

**A MEETING OF THE POLICY AND ORGANISATION BOARD  
WAS HELD ON 29 SEPTEMBER 2014**

The Mayor (Councillor Gill) (ex-officio) (P) Burgess (P), Chegwyn (P), Hicks (P), Hook (Chairman) (P), Jessop (P), Langdon (P), Philpott (P), Ronayne (P), Mrs Wright (P) and Wright (P)

**23. APOLOGIES**

There were none.

**24. DECLARATIONS OF INTEREST**

Councillor Hook declared a pecuniary interest in Agenda item 8 – Budget Strategy at the point Gosport Borough Football Club was discussed. He left the room and took no further part in the discussion thereon.

**25. MINUTES OF THE MEETINGS OF THE BOARD HELD ON 9 JULY 2014.**

**RESOLVED:** That the minutes of the meeting of the Policy and Organisation Board held on 9 July 2014 were approved and signed by the Chairman as a true and correct record.

**26. DEPUTATIONS**

There were no deputations.

**27. PUBLIC QUESTIONS**

There were no public questions.

**PART II**

**28. CITIZEN ADVICE BUREAU – ANNUAL REPORT**

Consideration was given to a verbal report of Anita Muff, manager at Gosport Citizen's Advice Bureau.

The Board were advised that the Citizen's Advice Bureau offered free confidential, impartial advice.

Members were advised that the majority of staff were volunteers and that there was a national membership scheme of which the Bureau were members and that in addition they were self funded.

It was acknowledged that a large proportion of costs were staff costs and that this was necessary to deliver a high quality customer facing service.

Members were given a breakdown of the service users and advised of projects that the Bureau were involved in, including MacMillan support and being the lead partners in the GAIN network. It was hoped this would allow

customers to only have to explain their situations to one advisor for all services.

The Board were advised that the most commonly offered advice included how to prepare for universal credit, money management and internet skills.

The Bureau provided 10 minute free of charge appointments with solicitors to support more complex, legal cases. They also advised on other areas such as energy reduction, legislation changes and scam awareness. Surveys had shown that 100% of clients were happy with the service they had received and would recommend the service to others.

Members thanked Anita Muff for her presentation and recognised the support and guidance they gave Gosport residents.

## **29. EY AUDIT RESULTS REPORT**

Consideration was given to the report of Ernst and Young summarising the findings from the 2013/14 audit which was substantially complete. It included the messages arising from the audit of Gosport Borough Council financial statements and the results of the work undertaken to assess the arrangements to secure value for money in Gosport Borough Council's use of resources.

The report includes matters of governance interest that had come to Ernst and Young's attention in performing the audit under the requirements of the Audit Commission's Code of Audit Practice and international standards of auditing (ISAs).

Helen Thompson was invited to address the Board. The Board were advised that the report had already been presented to the Standards and Governance Committee and that she believed the financial statements gave a true and fair view of the financial position. The approval of the letter of representation would allow the audit report to be issued.

The Board were advised that Ernst and Young would be issuing an unqualified value for money conclusion, unqualified audit opinion on the financial statements and that there were no matters to report.

Members sought clarification on the two risks identified and were advised that the first related to the risk of management override and bias in accounting estimates, which is common to all EY local government audit plans, and the second related to the business rates appeals provision which was required to be made for the first time in 2013/14.

.Members were advised that the 'uncorrected misstatements' highlighted by EY were in relation to the categorisation of transport contribution, housing benefit administration grant and the difference between current and historic cost depreciation in previous years.

Members were advised that the misstatements identified and corrected during the audit were not considered significant so were not commented on in any further detail.

The value for money conclusion was based on two criteria set by the Audit Commission regarding the arrangements for securing financial resilience and arrangements for securing economy, efficiency and effectiveness. The Board were advised that the Council were operating well and had the expertise to set a robust budget and medium term financial plan.

In answer to a Member's question regarding financial reconciliations, it was clarified by the Borough Treasurer that procedures had been put in place to ensure that regular reconciliations took place in future.

Members were advised that the audit would be completed within the audit fee set out by the Audit Commission. There is ongoing work regarding the housing benefit subsidy claim, the deadline for this was 30 November 2014. A report would be made to a future meeting of the Standards and Governance Committee in respect of the certification of 2013/14 grant claims and returns..

Members welcomed the reduction in Audit fees by 40%; this was as a result of proposed closure of the Audit Commission and the competitive tender of audit services.

Members welcomed the pleasing result and the recognition that the Council were staffed with a good level of expertise.

