature of that interest in accordance with the Council's Code of Conduct for Members.

### **General**

- 27.3 Any interest under the Council's Code of Conduct for Members must be declared at or as near as possible to the start of a meeting.
- 27.4 Reference in this Standing Order to the Council shall include the Executive, Scrutiny Panels, a Committee, Sub-Committee of the Council.
- 27.5 The agenda for each meeting of the Council, the Executive, Scrutiny Panels, a Committee or Sub-Committee, must include an item at the beginning allowing for members of the Council to declare interests on any matter(s) under consideration at that meeting.

### **28. BUDGET AND POLICY FRAMEWORK**

- 28.1 The Council will approve the Budget and Policy Framework in accordance with the Budget and Policy Framework Procedure Rules ([Part 3: Chapter 4 of the Constitution](#)).

## PART 3

### MEETINGS AND PROCEEDINGS OF THE EXECUTIVE

#### 29. STATUTORY REQUIREMENTS

- 29.1 All meetings and proceedings of the Executive shall be conducted in accordance with the [Local Authorities \(Executive Arrangements\) \(Access to Information\) \(England\) Regulations 2012](#) or any amendment or addition to those Regulations.

#### 30. AREAS OF RESPONSIBILITY

- 30.1 The areas of Executive Responsibility shall be as determined by the Executive Leader and recorded in accordance with Standing Order 5 above.

#### 31. DELEGATION BY THE EXECUTIVE LEADER

- 31.1 The Executive Leader may discharge any Executive function in accordance with [Section 9E Local Government Act 2000](#). The Executive Leader may choose to delegate any Executive function to:

- (a) the Executive;
- (b) an individual member of the Executive;
- (c) a committee of the Executive;
- (d) a sub-committee of the Executive; or
- (e) an officer of the Council.

- 31.2 Where the delegation takes place, this will be reflected in the Constitution and/or the terms of reference of the committee or the scheme of delegation, as appropriate. A decision of the Executive Leader under 32.1 above shall be made in accordance with the Council's procedures for the taking of decisions by individual members of the Executive and a written record provided.

- 31.3 Such written record shall include:

- (a) the extent of the authority delegated, including any limitation whether as to time or otherwise; and
- (b) the name of the committee or Executive Member, or the title of the officer to whom the delegation is made.

## 32. CONDUCT OF EXECUTIVE MEETINGS

### Meeting

32.1 The Executive shall meet no less than six times a year. The Executive shall meet on such dates and at such times and at such location to be agreed by the Executive Leader.

**Deleted:** (Note: see also paragraph 6.4 of Part1: Chapter 6 of the Council's Constitution).

32.2 The quorum for a meeting of the Executive, or a committee of the Executive, shall be at least one third of the Members. In no case shall the quorum be less than three.

**Commented [HA8]:** Text has been added to allow consistency and clarity across all meetings with regards to quorum.

32.3 If the Executive Leader is present at a meeting of the Executive, he/she shall preside. In his/her absence, the Deputy Leader (if appointed) shall preside, and in the absence of the Deputy Leader, a person appointed to do so by those present shall preside.

32.4 At a meeting of a committee of the Executive, those present shall appoint a person to preside.

### Business to be conducted

32.5 At each meeting of the Executive the following business shall be transacted:

(a) apologies for absence;

(b) Executive appointments;

**Commented [HA9]:** Following advice from the Legal Team this has been added to the Executive agenda to allow any changes to the Executive to be Minuted.

(c) consideration of minutes of the last meeting;

(d) Executive Leader's announcements;

(e) declarations of interest;

(f) petitions;

(g) deputations;

(h) matters referred to the Executive (whether by a Scrutiny Panel or by the Council) for consideration by the Executive;

(i) matters set out in the agenda for the meeting and which shall indicate which are key decisions and which are not;

(j) consideration of reports from the Scrutiny Panels; and

(k) other business, if any, specified in the summons.

32.6 All reports to the Executive from any member of the Executive or an officer on proposals relating to the budget and policy framework must contain details of the consultation

undertaken, including that with the relevant Scrutiny Panel, and the outcome of consultation as appropriate.

32.7 Any Non-Executive Member may request to speak at a meeting of the Executive giving notice to the Executive Leader at least one clear working day before the Executive meeting in which they wish to speak.

32.8 Any Executive member may require that an item be placed on the agenda of the next available meeting of the Executive for consideration.

32.9 There shall be a standing item on the agenda of each meeting of the Executive for matters referred by a Scrutiny Panel. The Chairman or Vice-Chairman of any Scrutiny Panel shall be entitled to attend and speak at a meeting of the Executive when a recommendation or report of that Panel is being considered.

32.10 Any member of the Council may ask the Executive Leader to put an item on the agenda of an Executive meeting for consideration and, if the Executive Leader agrees, the item shall be considered at an appropriate meeting of the Executive.  
The member asking for the item to be considered shall be invited to attend and speak at the meeting, whether or not it is a public meeting.

32.11 The Head of Paid Service, Monitoring Officer and/or the Chief Financial Officer may include an item for consideration on the agenda of an Executive meeting and may require such a meeting to be called in pursuance of their statutory duties.

32.12 **Notwithstanding** the provisions of this section 33, no matter may be placed on the agenda for an Executive decision or **Executive** meeting unless it has complied with the requirements of the Constitution in relation to the [Access to Information Procedure Rules](#) (Part 3, Chapter 1), the [Executive Procedure Rules](#) (Constitution Part 3, Chapter 2), [Notice of Key Decisions and Key Decisions](#) (Constitution Part 3, Chapter 3), [Decision making by individual members of the Executive and key decisions by Officers](#) (Constitution Part 3, Chapter 5) or [Urgent Decisions Outside the Policy Framework and / or Budget](#) (Constitution Part 3, Chapter 6) and the provisions of the Local Authorities (Executive Arrangements) (Meetings & Access to Information) Regulations 2012.

**Commented [HA10]:** Text has been added to this paragraph to add clarification and links will be added to the final document to assist users.

32.13 Items of business containing exempt or confidential information within the meaning of the Local Authorities (Executive Arrangements) (Meetings & Access to Information) Regulations 2012 may only be added to the agenda following a period of 28 days' notice of the item containing exempt or confidential material.

32.14 Urgent business may only be transacted having complied with [Regulations 10 \(General Exception\)](#) or [Regulation 11 \(Urgency\)](#) of the Local Authorities (Executive Arrangements) (Meetings & Access to Information) Regulations 2012. Regulation 10 requires notice to have been given to the Chairman of the relevant Scrutiny Panel, or in his/her absence, every member of the relevant Scrutiny Panel at least 5 clear days prior to the date of the decision /decision meeting. Regulation 11 ([for which there is no required notice period](#)) requires the written consent to the matter being urgent ([less than 5 clear working days](#)) having been



obtained from the Chairman of the relevant Scrutiny Panel, or in ~~their~~ absence, the Chairman of the Authority, or in both of their absence, the Vice Chairman of the Authority.

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#### **Confidentiality of Proceedings**

- 32.15 The provisions of Standing Order 39, relating to confidentiality of proceedings, shall apply to proceedings of the Executive.

#### **Right to Attend Meetings**

- 32.16 In addition to the rights of members to attend meetings under the Regulations referred to at Standing Order 30, Standing Order 37 and Standing Order 47 (Right for Mover of Motion to Attend Meeting) shall apply to meetings of the Executive when a motion has been referred by Council.

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## PART 4 SCRUTINY PANELS

### 33. GENERAL PROCEDURE

33.1 In these Standing Orders the term 'Panel' refers to Scrutiny Panels appointed by the Council under Standing Order ??.

33.2 The provisions of Standing Orders 33 to ?? shall apply to meetings of all Panels of the Council.

33.3 Each Scrutiny Panel is scheduled to meet four times per municipal year, with additional meetings created if necessary or a meeting being cancelled for lack of business with the consent of the Chairman.

33.4 The Scrutiny Panels shall consider the following business at every meeting: -

(a) minutes of the last meeting;

(b) chairman's announcements;

(c) declarations of interest;

(d) deputations;

(e) Executive Business;

### 34. TERMS OF REFERENCE

34.1 Each Panel of the Council shall exercise such functions, duties and powers as are allocated or required by statute.

34.2 Each Panel of the Council shall, in addition, have the terms of reference and delegated powers that the Council approves for it from time to time.

### 35. CHAIRMAN OF COMMITTEE

35.1 In the absence from a meeting of the Chairman and Vice-Chairman, a Chairman for that meeting may be appointed from those members of the Panel present and voting.

### 36. RIGHT TO ATTEND MEETINGS

36.1 The Mayor and the Executive Leader shall ex officio have the right to attend and speak at meetings of all Panels of which he or she is not otherwise a voting member.

36.2 Each elected member of the Council has a right to attend any meeting of any Panel of the Council, and in doing has the right to take part in discussions held in the Panel meeting with direct invitation of the Chairman of that Panel. **Standing Orders 28 (Interests)** and **39 (Confidentiality)** shall apply to such visiting members.

36.3 Members who are co-opted for the consideration of specific business or for a specified period only, such appointment being less than a full municipal year, shall not be entitled to receive copies of reports relating to other business of the Scrutiny Panel containing information which is exempt.

### 37. STANDING DEPUTIES

37.1 When making or terminating appointments of voting members to Panels under Standing Order **6 and 7** or to other bodies of the Council under Standing Order **43**, each appointing body shall also make or terminate the appointment of such deputies as nominated by political groups.

37.2 Each political group may nominate one member to act as deputy for that group for each Panel.

37.3 In the absence from a meeting of a voting member holding a seat allocated to a political group on a Panel, a deputy appointed under this Standing Order may act as his/her substitute and shall be entitled to attend, speak and vote at the meeting.

37.4 A deputy attending at a meeting under Standing Order **38.3** must, before the start of the meeting, advise the Chairman or cause the Chairman to be advised of the member for whom he/she is deputising.

37.5 Where a person for whom a member is deputising is appointed Chairman or Vice-Chairman of the Panel, the deputy shall not be entitled to act in that capacity.

37.6 In the case that a deputy appointed to, present at, and participating in a meeting and the voting member for whom he/she is deputising subsequently also attends, the voting member may not take the place of the deputy. The Chairman of the meeting may invite that member to speak on such items of business as the Chairman considers reasonable. However, that member shall not be entitled to vote.

37.7 If a voting member of a Panel is present at and participating in a meeting, a deputy may not be appointed to subsequently take his/her place.

37.8 If a meeting at which either a deputy or a voting member has participated is adjourned until a later date, then notwithstanding Standing Orders **38.6 and 38.7**, the deputy or voting member may take the place of the other at the resumed meeting provided that such substitution may take place only at the beginning of the resumed meeting.

### 38. CONFIDENTIALITY OF PROCEEDINGS

38.1 Where the public have been excluded from a meeting under any paragraph of Part 1 of

Schedule 12A of the Local Government Act 1972, no member of the Council or of a Panel (whether elected or co-opted) may disclose (except to another member of the Council) a matter dealt with by or to be brought before the a Panel, without the permission of the Council.

38.2 Minutes, reports and documents containing exempt or confidential information and marked as such must be treated as confidential until the member is informed otherwise by the Council. Discussions which have taken place on and verbal reports of officers on exempt or confidential matters must not be disclosed except as specifically approved by the Council.

#### 39. LIMITATION ON EXERCISE OF DELEGATED POWERS

39.1 The exercise by any Panel of the Council, members or officers of the Council of any of the powers and duties from time to time delegated to them are subject to the following limitations and conditions:

(a) Nothing may be done in pursuance of purported exercise of any such powers and duties which would or might involve any commitment on the part of the Council to capital expenditure required to be financed by way of loan or any other expenditure for which no provision has been made in the approved annual estimates or which would be in excess of any amount so provided.

(b) In dealing with any matter under delegated powers, effect must be given to any resolution passed by the Council specifically relating thereto and any other general instructions or directions of the Council (or of the Executive or any committee of the Council in the case of powers delegated to an officer) as to the principles to be observed or the policy to be followed in regard to matters of that kind.

(c) A Panel of the Council may not deal with any matter under delegated powers where at least one quarter of the membership of the Panel present at the Panel meeting requests that a recommendation on the matter be submitted to the Council.

#### 40. URGENT BUSINESS

40.1 Urgent business arising at a time when it is not expedient to await the next scheduled meeting of the relevant Panel shall be dealt with at an extra meeting scheduled as the proper Officer in consultation with the Chairman may decide.

#### 41. ADDITIONAL MEETINGS

41.1 The proper Officer in consultation with Chairman of a Panel may call an additional meeting of the Panel at any time. Additional meetings will be transacted in the same way as a scheduled meeting. Call-in meetings will follow a separate procedure as set out at Standing Order [??]

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42. QUORUM OF SCRUTINY PANELS

42.1 Except where authorised by a statute or ordered by the Council, business may not be transacted at a meeting of any Panel unless at least one third of the whole number of the Panel is present. In no case shall less than three members comprise the quorum of a Panel.

43. VOTING IN PANELS

43.1 All questions coming or arising before a meeting of a Panel of the Council, shall be determined by a majority of those members present and voting.

In the case of an equality of votes, the person presiding at the meeting shall have a second (or casting) vote.

43.2 The mode of voting at meetings of a Panel shall be by show of hands.

43.3 If, immediately after a vote is taken at a meeting of a Panel, any member of that body requires it, there must be recorded in the minutes of the proceedings of that meeting whether that person cast his/her vote for the question or against the question or whether he/she abstained from voting.

44. STANDING ORDERS TO APPLY TO SCRUTINY PANELS

44.1 The Standing Orders of the Council (except those parts which relate to standing and to speaking more than once), with any necessary modification, apply to meetings of Panels of the Council.

44.2 Minutes of Panels shall be signed, where possible, at the next following meeting or other suitable meeting as appropriate.

45. MOVER OF MOTION MAY ATTEND COMMITTEE, [Scrutiny Panel](#) OR SUB-COMMITTEE

45.1 A member of the Council who has moved a motion that has been referred to any committee, [scrutiny panel](#) or sub-committee must have notice of the meeting of the committee or sub-committee at which it is proposed to consider the motion. He/she has a right to attend the meeting and if he/she attends must have an opportunity of explaining the motion.

46. [SCRUTINY PANEL MEETING CONVENED UNDER CALL-IN](#)

46.1 [A Scrutiny Panel meeting convened under the rules of call-in shall be called a Special Scrutiny Panel meeting.](#)

46.2 The [Special](#) Scrutiny Panels shall consider the following business at [a call-in](#) meeting: -

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- (a) minutes of the last meeting;
- (b) chairman's announcements
- (c) declarations of interest;
- (d) deputations
- (e) Call-in of XXXX decision XXXXX.

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#### 47. ATTENDANCE BY OTHERS

- 47.1 In scrutinising or reviewing decisions made or action taken in connection with the discharge of any function of the Council, the relevant Scrutiny Panel may require any Executive Member (including the Executive Leader) and/or any senior officer to attend before it to explain in relation to matters with their remit:
- (a) any particular decision or series of decisions;
  - (b) the extent to which the actions taken implement Council policy; and/or
  - (c) their performance and it is the duty of those persons to attend if so required.
- 47.2 Where any member or officer is required to attend a Scrutiny Panel under Standing Order 48.1, the Chairman of the relevant Scrutiny Panel shall inform the Chief Executive Officer. The Chief Executive Officer shall inform the member or officer in writing giving at least five working days' notice of the meeting at which he/she is required to attend. The notice shall state the nature of the item on which attendance is required and whether any papers are required to be produced for the relevant Scrutiny Panel. Where the account to be given to the relevant Scrutiny Panel shall require the production of a report, then the member or officer shall be given sufficient notice to allow for preparation of that documentation.
- 47.3 Where, in exceptional circumstances (unless a statutory notice of attendance has been secured), the member or officer is unable to attend on the required date, then the relevant Scrutiny Panel shall in consultation with the member or officer concerned arrange an alternative date for attendance.
- 47.4 Any Scrutiny Panel may invite people other than those referred to in Standing Orders 53.1 and 53.2 to address it, discuss issues of local concern, and/or and answer questions.

**PART 5**

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**COMMITTEES AND SUB-COMMITTEES**

**48. GENERAL PROCEDURE**

**48.1** The provisions of Standing Orders 34 to 55 shall apply to meetings of all Committees and Sub-Committees of the Council.

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In these Standing Orders, the term "Committee" also includes the Scrutiny Panels appointed by the Council under Standing Order 6.¶

**48.2** Each Committees and Sub-Committees is scheduled to meet a set number of times per municipal year, as set annually by Council. Additional meetings may be created if necessary or a meeting being cancelled for lack of business with the consent of Council.

**48.3** The Committee and Sub-Committees shall consider the following business at every meeting: -

(a) minutes of the last meeting;

(b) chairman's announcements;

(c) declarations of interest;

(d) deputations;

**49. TERMS OF REFERENCE**

**49.1** Each Committee of the Council shall exercise such functions, duties and powers as are allocated or required by statute.

**49.2** Each Committee of the Council shall, in addition, have the terms of reference and delegated powers that the Council approves for it from time to time.

**50. CHAIRMAN OF COMMITTEE**

**50.1** In the absence from a meeting of the Chairman and Vice-Chairman, a Chairman for that meeting may be appointed from those members of the committee present and voting.

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**51. RIGHT TO ATTEND MEETINGS**

**51.1** The Mayor and the Executive Leader shall ex officio have the right to attend and speak at meetings of all committees of which he or she is not otherwise a voting member.

**51.2** Each elected member of the Council has a right to attend any meeting of a committee of the Council or any sub-committee thereof, provided that he or she takes no part whatever in the discussions held in the committee or sub-committee except by direct invitation of the Chairman of that committee or sub-committee. Standing Orders 28 (Interests) and 39

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(Confidentiality) shall apply to such visiting members.

- 51.3 The Chairman and Vice-Chairman of a committee of the Council ex officio have the right to attend and speak at meetings of every sub-committee appointed by that committee, if the said Chairman or Vice-Chairman is not otherwise appointed as a voting member.

## 52. STANDING DEPUTIES

- 52.1 When making or terminating appointments of voting members to committees under Standing Order 6 and 7 or to other bodies of the Council under Standing Order 43, each appointing body shall also make or terminate the appointment of such deputies as nominated by political groups.
- 52.2 Each political group may nominate one member to act as deputy for that group for each committee or other body of the Council, with the exception of the Planning Committee, to which each group may appoint two deputy members.
- 52.3 In the absence from a meeting of a voting member holding a seat allocated to a political group on a committee or other body of the Council, a deputy appointed under this Standing Order may act as his/her substitute and shall be entitled to attend, speak and vote at the meeting.
- 52.4 A deputy attending at a meeting under Standing Order 38.3 must, before the start of the meeting, advise the Chairman or cause the Chairman to be advised of the member for whom he/she is deputising.
- 52.5 Where a person for whom a member is deputising is appointed Chairman or Vice-Chairman of the committee or body concerned, the deputy shall not be entitled to act in that capacity.
- 52.6 In the case that a deputy appointed to and is present at and participating in a meeting and the voting member for whom he/she is deputising subsequently also attends, the voting member may not take the place of the deputy. The Chairman of the meeting may invite that member to speak on such items of business as the Chairman considers reasonable. However, that member shall not be entitled to vote.
- 52.7 If a voting member of a committee or other body is present at and participating in a meeting, a deputy may not be appointed to subsequently take his/her place.
- 52.8 If a meeting at which either a deputy or a voting member has participated is adjourned until a later date, then notwithstanding Standing Orders 38.6 and 38.7, the deputy or voting member may take the place of the other at the resumed meeting provided that such substitution may take place only at the beginning of the resumed meeting.

## 53. CONFIDENTIALITY OF PROCEEDINGS

- 53.1 Where the public have been excluded from a meeting under any paragraph of Part 1 of

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¶  
¶  
Members of Scrutiny Panels who are co-opted for the consideration of specific business or for a specified period only, such appointment being less than a full municipal year, shall not be entitled to receive copies of reports relating to other business of the Scrutiny Panel containing information which is exempt.¶



Schedule 12A of the Local Government Act 1972, no member of the Council or of a Committee or Sub-Committee (whether elected or co-opted) may disclose (except to another member of the Council) a matter dealt with by or to be brought before the Council, committee or sub-committee, without the permission of the Council or that committee or sub-committee.

53.2 Minutes, reports and documents containing exempt or confidential information and marked as such must be treated as confidential until the member is informed otherwise by the Council. Discussions which have taken place on and verbal reports of officers on exempt or confidential matters must not be disclosed except as specifically approved by the Council.

#### 54. LIMITATION ON EXERCISE OF DELEGATED POWERS

54.1 The exercise by any committee of the Council, members or officers of the Council of any of the powers and duties from time to time delegated to them are subject to the following limitations and conditions:

- (a) Nothing may be done in pursuance of purported exercise of any such powers and duties which would or might involve any commitment on the part of the Council to capital expenditure required to be financed by way of loan or any other expenditure for which no provision has been made in the approved annual estimates or which would be in excess of any amount so provided.
- (b) In dealing with any matter under delegated powers, effect must be given to any resolution passed by the Council specifically relating thereto and any other general instructions or directions of the Council (or of the Executive or any committee of the Council in the case of powers delegated to an officer) as to the principles to be observed or the policy to be followed in regard to matters of that kind.
- (c) A committee of the Council may not deal with any matter under delegated powers where at least one quarter of the membership of the committee present at the committee meeting requests that a recommendation on the matter be submitted to the Council.
- (d) A sub-committee of the Council may not deal with any matter under delegated powers where at least one quarter of the membership of the subcommittee present at the sub-committee meeting requests that a recommendation on the matter be submitted to the appropriate parent committee.
- (e) Notwithstanding (c) and (d) of this Standing Order, except where required by law, applications for planning permission shall not be considered at a meeting of the full Council but shall be determined by the appropriate Committee of the Council or Sub-Committee.

#### 55. URGENT BUSINESS

55.1 Urgent business arising at a time when it is not expedient to await the next scheduled meeting of the relevant committee of the Council shall be dealt with at a special meeting of

that committee.

## 56. SPECIAL MEETINGS OF COMMITTEE

- 56.1 The proper officer in consultation with the Chairman of a committee may call a special meeting of the committee at any time. A special meeting must also be called on the requisition of at least four members of the committee, delivered in writing to the Chief Executive Officer. The agenda for the special meeting must set out the business to be considered, and no business other than set out in the agenda may be considered at that meeting.

## 57. SUB-COMMITTEES

- 57.1 Every committee appointed by the Council may appoint sub-committees for such specified purposes as they think fit and may make arrangements for such subcommittees to discharge any of the functions of the authority which the committee may discharge.
- 57.2 The number of members and standing deputies to serve on a sub-committee shall be as determined by the relevant committee from time to time, but a sub- committee must have at least three members.
- 57.3 Whenever a committee is required to review the allocation of seats on a subcommittee between political groups or a committee resolves to carry out such a review, the committee must determine the allocation of seats to political groups in a way which may best meets the requirements of Section 15 of the Local Government and Housing Act 1989 or other statutory provision.

## 58. QUORUM OF COMMITTEES AND SUB-COMMITTEES

- 58.1 ~~Except~~ where authorised by a statute or ordered by the Council, business may not be transacted at a meeting of any committee unless at least one third of the whole number of the committee is present. In no case shall less than three members comprise the quorum of a committee.

**Commented [HA15]:** Wording simplified.

## 59. VOTING IN COMMITTEES AND SUB-COMMITTEES

- 59.1 All questions coming or arising before a meeting of a committee of the Council, a sub-committee, a relevant joint committee or sub-committee of such a committee shall be determined by a majority of those members present and voting.

In the case of an equality of votes, the person presiding at the meeting shall have a second (or casting) vote.

- 59.2 The mode of voting at meetings of a committee, a sub-committee, a relevant joint committee or sub-committee of such a committee, shall be by show of hands.

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Subject to Standing Order 44.3 below, except where authorised by statute or otherwise ordered by the committee that has appointed it, business may not be transacted at a sub- committee unless at least one quarter of the whole number of the sub-committee is present.¶  
¶  
Subject to Standing Order 44.3 below, in no case shall less than three members comprise the quorum of a sub-committee.¶  
¶  
Notwithstanding Standing Order 44.2 above, where a sub-committee comprises only three members as provided in Standing Order 43.2 above, two members shall comprise a quorum of that sub-committee.¶

59.3 If, immediately after a vote is taken at a meeting of a committee or sub-committee or a relevant joint committee or sub-committee of such a committee, any member of that body requires it, there must be recorded in the minutes of the proceedings of that meeting whether that person cast his/her vote for the question or against the question or whether he/she abstained from voting.

60. **STANDING ORDERS TO APPLY TO COMMITTEES AND SUB-COMMITTEES**

60.1 The Standing Orders of the Council (except those parts which relate to standing and to speaking more than once), with any necessary modification, apply to meetings of committees of the Council.

60.2 Minutes of committees or sub-committees shall be signed, where possible, at the next following meeting or other suitable meeting as appropriate.

61. **MOVER OF MOTION MAY ATTEND COMMITTEE OR SUB-COMMITTEE**

61.1 A member of the Council who has moved a motion that has been referred to any committee or sub-committee must have notice of the meeting of the committee or sub-committee at which it is proposed to consider the motion. He/she has a right to attend the meeting and if he/she attends must have an opportunity of explaining the motion.

62. **SUBMISSION OF ESTIMATES**

62.1 Every committee of the Council having power to incur expenditure paid for by local taxation must submit to the Executive not later than the first day of February an estimate, in a form approved by the Council of the proposed expenditure to be recommended by such committee for the ensuing year.

62.2 In the event of the Executive referring estimates back to a committee that committee shall consider such reference and submit revised estimates or observations by the first day of March.

62.3 A Committee shall, before incurring any expenditure not included in approved estimates, submit to the Executive a supplementary estimate accompanied by a detailed statement in support of the expenditure.

## PART 6

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### GENERAL MATTERS AND EFFECT OF STANDING ORDERS

#### 63. ALLEGATIONS OF MISCONDUCT

- 63.1 Where there is an allegation of misconduct or conduct which amounts to breach of the Council's Code of Conduct for Members, by a member of the Council, such allegation must be dealt with in accordance with procedures approved by the Audit and Governance Committee.

Deleted: misconduct, or

#### 64. DEPUTATIONS

- 56.2 Deputations shall be heard by Council, a meeting of the Executive, a Committee of the Council or a Scrutiny Panel as appropriate in accordance with such scheme(s) as the Council may from time to time approve.

#### 65. PETITIONS

Commented [HA16]: With the addition of a Petition Scheme this section covers the regulations.

- 65.1 A petition is a communication submitted to the Council signed by people who live, work or study in the Borough on a topic which relates to a function of the Council.

- 65.2 All petitions received will be formally acknowledged by the Council.

- 65.3 Any petition received which, in the opinion of the Head of Democratic Services is illegal, irregular or improper it shall not be dealt with under the Council's Petition Scheme. In the event of nonacceptance, the lead petitioner will be notified within 10 working days.

#### 66. INTERESTS OF OFFICERS IN CONTRACTS

- 66.1 The Chief Executive Officer must record particulars of any notice given by an officer of the Council under Section 117 of the Local Government Act, 1972 of a disclosable pecuniary interest in a contract and the record must be open during office hours to inspection.

#### 67. INSPECTION OF DOCUMENTS BY MEMBERS

##### General

- 67.1 For the purpose of his/her duty as a member of the Council or as a member of a committee or sub-committee:
- (a) A member may inspect any document which is in the possession of, or under the control of the Council, which contains material relating to any business to be transacted at a meeting of a committee or sub-committee to which the Local Government Act 1972

applies. However, the right does not apply if the appropriate proper officer is of the opinion that a document discloses certain classes of exempt information described in Paragraphs 1-6, 9, 11, 12 and 14 of Part 1 of Schedule 12A to that Act or is prohibited from disclosure by virtue of the Data Protection Act [2018, the General Data Protection Act or other data protection legislation](#).

Deleted: 1998

- (b) A member may have access to documents in the possession of the Council:
- i which relate to the work of the committee or sub-committee on which that member serves;
  - ii which relate to the work of a committee or sub-committee on which he/she does not serve if the member can show good reason;
  - iii a member who is denied access to documents by a chief officer may refer the matter to the Chief Executive Officer who may consult the Mayor. In the event of continued dispute, the matter shall be determined by the committee concerned having regard to any relevant legal advice that may, in the opinion of the Chief Executive Officer, be required to be brought to the attention of the committee.
  - iv a chief officer shall so far as is practicable and lawful, supply on request a copy of any document asked for by a member of the Council.

### The Executive

- 67.2 Members shall have, as a minimum, all of the rights of inspection to documents of the Executive, as are provided by the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2012 or any supplementary or amending legislation.
- 67.3 Further to the provisions in Standing Order 58.2, any member may inspect and be provided with a copy of any document that is in the possession of, or under the control of, the Executive which:
- (a) contains material relating to any business to be transacted at a public meeting of the Executive,
  - (b) contains material which relates to a key decision made by an officer in accordance with executive arrangements.
- 67.4 The rights referred to in Standing Order 58.3(a) shall include material relating to exempt information except where the appropriate proper officer is of the opinion that a document discloses exempt information as described in paragraphs 1- 6,9,11, 12 and 14 of Part I of Schedule 12A to the Local Government Act 1972, is prohibited from disclosure under the Data Protection Act [2018](#) or if the Chief Executive Officer is of the opinion that there would be a disclosure of advice provided by a political assistant or adviser.

Deleted: 1998

**Legal Privilege**

67.5 Standing Orders 58.1 and 58.3 shall not preclude the Solicitor to the Council from declining to allow inspection of any document which is or, in the event of legal proceedings would be, protected by privilege arising from the relationship of Solicitor and Client.

68. RECORDING OF PROCEEDINGS BY THE MEDIA

- 68.1 Audio and visual recordings of a meeting of the Council, the Executive, Committees, Panels and other Council bodies by a recognised media organisation shall normally be permitted following receipt of a request by the Mayor or Chairman of the relevant meeting. The Mayor or Chairman of the meeting shall advise members that the meeting is being recorded. A request to record a meeting shall only be refused if the Mayor or Chairman of the meeting believes recording would disrupt the meeting and following a motion to refuse a recording request being passed by a two-thirds majority of those members present and voting at the meeting or which otherwise would breach the Data Protection Act 2018, the General Data Protection Regulations or other data protection legislation.

69. INSPECTION OF LAND, PREMISES, ETC

- 69.1 Unless specifically authorised to do so by the Council, the Executive or a committee of the Council, a member of the Council may not issue any order in respect of any works which are being carried out by or on behalf of the Council. He/she may not claim by virtue of his/her membership of the Council any right to inspect or to enter on any lands or premises that the Council has the power or duty to inspect or enter.

70. FINANCIAL REGULATIONS, ETC

- 70.1 The Executive, the Scrutiny Panels, Committees, Members and Officers of the Council must observe such Financial Regulations and Standing Orders with Respect to Contracts as are from time to time prescribed by the Council (Part 4: Ch 3 of the Constitution).

71. VARIATIONS AND REVOCATIONS OF STANDING ORDERS

- 71.1 Unless it has been considered by the Audit and Governance Committee (or such other committee or sub-committee with powers delegated to it in this respect) no resolution may be passed by Council which has the effect of adding to varying or revoking these Standing Orders.

- 71.2 No Standing Order made or modified in pursuance of the Local Authorities (Standing Orders) Regulations 1993 or such other statutory provision shall be varied other than authorised by statute.

72. STANDING ORDERS TO BE GIVEN TO MEMBERS

- 72.1 The Chief Executive Officer must provide each member of the Council with a copy of these Standing Orders, and of such statutory code or local code as regulates the proceedings and business of the Council.

73. EACH MEMBER TO GIVE AN ADDRESS FOR NOTICES

73.1 Every member of the Council must give to the Chief Executive Officer an address to which all notices to that member are to be forwarded until he/she gives another address. Notices sent to the address so given shall be deemed valid and sufficient for all purposes.

74. INTERPRETATION OF STANDING ORDERS

74.1 The ruling of the Mayor as to the construction or application of any of these Standing Orders, or as to any proceedings of the Council, may not be challenged at any meeting of the Council.

Removed

**Commented [HA17]:** This is covered in Part One – Chapter 15.

**Deleted: SUSPENSION OF STANDING ORDERS¶**

¶ Subject to Standing Order 66.2 of this Standing Order, any of the preceding Standing Orders may be suspended so far as regards any business at the meeting where its suspension is moved.¶

¶ A motion to suspend Standing Orders may not be moved without notice (i.e. under Standing Order 16) unless at least one-half of the whole number of the members of the Council are present.¶



## APPENDIX ONE

### SCHEME FOR DEPUTATIONS TO COUNCIL, EXECUTIVE, SCRUTINY ~~PANEL, COMMITTEE AND SUB-COMMITTEE MEETINGS (other than Planning Committee)~~

Deleted: BOARD

Deleted: POLICY DEVELOPMENT AND  
REVIEW PANEL,

Deleted: ¶

1. Notice of a proposed Deputation, which shall be given in writing, shall be lodged with the Head of Democratic Services no later than by noon two working days before the day of the meeting and:
  - (a) in the case of a meeting of the full Council, shall be addressed to the Mayor
  - (b) in the case of a meeting of the Executive, shall be addressed to the Executive Leader
  - (c) in the case of a Scrutiny Panel, Committee or Sub-Committee of the Council, shall be addressed to the chairman of the relevant Panel, Committee or Sub-Committee.
2. A notice shall give brief details of the subject on which a Deputation wishes to be heard.
3. A Deputation to the Executive or a Committee, shall be entitled to address the meeting only on a matter which forms the subject of an item for discussion on the agenda for that meeting.
4. A Deputation to a meeting of the full Council shall be entitled only to address members on matters concerning functions and powers of the Council.
5. A Deputation to a Scrutiny Panel shall be entitled only to address Members on matters concerning functions and powers of the relevant Panel.
6. If notice of a Deputation is received which, in the opinion of the Head of Democratic Services is illegal, irregular or improper it shall not be accepted. In the event of nonacceptance, the Head of Democratic Services shall notify the Deputee.
7. Deputations shall be received only from persons/organisations who are currently living, working or studying in the Borough
8. Councillors may not make deputations under this scheme.
9. With the consent of the Mayor, Executive Leader or Chairman, as appropriate, a Deputation may be presented by one person to speak on his, her or its behalf.
10. Subject to the other provisions of this scheme Deputations may be in writing or submitted electronically.
11. Notwithstanding the time limits for Deputations allowed by the Councils Standing

Orders (that is, that addresses shall not exceed ten minutes in total for each deputation, this period to include the time taken to read any memorial presented) the total time for receipt of all Deputations at any one meeting shall be thirty minutes. If more than three Deputations are received at a meeting, the time allowed for each shall be reduced accordingly.

12. In relation to meetings of the Executive, the Scrutiny Panels or Committees, the item next on each agenda after Apologies for Absence, (election of a Vice-Chairman as required), Minutes, Chairman's Announcements and Declarations of Interests, shall be: -

*'To receive Deputations of which notice has been lodged'.*

If no notice has been lodged or if no Deputation is present to be received, the meeting shall proceed to the next business.

13. In relation to meetings of the full Council, receipt of Deputations shall be timetabled as the Mayor shall decide.
14. Deputations shall not be received at site meetings or at the Annual Meeting of the Council.
15. Arrangements shall be made for a list of Deputations to be circulated to members present at the beginning of each relevant meeting.
16. The Head of Democratic Services in consultation with the Chairman, has the authority to alter this scheme, should circumstances require.

**Commented [HA18]:** Following discussions with the Legal Team this paragraph has been added to allow greater flexibility in allowing people to speak in some circumstances.

## APPENDIX TWO

### SCHEME FOR DEPUTATIONS TO MEETINGS OF THE PLANNING COMMITTEE

1. Notice of a proposed deputation shall be given in writing and shall be lodged with the Head of Democratic Services no later than noon two working days before the day of the meeting.
2. The notice shall specify the application or other matter on which a deputation wishes to be heard and, in the case of an application for planning consent, shall specify whether the deputation is for or against the proposal.
3. A deputation shall be entitled to address the meeting only on a matter which forms the subject of an item for discussion on the agenda for that meeting.
4. Deputations shall be received only from the applicant or his/her professional agent or from persons who are living or working in the Borough. Only one deputation will be accepted per household. (Note: for this purpose, "household" will be taken to mean all the persons who usually live in the same dwelling unit and who share living arrangements).
5. Where two or more notices of deputation are received on the same matter, the Council will actively encourage the appointment of a single spokesman to present the deputation on behalf of all.
6. Subject to the other provisions of this scheme, deputations may be given in written form in place of a verbal deputation. Any written, photographic or other material to be presented as part of the deputation shall be lodged with the Head of Democratic Services no later than noon two working days before the day of the meeting. With the consent of the Committee, deputees may be permitted to circulate relevant photographs or drawings at the meeting but no additional written material which has not been lodged prior to the meeting. Planning officers will be invited to comment if appropriate on the photographs or drawings circulated.
7. Deputations shall **not** be received at site meetings.
8. Notwithstanding the provisions of Standing Order 57, the time limits for presenting deputations shall be:
  - (a) In respect of those speaking in support of an application: a single deputation shall be allocated not more than three minutes; a single spokesman representing two or more deputees shall be allocated not more than six minutes; in the event that there is more than one speaker, the total time allowed for all speakers shall be six minutes and the time shall be shared equally among them.

(b) In respect of those speaking against an application: a single deputation shall be allocated not more than three minutes; a single spokesman representing two or more deputees shall be allocated not more than six minutes; in the event that there is more than one speaker, the total time allowed for all speakers shall be six minutes and the time shall be shared equally among them.

(c) In respect of those deputations to be made by established amenity groups\* on an issue relevant to their area of interest: a single deputation shall be allocated not more than three minutes; a single spokesman representing two or more amenity groups shall be allocated not more than six minutes; in the event that there is more than one speaker, the total time allowed for all speakers shall be six minutes and the time shall be shared equally among them.

*(\* a list of established amenity groups is maintained by the Committee and may be revised periodically at the discretion of the Chairman in consultation with ward members.)*

In respect of deputations on other matters: the total time allocated shall be five minutes for a proposal and five minutes against a proposal when it is appropriate to do so; otherwise the total time allocated shall be five minutes. A single deputation shall be allocated not more than three minutes; a single spokesman representing two or more deputees shall be allocated not more than five minutes; in the event that there is more than one speaker, the total time allowed for all speakers shall be five minutes and the time shall be shared equally among them.

9. The Head of Democratic Services in consultation with the Chairman, has the authority to alter this scheme, should circumstances require.

Scheme adopted Dec2004 and amended at subsequent meetings. Last updated: December 2019.

Deleted: December 2013

## APPENDIX THREE

### PETITION SCHEME

Commented [HA19]: This is the new Petition Scheme

#### 1. INTRODUCTION

- 1.1 A petition is a communication submitted to the Council signed by people who live, work or study in the Borough on a topic which relates to a function of the Council.
- 1.2 All petitions submitted to the council will receive a formal acknowledgement within 10 working days of receipt. This acknowledgement will be sent by the Democratic Services Department.
- 1.3 Petitions can be in written paper form or as an online e-petition. Petitions will not be accepted in any other form.
- 1.4 The Council's Petition Scheme covers both electronic and paper Petitions.
- 1.5 Further information relating to the Council's Petition Scheme can be found on the Council's website at (address). You can also start a Petition here (link to FBC website)

#### 2. GUIDELINES FOR SUBMITTING A PETITION

- 2.1 For a Petition to be valid, which triggers a formal response by the Council, as described in this scheme, a petition must:
  - i Be addressed to the Council;
  - ii Relate to functions of the Council;
  - iii Include a clear and concise statement covering the subject of the petition. It should state what action the petitioners wish the council to take;
  - iv Include the contact details, including an address, for the petition organiser (lead petitioner). This is the person we will contact to explain how we will respond to the petition; and
  - v Obtain a minimum of 50 signatures of support from people who live, work or study in the borough. Paper copies should include the names and addresses of those signing the petition so that we may check its validity if required. Those "signing" an electronic petition must provide their house number and postcode and state whether they live, work or study in the Borough.
- 2.2 A petition submitted to the Council must follow these guidelines. If a petition is not accepted, an acknowledgment letter will still be sent to the lead petitioner within 10 working days.
- 2.3 Petitions with less than 50 signatures may still be submitted to the Council but may not be dealt in accordance with this scheme. An explanation for the action to be taken will be sent to the lead petitioner within 10 working days of receipt.
- 2.4 During a pre-election period (Purdah), the Council is governed by Regulations which may mean that a petition will be managed differently. In this case the Council will explain the reasons and discuss the revised timescale which will apply to the lead petitioner.

#### 3 RESTRICTIONS

- 3.1 The Head of Democratic Services may decide not to accept a petition on behalf of the Council if: -

- i the petition is a request for action that is outside the functions or powers of the council or a statement where no action is required;
- ii the petition is a request that is substantially the same as an existing petition or one that has been submitted in the past 12 months;
- iii the content is considered to be malicious, vexatious, abusive or otherwise inappropriate or which is intended to be solely humorous;
- iv language is offensive, intemperate or inappropriately provocative. This not only includes obvious swear words and insults, but any language to which people reading it could reasonably take offence;
- v the petition contains party political content, as we are unable to publish such material;
- vi the petition is potentially libellous, false or defamatory statements or information which may cause loss or personal distress without justified cause;
- vii the petition contains material which is potentially confidential;
- viii the petition contains information which is commercially sensitive or is a commercial endorsement or promotion of any product, service or publication;
- ix the names of individual officials of the council or other public body are displayed. Disputes relating to the actions of individual officers should be presented through the council's complaints procedure. Petitions may however refer to a senior manager responsible for delivery of public services but must relate to their role in delivering that service and not to their character, personality or private life.
- x the petition contains the names of family members of elected representatives or officials.

3.2 Petitions which fall within these restrictions will be formally acknowledged within 10 working days of receipt by way of a letter to the petitioner explaining the reasons for nonacceptance under this scheme. No further action will be taken by the Council where these restrictions apply.

#### 4 RESPONSES

- 4.1 The Council will respond to each petition in accordance with this petition scheme.
- 4.2 If the Council can action the request without any further action being required the lead petitioner will be notified in writing.
- 4.3 If the petition contains more than 1500 valid signatures then this will trigger a debate at Council. The lead petitioner will be notified of the date and time of the relevant meeting and will be formally invited to attend.
- 4.4 If the petition relates directly to a planning or licensing application, these matters are statutory functions which cannot be debated at Council. The lead petitioner would be notified of the procedure for handling petitions relating to statutory functions.
- 4.5 If a petition is received on a matter where there is already an existing right of appeal, such as council tax banding and non-domestic rates, other procedures apply. Further information on these procedures will be provided to the lead petitioner.
- 4.6 A petition with less than 1500 valid signatures may be referred to one of the Councils Committees or Scrutiny Panels for consideration or where appropriate be passed to the relevant service area, for further investigation.
- 4.7 If a petition clearly falls under the functions or powers of another local government authority, the Council will, where appropriate, forward the petition to the relevant body.
- 4.8 If a petition is about something over which the council has no direct control (for example the local railway or hospital) the Council will forward your Petition to the relevant Authority or Body.

4.9 If a petition is asking for a senior council officer to give evidence to a committee about something for which the officer is responsible as part of their job. For example, your petition may ask a senior council officer to explain progress on an issue, or to explain the advice given to elected members to enable them to make a particular decision the lead petitioner will be notified of the relevant details for this meeting.

## 5 APPEALS

5.1 If the lead petitioner does not feel that their petition has been handled adequately, they can complain through the Council's formal complaints procedure.

## 6. EXTERNAL PETITIONS

We need to discuss a policy on the acceptance, or otherwise, of external Petitions from sites such as Change.org, particularly where there is often no cut-off and the information can be provided at several different times and also there is no indication of our live, work or study in the Borough criteria. Often, external petitions will require the person signing to actively amend their settings so that this information is visible.



# FAREHAM

BOROUGH COUNCIL

## SCHEME OF DELEGATION TO OFFICERS



Deleted: April 2019

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Note : Reference should be made also to Part 1 Chapter 10 of the Constitution – Functions and Areas of Responsibility of Officers.

This delegation scheme is made under section 15(5) Local Government Act 2000.

~~Deleted: EXECUTIVE~~

~~Deleted: FUNCTIONS~~

~~Deleted: by the Executive of Fareham Borough Council on 15 May 2006 and comes into force on 1 June 2006.~~

## 1. General

- 1.1 In this scheme Chief Officer means a Director, a Chief Officer or the Solicitor to the Council and Monitoring Officer.
- 1.2 A local authority is a creature of statute and only has the power to act according to statutory provisions. In the same way, officers of the Council only have power to do those things which they are required by law to do or which the Council or its Executive have validly delegated to them.
- 1.3 Having the power or authority to take the action is a prerequisite for any officer to act but does not replace or override normal managerial arrangements for the performance and allocation of duties, and the need to consider what action to take in the light of the Council's stated priorities aims and objectives.
- 1.4 Whilst the exercise of a function by an officer under these arrangements is not made the subject of any precondition or qualification, an officer shall when exercising a discretion be under a duty to consider whether the decision conforms to Council approved policies and strategies and that in reaching the decision he/she has observed approved practices and procedures.
- 1.5 Any decision made by the Council, Committees, the Executive or an individual Executive Member authorises any officer of the Council to take all action necessary to implement the decision.
- 1.6 Any Executive or individual Executive Member, decision whether before or after the date of adoption of this scheme to delegate any specific function, power or authority is additional to and independent of any delegation made under this scheme.
- 1.7 The delegation of a function to a Chief Officer does not require the Chief Officer to give the matter his / her personal attention. The Chief Officer may delegate the matter to another officer, but the Chief Officer remains responsible for any decisions taken by such officers in his / her name.
- 1.8 The term "function" should be construed broadly and includes action taken which is calculated to facilitate or is conducive or incidental to the discharge of the function.
- 1.9 Save in respect of any statutory roles that are not capable of delegation, any power conferred on a subordinate officer shall be exercised by the relevant service director.
- 1.10 The Monitoring Officer shall have power to amend this scheme to reflect reorganisations, changes in job titles and vacancies, where changes result in the re-distributing existing delegations and not the creation of new ones.
- 1.11 Any post specifically referred to in the scheme shall be deemed to include any successors post, or a post which includes within the job description, elements relevant to any particular delegation, which were also present in the earlier post and shall include anyone acting up or seconded. Any power contained within this scheme in anticipation of any reorganisation may be exercised in accordance with the

**Commented [HA2]:** 1.9, 1.10, 1.11 and 1.12 - the Legal Team recommended these paragraphs be added.

preceding scheme to the date of that reorganisation.

1.12 All matters of interpretation of this document will be determined by the Monitoring Officer.

## **2. Delegation to the Chief Executive Officer**

- 2.1 Power to exercise any of the powers conferred by the Council, Executive on any Chief Officer or other officer under this scheme.
- 2.2 Power to undertake any Council or Executive function required to be undertaken by an “authorised officer” and to authorise any officer or other person to undertake any such function.

### 3. Delegation to the Solicitor to the Council

- 3.1 Power to institute and defend and take any other steps in any legal proceedings on behalf of the Council and to instruct external legal advisers on behalf of the Council.

### 4. Delegation to all Chief Officers

- 4.1 Power to authorise any officer for whom he or she has managerial responsibility to undertake any Council or Executive function required to be taken by an “authorised officer”.
- 4.2 Power to undertake all Council or Executive functions and make all decisions which the Executive is empowered to make except the following:
- 4.2.1 Matters on which the Executive is required by law or the Council’s constitution to make recommendations to the Council
  - 4.2.2 Amendments to the budget or capital programme which are above the limit for officer virements set out in the Council’s Financial Regulations
  - 4.2.3 The setting of fees and charges
  - 4.2.4 The adoption, amendment and revocation of policies and strategies
  - 4.2.5 The disposal or acquisition of or other dealing with land valued in excess of £ 10,000
  - 4.2.6 Matters which are required to be determined by the Executive under the Council’s Contract Standing Orders or Financial Regulations or other policy or strategy
  - 4.2.7 The making, variation or revocation of any statutory Orders or the granting of any consent or approval thereto
  - 4.2.8 The approval of Front Line Service Plans
  - 4.2.9 Agreements to deliver services in partnership with other local authorities or external partners
  - 4.2.10 Approval of documents forming part of the Fareham Local Development Framework
  - 4.2.11 Approval of Environmental Improvement Schemes in excess of £10,000
  - 4.2.12 The awarding of grants
  - 4.2.13 The amendment of Council house tenancy agreements

- 4.2.14 The writing off of any debt in excess of the amount specified in the Council's Financial Regulations
- 4.2.15 Adoption or amendment of a concessionary travel scheme
- 4.2.16 Approval of any member level appointment or attendance at an external meeting or conference as an "approved duty" under the Members' Allowances Scheme where approval of the Executive is required
- 4.2.17 The allocation of funding on initiatives for the prevention and detection of crime and tackling criminal damage and disorder

4.3 ~~Following~~ consultation with the relevant Portfolio Holder or the Executive Leader, authority to take any decision which would otherwise be taken by the Executive, but which requires an urgent decision

Deleted: In

Deleted: April 2019

## PLANNING COMMITTEE

This delegation scheme is made under section 101(2) of the Local Government Act 1972 by the Planning Development Control Committee of Fareham Borough Council on 14 June 2006 and comes into force with immediate effect.

### 1. General

1.1 In this scheme Chief Officer means the Director of Planning and Regeneration, the Head of Development Management, or the Solicitor to the Council and Monitoring Officer.

1.2 Having the power or authority to take the action is a prerequisite for any officer to act but does not replace or override normal managerial arrangements for the performance and allocation of duties, and the need to consider what action to take in the light of the Council's stated priorities aims and objectives. In exercising any power, authority or function the Chief Officer (or any officer to whom he or she has delegated the power or authority or function) shall be under a duty to consider whether the decision conforms to the Council's approved policies and strategies and that in reaching the decision he or she has observed all relevant and appropriate approved practices and procedures and taken into account all responses to publicity and statutory consultations.

1.3 A Chief Officer has power to authorise any officer for whom she or he has managerial responsibility, to undertake, discharge or exercise any of the functions or powers listed below. Whilst the Chief Officer may delegate any such matter to another officer, the Chief Officer remains responsible for any decisions taken by such officers in his/her name. Such powers and/or functions include those required to be taken by "an authorised officer".

1.4 Any power, authority or function should be construed broadly and includes any action taken which is calculated to facilitate or is conducive or incidental to the exercise or discharge of the power, authority or function.

1.5 A reference to any Act or Regulations shall include any revocation, modification or replacement thereof

### 2. Delegation to the Head of Development Management

2.1 Decisions on all applications for

- Planning permission (including renewals and those submitted by other officers relating to Council owned land)
- Listed building consent

**Deleted:** <#>A local authority is a creature of statute and only has the power to act according to statutory provisions. In the same way, officers of the Council only have power to do those things which they are required by law to do or which the Council or the Planning Development Control Committee have validly delegated to them.¶

- Conservation area consent
- Display of advertisements
- Hazardous substance consent
- Approval of reserved matters
- Approval of matters covered by a condition

Except those where:

- (i) An Elected Member registers a request before the expiry of the 21 day neighbour notification period, for a planning application to be reported to the Planning Committee for decision. Requests to call applications onto the Planning Committee are to be made in writing to the Head of Development Management and must explain the material planning reasons for the call-in. The reasons for calling items onto the agenda will be set out in the Planning Officers' reports.
- (ii) Any application submitted by or on behalf of a Member or an Officer of the Council, or their respective spouses, partners or close relations.
- (iii) Five or more representations (from different households) raising material planning reasons are received during the 21 day neighbour notification period which are contrary to the intended decision of the Head of Development Management. Multiple representations from the same household are to be treated as one representation.

22 The statutory power to decline similar applications

23 Decisions on minor amendments to the permissions, consents or approvals listed in 2.1

24 Authority to enter into agreements or obligations which arise from planning applications decide under delegated powers and power to discharge or modify such agreements or obligations.

25 Any action required in relation to complaints about High Hedges under the Anti-Social Behaviour Act 2003 or Regulations made thereunder other than complaints involving Council owned land or where the complainant or hedge owner is a Councillor or an Officer.

26 Authority to take all enforcement action authorised under the Town and Country Planning Act 1990, the Planning Hazardous Substances Act 1990 and the Planning (Listed Buildings and Conservation Areas) Act 1990 and the Planning and Compensation Act 2004 including (but without prejudice to the generality of the foregoing) the issue, variation and withdrawal of enforcement notices and listed building enforcement notices, stop and temporary stop notices, planning contravention notices, breach of condition notices, completion notices, hazardous



substances contravention notices, building preservation notices, urgent works notices and the carrying out of works in default and the recovery of expenses in connection therewith

- 27 On receipt of a Hedgerow Removal Notice, authority to determine whether the hedge is "important" in accordance with the Hedgerow Regulations 1997 except in respect of hedgerows owned by the Council.
- 28 In the case of "important" hedges, to issue Hedgerow Retention Notices and Hedgerow Replanting Notices in accordance with the above Regulations except in respect of hedgerows owned by the Council.
- 29 Authority to determine telecommunication mast applications, power to make determinations and the granting or refusal of prior approval under the Town and Country Planning (General Permitted Development) (England) Order 2015 (or any Order revoking and re-enacting that Order).
- 210 Authority to decide whether an Environmental Assessment or Environmental Statement is required for any planning application to be determined.
- 211 Authority to deal with all future applications for screening and scoping opinions under the Town and Country Planning (Environmental Impact) (England and Wales) Regulations 1999
- 212 Authority to issue a notice under Section 215 of the Town and Country Planning Act 1990 (proper maintenance of land).
- 213 Authority to determine a certificate of existing or proposed lawful use or development
- ~~214~~ Power to respond to consultations from neighbouring local authorities and Hampshire County Council upon planning applications and the Forestry Commission upon felling licence applications
- ~~215~~ Authority to institute, defend, conduct and settle all legal proceedings on behalf of the Council and to instruct external legal advisers in respect of any of the functions and powers which are delegated to them under this Scheme
- 216 Authority to grant or refuse consent under a TPO for felling, pruning, lopping or topping a protected tree other than applications submitted by or on behalf of:
- (i) Elected Members, their spouses or partners
  - (ii) Council employees, their spouses or partners
  - (iii) Hampshire County Council

- 2.17 Authority to determine planning applications, following due consideration of any further material planning considerations, and amendments to and/ or additional planning conditions and amendments to and/ or additional heads of terms in related planning obligations where necessary, to address any likely significant effects identified through appropriate assessments where:

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- i. The application has already been considered by the Planning Committee;
- ii. The Planning Committee has resolved to grant planning permission; and
- iii. An appropriate assessment under the Conservation of Habitats and Species Regulations 2017 has been carried out and concluded that the proposed development will not have an adverse effect on European designated sites subject to mitigation where identified.

### 3. Delegation to the Director of Planning and Regeneration

- 3.1 Authority to make provisional Tree Preservation Orders (TPOs) (including those in Conservation Areas), the making of such Orders to be reported to the next available meeting of the Planning Development Control Committee.
- 3.2 The confirmation of unopposed TPOs.

### 4. Delegation to all Chief Officers

- 4.1 Authority to authorise any officer of the Council or Contractor for whom he/she has responsibility to enter onto land for any of the purposes authorised under the Town and Country Planning Act 1990, the Planning (Listed Buildings and Buildings in Conservation Areas) Act 1990, the Planning (Hazardous Substances) Act 1990, Part 8 of the Anti-Social Behaviour Act 2003, the Planning and Compensation Act 2004 or any Regulations made thereunder.
- 4.2 Authority, following consultation with the Chairman of the Planning Development Control Committee (or in his/her absence the Vice Chairman of that Committee), to exercise any of the functions of the Council which are delegated to the Committee, where in the opinion of the Chief Officer, such matter is urgent and cannot await the next scheduled meeting to the Committee, subject to the decision or action taken being reported to the next scheduled meeting of the Committee.

Deleted: ¶  
Delegation to the Head of Development Management¶

Moved up [1]: <#>Authority to institute, defend, conduct and settle all legal proceedings on behalf of the Council and to instruct external legal advisers in respect of any of the functions and powers which are delegated to them under this Scheme¶

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## LICENSING AND REGULATORY AFFAIRS COMMITTEE

This delegation scheme is made under section 101(2) of the Local Government Act 1972 by the Licensing and Regulatory Affairs Committee (“the Committee”) of Fareham Borough Council on 18 September 2007 and comes into force on 19 September 2007.

### 1. General

1.7 In this scheme Chief Officer means the Council's Chief Executive Officer and the Director of Leisure and Community.

1.8 Having the power or authority to take the action is a prerequisite for any officer to act, but does not replace or override normal managerial arrangements for the performance and allocation of duties, and the need to consider what action to take in the light of the Council's stated priorities aims and objectives. In exercising any power, authority or function the Chief Officer (or any officer to whom he or she has delegated the power or authority or function) shall be under a duty to consider whether the decision conforms to the Council's approved policies and strategies and that in reaching the decision he or she has observed all relevant and appropriate approved practices and procedures and taken into account all responses to publicity and statutory consultations.

1.9 A Chief Officer has power to authorise any officer for whom he or she has managerial responsibility, to undertake, discharge or exercise any of the functions or powers listed below. Whilst the Chief Officer may delegate any such matter to another officer, the Chief Officer remains responsible for any decisions taken by such officers in his/her name. Such powers and/or functions include those required to be taken by “an authorised officer”.

1.10 Any power, authority or function should be construed broadly and includes any action taken which is calculated to facilitate or is conducive or incidental to the exercise or discharge of the power, authority or function.

1.11 A reference to any Act or Regulations shall include any revocation, modification or replacement thereof.

### 2. Delegation to the Director of Leisure and Community

2.1 The Director of Leisure and Community is authorised to discharge any function of the Licensing and Regulatory Affairs Committee

- As a licensing and registration authority
- In relation to Health and Safety
- In relation to safety at sports grounds

**Deleted:** <#>A local authority is a creature of statute and only has the power to act according to statutory provisions. In the same way, officers of the Council only have power to do those things which they are required by law to do or which the Council or the Committee has validly delegated to them.¶

- In relation to fire safety
- In relation to the approval of premises (including vessels and markets)
- In relation to gambling
- In relation to smoke-free legislation
- Under Section 142 of the Highways Act 1980 (Power to licence planting retention and maintenance of trees etc in part of the highway).
- Under Section 149 Highways Act 1980 (Powers relating to the removal of things so deposited on highways as to be a nuisance)
- Under Section 32 of the Acquisition of Land Act 1981 (Power to extinguish certain public rights of way)
- Under Section 294 of the Housing Act 1981 (Power to extinguish public right of way over land acquired for clearance).

and any other function that is or becomes the responsibility of the Committee.

With the exception of those matters reserved to the Committee by law or by any Council policy.

#### **4. Delegation to the Chief Executive Officer of the Council**

- 4.1 The Chief Executive Officer is authorised to discharge any function of the Committee in relation to Election Services with the exception of those matters reserved to the Committee by law or by any Council policy.
- 4.2 The Chief Executive Officer is authorised to make decisions regarding discretionary payments on early termination of employment in accordance with the Council's approved policy statement and with The Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006.

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## PROPER OFFICER APPOINTMENTS

Ref No.	Source	Power Delegated	Proper Officer
1.	Local Government and Housing Act 1989 Section 4	To be the "Head of the Paid Service"	Chief Executive Officer
2.	Local Government and Housing Act 1989 Section 5	To be the "Monitoring Officer"	Director of Support Services
3.	Local Government Act 1972 Section 151 as amended by Local Government Finance Act 1988 Section 14  Local Government and Housing Act 1989 Section 139  Schedule 5 Local Government Act 1972 Section 101	To be the officer responsible for financial administration	Deputy Chief Executive Officer
4.	Local Government Act 1972 Section 229(5)	To certify a photocopy of a document in the custody of the Council to enable it to be used in legal proceedings instead of the original in any matter	Chief Executive Officer Solicitor to the Council
5.	Local Government (Misc Provisions) Act 1976 Section 41	To certify a copy of an order, report or minutes as a true copy and evidence in legal proceedings	Chief Executive Officer Solicitor to the Council
6.	Local Government Act 1972 Section 234(1)and(2)	To sign formal notices, orders or other documents which the Council are authorised or required to do by or under any enactment	Chief Executive Officer Solicitor to the Council

7.	Local Government Act 1972 Section 101	To attest the Common Seal of the Council for any purpose	Chief Executive Officer Solicitor to the Council Deputy Chief Executive Officer Monitoring Officer Director of Planning and Regeneration Director of Support Services Director of Leisure and Community
8.	Local Government Act 1972 Section 101	To act in all appropriate cases in the event of the "Proper Officer" and designated deputy in respect of a function being absent or otherwise unable to act	Chief Executive Officer
9.	Local Government Act 1972 Section 101	To be the "Proper Officers" in relation to any reference in any enactment passed before or during the 1971/72 Session of Parliament or in any instrument made before 26 October 1972	Chief Executive Officer Solicitor to the Council Directors and Chief Officers
10.	Local Government Act 1972 Section 100B (2)	To determine those reports or parts of reports which contain exempt information and are not available to the public.	Monitoring Officer Head of Democratic Services
11.	Local Government Act 1972 Section 100B (7)	To determine which reports or parts of reports contain exempt information and are not available for supply to newspapers.	Monitoring Officer Head of Democratic Services

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12.	Local Government Act 1972 Section 236(1) and (9)	To send copy of Byelaws to the County Council and other authorities.	Solicitor to the Council
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13.	Local Government Act 1972 Section 238	To certify printed copy of Byelaws made by Council	Solicitor to the Council
14.	Local Government Act 1972 Section 243 (2)	To keep the Roll of Freemen of the Borough	Chief Executive Officer
15.	Local Government Act 1972 Section 99 and Paras (4)(2)(b) and 3 of Schedule 12	To sign summons to meetings and to specify to whom and where notices should be sent	Chief Executive Officer
16.	Local Government Act 1972 Section.270	To be the Proper Officer for the purpose of taking declarations made by candidates in accordance with the Representation of the People Acts 1983 and 1985 in relation to the election expenses of Borough Council candidates	Chief Executive Officer Head of Democratic Services
17.	Representation of the People Act 1983. Section 8.	To be the Electoral Registration Officer for the Fareham County Constituency and that part of the Gosport Borough Constituency within the administrative area of Fareham Borough Council	Chief Executive Officer
18.	Representation of the People Act 1983. Section 52.	In the event of the absence or incapacity of the Chief Executive Officer or of a vacancy, to undertake any of the acts with respect to the Electoral Registration Officer in accordance with Section 52	Head of Democratic Services
19.	Representation of the People Act 1983 Section 35	To be the Returning Officer for Borough Council Elections	Chief Executive Officer
20.	Local Government Act 1972 8 Section 3	To witness and receive declarations of acceptance of office.	Chief Executive Officer or, in his or her absence, Head of Democratic Services.



21.	Local Government Act 1972 Section 84	To receive written notice of resignation by the Mayor, Deputy Mayor and councillors	Chief Executive Officer or, in his or her absence, Head of Democratic Services.
22.	Local Government Act 1972 Section 88(2)	To convene meetings of the Council to fill a vacancy in the office of Mayor (where such a casual vacancy occurs)	Chief Executive Officer or, in his or her absence, Head of Democratic Services.
23.	Local Government Act 1972 Section 96(1) and (2)	To receive notices of pecuniary interest by councillors and to keep records of disclosures of pecuniary interests	Monitoring Officer Solicitor to the Council
24.	Health and Safety at Work etc Act 1974	<p>(a) To exercise the powers of an Inspector specified in:</p> <p>(1) Sections 20, 21, 22, 25 and 39 of the 1974 Act</p> <p>(2) Any Health and Safety Regulations; and</p> <p>(3) The provisions of the Acts mentioned in Schedule 1 to the 1974 Act which are specified in the 3rd column of that schedule and of the Regulations, Orders or other instruments of a legislative character made or having effect under any provision so specified, as enforced from time to time;</p> <p>(b) To institute proceedings pursuant to Section 38 of the 1974 Act;</p> <p>but not to the extent that these functions are</p>	<p>Director Leisure and Community or in his absence Head of Environmental Health or a Principal Environmental Health Officer</p>

		discharged in the Council's capacity as an employer	
25.	Health and Safety at Work etc Act 1974 Section 19	To exercise the powers of an Inspector specified in: (1) Sections 20; 21; 22 and 25  (2) Any Health and Safety Regulations; and (3) The provisions of the Factories Act 1961 and the Offices, Shops and Railway Premises Act 1963 mentioned in Schedule 1 to the 1974 Act which are specified in the 3rd column of that Schedule and of the Regulations, Orders or other instruments of a legislative character made or having effect under any provisions so specified as in force from time to time  but not to the extent that these functions are discharged in the Council's capacity as an employer	Director of Leisure and Community; Head of Environmental Health; Principal Environmental Health Officers; Senior Environmental Health Officers; Environmental Health Officers; and Environmental Health Technical Officers (Section 20 only).
26.	Zoo Licensing Act 1981	Appointment as Inspector for the purposes of Sections 10, 11 and 12 of the Act and any amending statutes and regulations	Veterinary Surgeon
27.	Riding Establishments Acts 1964 and 1970	Appointment as Inspectors to carry out inspections of riding establishments on behalf of the Council	Veterinary Surgeons
28.	Animal Boarding Establishments Act 1963	Appointment as Inspectors to carry out	Veterinary Surgeons

		inspections of animal boarding establishments on behalf of the Council	
29.	Pet Animals Act 1951	Appointment as Inspectors to carry out inspections of pet shops on behalf of the Council	Veterinary Surgeons
30.	Town Police Clauses Act 1847 Local Government (Miscellaneous Provisions) Act 1976 Part II	Appointment as Authorised Officer for the purposes of the Acts and any Regulations made thereunder	Director of Leisure and Community
31.	Local Government Act 1972 Section 101	Designation as District Controller for civil emergency purposes	Chief Executive Officer
32.	Local Government Act 1972 Section 100B, 100C and 100F	To be the "Proper Officer" for the purposes of the Act	Chief Executive Officer, or, in his or her absence, Solicitor to the Council.
33.	Local Government Act 1972 Section 100D	To be "Proper Officers" for the purposes of Section 100D(1)(a) and 100D(5)(a) of the Local Government Act 1972	Chief Executive Officer, Directors and Chief Officers
34.	Local Government and Housing Act 1989	To be the "Proper Officer" and "Designated Officer" for the purposes of the Act	Chief Executive Officer, or, in his or her absence, Solicitor to the Council, Deputy Chief Executive Officer
35.	Local Government Act 2000 and the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2012	To be the Proper Officer for the purposes of publication of information under the Regulations	Chief Executive Officer Monitoring Officer Solicitor to the Council
36.	Local Government Act 1972 Section 115(2)	To be the person to whom all officers shall pay moneys received by them and due to the local authority	Deputy Chief Executive Officer

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37.	Freedom of Information Act 2000	To be the Qualified Person for the purposes of Section 36 of the Act.	Monitoring Officer Chief Executive Officer
38.	Local Government Act 1972 Section 146	To make declarations and to issue certificates in connection with the holding or transfer of securities held by the Council or the payment of dividend or interest	Deputy Chief Executive Officer
39.	Local Government Act 1972 Section 191(2)	To receive notices from Ordnance Survey in relation to ascertaining or locating local authority boundaries	Head of Democratic Services
40.	Local Government Act 1972 Section 210(6) and (7)	To exercise any charity functions exercised by officers of the "old" local authority whenever there is no "holder of a corresponding office" in the "new" local authority	Chief Executive Officer
41.	Local Government Act 1972 Section 225	To receive and give receipt for any document required to be formally deposited with the Council	Solicitor to the Council Head of Democratic Services
42.	Para 5 of Schedule 2 of the Licensing Act 1964 as amended by Section 204(3) and Para 6 of Schedule 25 of the Local Government Act 1972	To be the "Proper Officer" to whom notice of application for justices' licence is to be given.	Director of Leisure and Community
43.	Public Health (Control of Disease) Act 1984, as amended, and Regulations made thereunder	To act for such of the functions relating to notification, investigation, prevention and control of notifiable diseases and food poisoning as require the services of a registered medical practitioner	Director of Leisure and Community Consultants in Communicable Disease Control as appointed from time to time
44.	Housing Act 1985 (as amended)	Appointment as "Proper Officer" for the purposes of the Act	Deputy Chief Executive Officer
45.	Rent Act 1977	Appointment as "Proper Officer" for the	Deputy Chief Executive Officer

46.	Local Authorities (Standing Orders) (England) Regulations 2001, Schedule I, Part II	To notify Executive members of any proposed appointment or dismissal of the Chief Executive Officer (Head of Paid Service) or Chief Officer.	Monitoring Officer or in the event of a conflict of interest, Solicitor to the Council
47.	Local Government and Housing Act 1989 Local Authorities (Standing Orders) (England) Regulations 2001	Appointment and dismissals to Deputy Chief Officer posts, subject to notification to the Executive	Chief Executive Officer Relevant Director or Chief Officer
48.	National Assistance Act 1948 and Section 1 of the National Assistance (Amendment) Act 1951;  Public Health Acts The Public Health (Ships) Regulations	Power to Act including application to courts for any necessary orders in relation to removal to suitable premises of persons in need of care and attention.  Control of disease	Deputy Chief Executive Officer; and  Such person as is for the time being on the Health Protection Agency Public Health on-call rota covering Hampshire and the Isle of Wight
49.	Regulation of Investigatory Powers Act 2000. Regulation of Investigatory Powers (Prescription of Offices, Ranks and Positions) Order 2000.	Authorisation to undertake covert surveillance	Chief Executive Officer Deputy Chief Executive Officer
50.		To monitor and review the operation of the Code of Corporate Governance and report annually to Audit and Governance Committee on compliance with Code and proposing any changes necessary to ensure its effectiveness	Monitoring Officer
51.	Homelessness Act 2002	Proper Officer for the purposes of the Act	Deputy Chief Executive Officer



# FAREHAM

## BOROUGH COUNCIL

### Report to Audit and Governance Committee

**Date:** 25 November 2019

**Report of:** Head of Finance and Audit

**Subject:** INTERNAL AUDIT PROGRESS REPORT

#### SUMMARY

This report provides the assurances arising from the latest internal audit work and gives an update on the progress being made with delivering the audit plans.

*The Audit and Governance Committee's areas of responsibility for Internal Audit include: -*

- a) to approve significant interim changes to the internal audit plan and resource requirements;*
- b) to make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations;*
- c) to review updates on the work of internal audit including key findings, issues of concern and actions in hand as a result of internal audit work.*

#### RECOMMENDATION

It is RECOMMENDED that the Committee notes the progress and findings arising from Internal Audit work.

## INTRODUCTION

1. This report highlights the progress made to date on the delivery of the Internal Audit Plans and the assurances that can be obtained from the work now completed.

## PROGRESS OF 2019/20 AUDIT PLAN

2. 5/24 audits have been finalised in the current internal audit plan. Work has commenced on a further 11/24 audits: six have reached **Stage 4** (the Auditor has started to deliver the agreed scope of work), one is at **Stage 5** (A first draft of the report has been received by the Support Officer to be reviewed) and one is at **Stage 7** (An exit meeting has been held with the Sponsor giving preliminary feedback from the work).

## FINALISING PREVIOUS AUDIT PLANS

3. The current status of the 12 audits remaining from the previous Audit Plans is detailed in Appendix One. The Out of Hours audit has now been finalised and the Land Charges audit has been superseded, with testing having been undertaken in the audit included in the current audit plan. Work has continued on a further three audits to get these to completion, three of which are now at **Stage 8** (The updated draft report has been received by the in-house audit team).

## FINDINGS FROM COMPLETED AUDITS

4. The 5 latest final reports that have been issued are listed below, with the opinions given and number of recommendations made:

Audit	Assurance Opinion	Recommendations Made		
		New Essential	New Important	Outstanding Previous Essential or Important
Fuel System 2019/20	Strong	-	-	-
Local Plan 2019/20	Strong	-	1	-
Payroll 2019/20	Strong	-	-	1
Land Charges 2019/20	Reasonable	-	2	-
Out of Hours 2018/19	Reasonable	-	3	-
Safeguarding 2019/20	Limited	2	3	-

5. Detail of the areas covered, recommendations made and the actions to be taken is provided in Appendix Three.

## RISK ASSESSMENT

6. There are a few risk considerations in relation to this report, arising from the Safeguarding audit that has only been given limited assurance. Details of the risks are given in Appendix Three.



**Appendices:**

**Appendix One** - Update on Outstanding Audits from Previous Plans

**Appendix Two** - Audits in the 2019/20 Audit Plan

**Appendix Three** - Findings from the Latest Completed Audits

**Appendix Four** - Reference Tables

**Background Papers:** None

**Reference Papers:**

Report by the Director of Finance and Resources to the Audit and Governance Committee on 10 March 2014 on the Contractor Annual Audit Plan 2014/15

Report by the Director of Finance and Resources to the Audit and Governance Committee on 16 March 2015 on the Internal Audit Strategy and Annual Audit Plan 2015/16

Report by the Head of Finance and Audit to the Audit and Governance Committee on 14 March 2016 on the Internal Audit Plan 2016/17

Report by the Head of Finance and Audit to the Audit and Governance Committee on 17 March 2017 on the Internal Audit Plan 2017/18

Report by the Head of Finance and Audit to the Audit and Governance Committee on 18 March 2018 on the Internal Audit Plan 2018/19

Report by the Head of Finance and Audit to the Audit and Governance Committee on 11 March 2019 on the Internal Audit Plan 2019/20

**Enquiries:**

For further information on this report please contact Elaine Hammell. (Ext. 4344)

## APPENDIX ONE

### Update on Outstanding Audits from Previous Plans

The following table shows those audits that were outstanding in the last quarterly report and shows the current position with finalising the work.

Audit Title	Stage reached of 10*	Original Days in Plan	Assurance Opinion	Direction of Travel	Errors Found? Y/N	New Recommendations			Previous Recs. (E and I only)			
						Essential	Important	Advisory	Implemented	Cancelled	In Progress	Not Implemented
2014/15												
Information Governance Opinion	5	6										
Contract Completion	5	10										
2015/16												
<b>Land Charges</b>	<b>Superseded</b>	12	-	-	-	-	-	-	-	-	-	-
2016/17												
Daedalus Operating Contracts	5	12										
Leaseholder Charges	5											
Building Health and Safety Risks	5											
2017/18												
Commercial Estates	8	15										
Risk Inspections of Public Areas	4											
2018/19												
<b>Out of Hours Service</b>	<b>10</b>	12	<b>Reasonable</b>	<b>No Previous Audit</b>	<b>N</b>	-	<b>3</b>		-	-	-	-
Write Offs History Analysis & Interest charges	8											
Housing Options Debtors (EXTRA)	8											
Review of all other outstanding audit recommendations	1											

\* A KEY TO THE INFORMATION IN THIS COLUMN IS GIVEN IN APPENDIX FOUR.



Audit Title	Stage reached of 10*	Days in Plan	Assurance Opinion	Direction of Travel	Errors Found? Y/N	New Recommendations			Previous Recs. (E and I only)			
						Essential	Important	Advisory	Implemented	Cancelled	In Progress	Not Implemented
Recommendation Follow Up (PCC)	Not Started	15										
WIDER WORK												
Annual Testing of Procurement decisions	Not Started											
Contract Management	Not Started											
Disabled Facilities Grants – Grant Certification 2018/19	4											
Deceased Persons List	4											
Assurance on Partnership Governance	Not Started											
Anti-Bribery Policy	Not Started											
Totals												

### Findings from the Latest Completed Audits

<b>Audit Title</b>	<b>Fuel System</b>	<p><b>Overview of Subject:</b> The depot is responsible for accepting deliveries and the distribution of fuel for vehicles across the Authority's services. In the last year approximately 340,000 litres of fuel was used by the Authority to fuel its vehicles which include lawnmowers, tractors and HGVs.</p> <p>A new fuel computer system was introduced around July 2018. It was implemented to enable management to better predict and manage their resources more effectively and monitor the access to fuel. This included the installation of new equipment to track fuel levels that would provide live information to staff members about fuel levels, usage and cost to the Authority.</p>
<b>Year of Audit</b>	<b>2019/20</b>	
<b>Type of Work</b>	Computer – System Change	
<b>Assurance Opinion Given</b>	<b>Strong</b>	
<b>Direction of Travel</b>	↑ 2011/12	
<b>Errors Found</b>	No	

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Areas of Scope	Adequacy and Effectiveness of Controls		New Recommendations Raised			Previous Rec Implementation (E and I only)		
			Essential (🔴)	Important (🟡)	Advisory (🟢)	Implemented	Cancelled	Not Implemented
IT system and database management			-	-	-	-	-	-
Access to Fuel			-	-	-	2	-	-
Fuel Limits			-	-	1	-	-	-
Reporting Functionality			-	-	-	-	-	-
Fuel Card Usage			-	-	-	-	-	-
Deliveries			-	-	1	-	-	-
Monitoring capability			-	-	-	1	-	-
Software Licenses			-	-	-	-	-	-
Analytical review of fuel usage			-	-	-	-	-	-
Management of Fuel Cards			-	-	-	-	-	-
Reconciliation of Fuel usage at the depot			-	-	-	-	-	-
Reconciliation of Fuel usage through the garages			-	-	-	-	-	-

<b>Weaknesses identified during the audit and the proposed action (Essential and Important only)</b>	
None	

<b>Audit Title</b>	<b>Local Plan</b>	<p><b>Overview of Subject:</b> Fareham as a Local Planning Authority is responsible under the Planning and Compulsory Purchase Act 2004 for identifying their strategic priorities and have policies to address these within their Local Plan documentation. A Local Plan is made up of strategic and non-strategic policies and sets out the plan for future development in the local area. It also guides decisions on whether or not planning applications can be granted.</p> <p>A review of the Local Plan (to take it up to 2036) is underway. The Authority has recently carried out a consultation on the issues and options surrounding the proposed Local Plan. The Local Development Scheme provides a timetable for the completion of this process with a current target of Winter 2021.</p>
<b>Year of Audit</b>	<b>2019/20</b>	
<b>Type of Work</b>	Services and Systems -High Risk	
<b>Assurance Opinion Given</b>	<b>Strong</b>	
<b>Direction of Travel</b>	↑2007/08	
<b>Errors Found</b>	No	

Areas of Scope	Adequacy and Effectiveness of Controls		New Recommendations Raised			Previous Rec Implementation (E and I only)		
			Essential (🔴)	Important (🟡)	Advisory (🟢)	Implemented	Cancelled	Not Implemented
Governance Arrangements			-	-	-	-	-	-
Risk Management			-	-	1	-	-	-
Monitoring			-	-	1	-	-	-
Budget Setting & Monitoring			-	-	-	-	-	-
Consultation			-	-	-	-	-	-
Consultation Feedback			-	-	-	-	-	-
External Contractors			-	-	-	-	-	-
Neighbourhood Planning			-	1	1	-	-	-

#### Weaknesses identified during the audit and the proposed action (Essential and Important only)

<b>Important</b>	<p><b>Neighbourhood Planning</b> - Local Planning Authorities are expected to provide support and guidance to designated Neighbourhood Planning Forums on the creation of Neighbourhood Plans. However, testing found that currently the Authority does not have a policy which details what support it will offer. This has led to staff being unsure of how to answer queries from forums. Conversely it may lead to forums having unrealistic expectations on the guidance they will receive. A review of this area is currently underway, and a policy will be published which will detail the support that the Authority will offer.</p>
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<b>Audit Title</b>	<b>Payroll and Employee Expenses</b>	<p><b>Overview of Subject:</b> The Authority operates four separate payrolls which includes Fareham Borough Council employees, Members, Election staff and Portchester Crematorium. Combined, these cover around 700 employees and cost the Authority circa £1.3million per month, including salary; pensions; tax; national insurance; and other liabilities.</p> <p>Finance and Human Resources use electronic systems to manage, reconcile, and process payments to employee's salaries on a monthly basis via BACS. There are also allowances that employees are entitled to, dependent upon their job role and specific training, which are additional to their salaries but included within the payroll functions.</p>
<b>Year of Audit</b>	<b>2019/20</b>	
<b>Type of Work</b>	Fundamental system	
<b>Assurance Opinion Given</b>	<b>Strong</b>	
<b>Direction of Travel</b>	↔2016/17	
<b>Errors Found</b>	No	

Areas of Scope	Adequacy and Effectiveness of Controls		New Recommendations Raised			Previous Rec Implementation (E and I only)		
			Essential (🔴)	Important (🟡)	Advisory (🟢)	Implemented	Cancelled	Not Implemented
Basic Salary Calculations			-	-	-	-	-	-
Pay Variations			-	-	-	-	-	-
Payroll Run Control			-	-	-	-	-	-
Establishment Management			-	-	-	-	-	-
Interfaces			-	-	-	-	-	-
Allowances			-	-	1	6	-	1
Computer Aided Testing			-	-	-	-	-	-
Sickness			-	-	-	-	-	-
Honoraria Payments			-	-	1	-	-	-

**Weaknesses identified during the audit and the proposed action (Essential and Important only)**

<b>Weaknesses identified during the audit and the proposed action (Essential and Important only)</b>	
<b>Previous Important</b>	<p><b>Essential Car User Allowance</b> – The current list of Essential Car Users (ECU) was compared with mileage claimed in 2018 to ascertain if employees were meeting the criteria to be eligible to receive the allowance. It was found a large % had claimed less than the required mileage needed for the allowance. Whilst employees can still be eligible for other reasons than number of miles travelled there was no evidence to suggest that the allowance was being monitored or removed when no longer required.</p> <p>As previously recommended, a process for regular review of allowances will be established to identify where allowances are no longer required and are then removed where necessary.</p>



<b>Audit Title</b>	<b>Land Charges</b>	<p><b>Overview of Subject:</b> When homebuyers and developers purchase property and land, a series of checks are performed pre-emptively to ensure that any charges on the land are satisfied before any purchase or development can begin.</p> <p>The Authority provides a Land Charges search service to the public which gives details of any charges enforced on properties or land by the Authority itself or by Third Parties. This is a service Central Government intend to take control of, however the process of migration started in summer 2018 and there has been no update on when the transfer may occur.</p>
<b>Year of Audit</b>	<b>2019/20</b>	
<b>Type of Work</b>	Services and Systems - Other	
<b>Assurance Opinion Given</b>	<b>Reasonable</b>	
<b>Direction of Travel</b>	↔2015/16	
<b>Errors Found</b>	No	

Areas of Scope	Adequacy and Effectiveness of Controls		New Recommendations Raised			Previous Rec Implementation (E and I only)		
			Essential (🔴)	Important (🟡)	Advisory (🟢)	Implemented	Cancelled	Not Implemented
Register Uploads			-	-	-	-	-	-
Register Access			-	-	1	-	1	-
Fee Charges			-	-	-	-	-	-
Timescales			-	-	-	-	-	-
Procedures			-	-	-	-	-	-
Demand Analysis of the Types of Service Provided			-	-	-	-	-	-
Reduction in Income			-	-	-	-	-	-
Enforcement of Financial Charges			-	2	-	-	-	-

<b>Weaknesses identified during the audit and the proposed action (Essential and Important only)</b>	
<b>Important x 2</b>	<p><b>Enforcement of Financial Charges</b> – It was clarified that there are 5 types of financial charges: Community Infrastructure Levy; Section 106 agreements; Right to Buy; Environmental Improvement Works and Works in Default. Processes are in place to record these charges on the register. However, testing identified 2 properties which had searches logged after the charge had been registered indicating that the property had potentially changed owners. No proof of sale could be found for either property, so without further review it is not possible to say if the Authority was due any income on these properties. Additionally, due to the age of the charges, it was not possible to identify what the income due would have been. A process will be established to regularly identify financial charges that need enforcing with a view to retrieve income due to the Authority or to remove charges that the Authority is no longer able to pursue.</p>

<b>Audit Title</b>	<b>Out of Hours</b>	<p><b>Overview of Subject:</b> The Authority's Out of Hours service is responsible for dealing with incidents and enquiries from members of the public outside of the Authority's office hours, this includes evening, weekends and bank holidays.</p> <p>The Out of Hours service includes Corporate Standby, Housing Repairs/Maintenance, Environmental Health/Stray Dogs, Sheltered Housing and the I.C.T teams, all of which are entitled to claim back an allowance and overtime as a result of the unsociable hours worked.</p>
<b>Year of Audit</b>	<b>2018/19</b>	
<b>Type of Work</b>	Services & Systems - Other	
<b>Assurance Opinion Given</b>	<b>Reasonable</b>	
<b>Direction of Travel</b>	No previous audit	
<b>Errors Found</b>	No	

Areas of Scope	Adequacy and Effectiveness of Controls		New Recommendations Raised			Previous Rec Implementation (E and I only)		
			Essential (🔴)	Important (🟡)	Advisory (🟢)	Implemented	Cancelled	Not Implemented
Claims for Expenses			-	-	-	-	-	-
Call out records			-	-	-	-	-	-
Standby rates claimed			-	1	-	-	-	-
Service scope			-	-	-	-	-	-
Payment Scheme Clarity			-	-	-	-	-	-
Call logs			-	-	-	-	-	-
External Payments			-	-	-	-	-	-
Management Oversight			-	-	-	-	-	-
Call out lengths			-	-	-	-	-	-
Equal Pay			-	-	-	-	-	-
Budget Coding			-	1	-	-	-	-
Corporate Standby Claim Monitoring			-	1	-	-	-	-

#### Weaknesses identified during the audit and the proposed action (Essential and Important only)

<b>Important</b>	<p><b>Budget Coding –</b> Testing found that the corporate standby costs are mostly being coded to the Housing Revenue Account, whereas some of the costs should be going to the General Fund. A review of cost codes will be undertaken to determine how corporate standby costs can be better attributed. On completion of the review this will be fed back to the Corporate Standby Team so that they can code their costs accordingly based on the nature of the call/call out.</p>
<b>Important</b>	<p><b>Corporate Standby Claim Monitoring -</b> The Head of Building Repairs and Maintenance currently leads on the delivery of the corporate standby service but does not authorise individual claims, as these are authorised by individual line managers, and he is not provided with data on the overall spending. As a result of this finding the Business Transformation Officer will develop a reporting tool which can provide information on the Corporate Standby officer's monthly claims and allows for the interrogation of data.</p>

<b>Weaknesses identified during the audit and the proposed action (Essential and Important only)</b>	
<b>Important</b>	<b>Standby Rates</b> - During testing it was not possible to evidence rates being claimed by employees as 2018's rates were no longer available. Going forward the Standby rates for previous years will be stored in a separate area so that historic rates are available for audit purposes.

<b>Audit Title</b>	<b>Safeguarding</b>	<p><b>Overview of Subject:</b> Legislation places an obligation on all local authorities to safeguard all children, young people and vulnerable adults from harm, irrespective of ability, background, sexuality, lifestyle, religion or cultural beliefs. Safeguarding procedures should be in place to provide this protection, and all staff and members have a responsibility to be aware of the risks, how to identify issues and how to deal with them.</p> <p>Safeguarding is the responsibility of all Council staff, with the day to day support, with specialist roles by the Community Safety Team.</p>
<b>Year of Audit</b>	<b>2019/20</b>	
<b>Type of Work</b>	Services & Systems - Other	
<b>Assurance Opinion Given</b>	<b>Limited</b>	
<b>Direction of Travel</b>	↓ 2012/13	
<b>Errors Found</b>	No	

Areas of Scope	Adequacy and Effectiveness of Controls		New Recommendations Raised			Previous Rec Implementation (E and I only)		
			Essential (🔴)	Important (🟡)	Advisory (🟢)	Implemented	Cancelled	Not Implemented
Policies and Procedures			-	-	-	-	-	-
Interaction with Safeguarding Boards			-	-	-	-	-	-
Photographic Consent			-	-	-	-	-	-
Staff & Officers training			-	2	-	-	1	-
Trainer credentials			-	-	-	1	-	-
Members training			-	1	-	-	1	-
Contractor Compliance with Safeguarding Policy			2	-	-	-	-	-

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Weaknesses identified during the audit and the proposed action (Essential and Important only)	
<b>Essential x2</b>	<b>Compliance to Policy - Contractors</b> – Testing found limited evidence that managers were checking the adequacy of safeguarding arrangements of their Contractors and ensuring that DBS checks had been carried out by the Contractor when required. A review will now be undertaken to improve the corporate awareness of responsibilities in relation to contractors
<b>Important</b>	<b>Staff and Officers Safeguarding Training</b> - Testing of the current list of members of staff showed that 35% had no record of undertaking the Safeguarding training, and 82% of those that did, had not had refresher training since 2014/2015. The current accessibility of the main online training module will be checked and refresher training will be organised including an appropriate platform for those members of staff without access to the online training available.
<b>Important</b>	<b>Members Safeguarding training</b> - Testing of the current population of 31 Members showed that records were held to confirm that only 35% of members have undertaken Safeguarding training in May 2019. A further training session is planned to 'mop up' the remaining members after the summer break. Attempts were made to identify whether members not in attendance at the latest training had previously attended any training. It was not possible to identify any earlier training records for those members. The responsibility for the

<b>Weaknesses identified during the audit and the proposed action (Essential and Important only)</b>	
	recording of attendance at safeguarding training is to be established.
<b>Important</b>	<b>Recording of Staff and Members' Safeguarding Training</b> - The recording of staff and members who have undertaken training needs to be reviewed corporately and a system put in place.

**Reference Tables**

**1. Scale of Assurance Opinions**

<b>Strong</b>	There is a strong system of control designed and operating effectively. Any weaknesses found were low impact and do not significantly affect key controls or the achievement of the objectives of the system.
<b>Reasonable</b>	There is basically a sound system of internal control, but weaknesses were found in system design or compliance, which result in some risk to the achievement of the system objectives.
<b>Limited</b>	There are some weaknesses in the system of control designed or the level of compliance which result in significant risk to the achievement of the system objectives.
<b>Minimal</b>	Fundamental weaknesses have been identified such that many key controls are absent or not operating effectively which may put at risk the achievement of the corporate control objectives.

**2. Scale of Recommendation Priorities**

<b>Essential</b>	A fundamental weakness in the control system which presents immediate risk to the service or system of a significant nature. Requires urgent attention by management. Reported to the A&G Committee and implementation of proposed actions are monitored.
<b>Important</b>	A significant control weakness where the risk is not imminent or only of a moderate nature. This needs addressing but is not urgent. Reported to the A&G Committee and implementation of proposed actions are monitored.
<b>Advisory</b>	A weakness or opportunity for improvement where the risk poses no great threat and is relatively minor. Consideration should be given to addressing the weakness if there is the appetite and/or capacity to implement the improvements. Actions are not tracked.

**3. Stages of An Audit Assignment**

<b>Stage 1</b>	The Audit teams have started drawing up the scope of coverage for the assignment.
<b>Stage 2</b>	A scoping meeting has been held with the Sponsor in the client service.
<b>Stage 3</b>	The Terms of Reference for the Assignment have been issued.
<b>Stage 4</b>	The Auditor has started to deliver the agreed scope of work.
<b>Stage 5</b>	A first draft of the report has been received by the Support Officer to be reviewed.
<b>Stage 6</b>	Any additional testing identified has been completed.
<b>Stage 7</b>	An exit meeting has been held with the Sponsor giving the preliminary feedback from the work.
<b>Stage 8</b>	The draft report has been received by the in-house audit team.
<b>Stage 9</b>	The draft report has been issued to the Service Sponsor and is awaiting their response.
<b>Stage 10</b>	The final report has been issued.

# FAREHAM

## BOROUGH COUNCIL

### **Report to Audit and Governance Committee**

**Date:** 25 November 2019  
**Report of:** Head of Finance and Audit  
**Subject:** REVIEW OF WORK PROGRAMME

#### **SUMMARY**

This report reviews the current work programme for the Committee.

#### **RECOMMENDATION**

It is recommended that the Committee approve the work programme for the rest of the municipal year, as shown in Appendix A to this report.

## **INTRODUCTION**

1. This report brings the latest work programme for review by the Committee.

## **WORK PROGRAMME 2019/20**

2. The progress on the work programme for the year is shown in Appendix A. This shows the reports expected in relation to each of the functions of the Committee along with an update on the delivery of the programme.
3. There have been two further changes to the programme, as follows:
  - a) The external auditors grant certification report has been postponed from the November meeting to the March meeting as the work has not yet been finalised. It is noted that this was the case last year too so from now on this report will be scheduled in the work programme for the March meeting.
  - b) The update to the Anti-Bribery Policy has been postponed from the November meeting as the work has not yet started. It is hoped that this work will have been completed in time for the March meeting.

## **RISK ASSESSMENT**

4. There are no significant risk considerations in relation to this report.

## **CONCLUSION**

5. The work programme in place is appropriate to meet the responsibilities of the Committee.

**Background Papers:** None

**Reference Papers:** Report to the Audit and Governance Committee – 11 March 2019 - Annual Report of the Committee

### **Enquiries:**

For further information on this report please contact Elaine Hammell. (Ext 4344)



## WORK PROGRAMME FOR 2019/20

Committee Function and Report Subject		Frequency	Last Covered	July 2019	September 2019	November 2019	March 2020
<b>COMMITTEE WORKING ARRANGEMENTS</b>							
Review of Work Programme and training plan		Quarterly	2019-20	Completed	Completed	Completed	<b>YES, and Annual Report</b>
Review of the Functions of the Committee		3 yearly	2019-20		Completed		
Review of the Constitution		Annual	2019-20			Completed	
<b>ETHICAL FRAMEWORK AND STANDARDS</b>							
Standards of Conduct	Review of Code of Conduct for Members	As needed	2015-16				
	Review of member / officer protocol	As needed	2008-09				
	<b>Overview of Complaints against the Council</b>	Annual	2019-20		Completed		
Member Training and Development	Review of Members Training and Development Programme	As needed	2015-16				
<b>GOVERNANCE FRAMEWORK</b>							
Framework	Local Code of Corporate Governance	As needed	2016-17				
	<b>Annual Governance Statement</b>	Annual	2019-20	Completed			
Key Policy	<b>Review of Financial Regulations</b>	3 yearly	2019-20		Completed		
	<b>Review of Contract Procedure Rules</b>	3 yearly	2018-19		Some changes included in report above		<b>EXTRA – First year review</b>
	<b>Treasury Management Policy and Strategy</b>	Annual	2019-20			Completed	<b>YES - Policy and indicators</b>
Risk Management	Policy	As needed	2016-17				
	<b>Risk Management Monitoring Reports</b>	6 monthly	2019-20		Completed		<b>YES</b>
	Business Continuity	3 yearly	2018-19				
	<b>Specific Risk Management topics</b>	As needed	None			Completed Extra – Closed session on Cyber security	
Counter Fraud	<b>Counter Fraud Policy and Strategy</b>	3 yearly	2016-17			Postponed to 2020/21	

Committee Function and Report Subject		Frequency	Last Covered	July 2019	September 2019	November 2019	March 2020
	<b>Anti-Bribery Policy</b>	As needed	2011-12			Postponed to March 2020	Postponed from Nov 2019
	Sanctions and Redress Policy	As needed	2016-17				
	<b>Counter Fraud Annual Report</b>	Annually	2019-20	Completed			
<b>INTERNAL AUDIT ASSURANCE</b>							
	Internal Audit Strategy	3 yearly	2018-19				
	<b>Internal Audit Annual Plan</b>	Annual	2018-19				<b>YES</b>
	<b>Internal Audit Progress Report</b>	Quarterly	2019-20	Completed	Completed	Completed	<b>YES</b>
	<b>Head of Audit's Annual Opinion</b>	Annual	2019-20	Completed			
<b>EXTERNAL ASSURANCE</b>							
	Update on Arrangements for Appointment of External Auditors	As needed	2018-19				
	<b>Annual Plan and Fee</b>	Annual	2018-19				<b>YES</b>
	<b>Annual Audit Letter</b>	Annual	2019-20		Completed		
	<b>Annual Certification Report</b>	Annual	2018-19			Postponed to March 2020	Postponed from Nov 2019
	Specific reports from inspection agencies	As needed	2018-19 (RIPA)				
<b>STATEMENT OF ACCOUNTS</b>							
	<b>Statement of Accounts</b>	Annual	2019-20	Completed			
	<b>External Audit – Audit Results Report</b>	Annual	2019-20	Completed			
<b>OTHER</b>							
	Updates on legal issues	As needed	2017-18				
	Issues referred from the Chief Executive Officer, Directors and Other Council Bodies	As needed	None				
Number of Items				7	7	5	9