**RESOLVED:** That the Board

- Review and note the conclusions set out in the Audit Results Report
- Approve the letter of management representation (separate agenda item), to allow the auditors to issue their audit report.

### **30. FINAL ACCOUNTS**

Consideration was given to the report of the Borough Treasurer, summarising the outturn position for the 2013/14 financial year and recommending the approval of the Statement of Accounts for 2013/14.

Members queried the cause of the capital programme slippage expressing concern that work was being programmed that could not be completed. It was recognised that there were many causes of slippage, these included ground conditions. Members acknowledge that slippage would always occur.

Members were advised that the increase in reserves had enabled the Council to construct Council properties for the first time in a number of years and that it was important to ensure the fund was sufficient for demands.

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Members were advised that the differentiation in figures at point 2.8 of the report was clarified within the Statement of Accounts and related to the feature of the business rates retention scheme whereby year end surpluses or deficits on the Collection Fund could not be received or paid until the next financial year .

Members sought clarification regarding the slippage listed on the disabled facilities grant, the Board were advised that the disabled facilities grant work was undertaken by contractors for Portsmouth City Council and the slippage represented work paid for but not yet completed at year end

**RESOLVED:** That the Board;

- approve the accounting policies contained within the Statement of Accounts (page 19) and the change in respect of IAS19 (page 9);
- approve the Statement of Accounts for 2013/14 at Appendix G;
- note the outturn position contained in the report and Appendices including
  - The capital programme slippage detailed in Appendix D
  - The write offs approved under delegated authority at Appendix E;
  - and
- approve the Letter of Representation at Appendix F.

### **31. BUDGET STRATEGY 2015/16**

**Note: Councillor Hook declared a pecuniary interest in this item at the point Gosport Borough Football Club was mentioned. He left the meeting room at 18:37 and took no part in the discussion. He returned to the meeting room at 18:42.**

Consideration was given the strategy for preparation of the General Fund budget and Capital Programme for the next financial year in the light of the Medium Term Financial Strategy 2014-2019 approved by the Board in July 2014 and the current national and local financial situation.

Members were advised that the General Election scheduled for 2015 added further uncertainty to the financial situation and that the Council would need to find £740,000 to address the deficit.

In answer to a Members question, the Board were advised that the improvements to Gosport Borough Football Club had been in the budget for a number of years.

In answer to a further question from Members, the Board were advised that the work undertaken at Gosport Borough Football Club was to repair damaged caused by storms and that a rent review had taken place 6 months previously.

Members questioned whether there had been an insurance claim following the theft of turf from the football club. The Board were advised that some turf that could not be laid due to weather conditions had been placed unrolled, as to leave it rolled would have caused it to disintegrate, to be laid when weather conditions improved and the turf had been stolen, but had been replaced by the contractors and an insurance claim was not made.

Members requested that further information be sent to them regarding the figures spent on Gosport Borough Football Club.

In answer to a further question, the Board were advised that Crown House had been advertised to let, but there had been no interest in the property and that now, as agreed at the Economic Development Board, the property would be converted into flats, available for rent, with the income from the rental returning to the Council. It was confirmed that Council had received no income from the property since the departure of Parker Torrington.

The Borough Treasurer confirmed that Gosport Borough Football Club had paid up to date money owed to the Council.

**RESOLVED:** That the Council's current financial position be noted and that the Budget Strategy set out in Section 2 and Appendix A that will be used in the preparation of the budget for the 2015/16 financial year be agreed.

### **32. TREASURY MANAGEMENT ANNUAL REVIEW 2013/14, PROGRESS REPORT 2014/15 AND PRUDENTIAL INDICATORS**

Consideration was given to the annual treasury report; a requirement of the Council's reporting procedures and covering the treasury activity for 2013/14 together with a review of 2014/15 to date. The report also includes the Prudential Indicators for 2013/14 in accordance with the requirements of the Prudential Code.

In answer to a Member's question, the Board were advised that the difference between the Housing Revenue Account actual figure in 2012/13 and the revised figure for 2013/14 was as a result of the restatement of the 2013/14 figure, to include depreciation following Housing Finance reform. Research had been undertaken and this was in line with other local authorities.

**RESOLVED:** That the Board note the report and the 2013/14 prudential indicators

### **33. DISCRETIONARY RATE RELIEF LB PHYSIO**

Consideration was given to a report of the Borough Treasurer detailing an application for hardship relief from non-domestic rates under Section 49 of the

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Local Government Finance Act 1988 submitted by L B Physio at Coastal Clinics, South Street, Gosport.

It was clarified that Coastal clinics was a brand under which LB Physio traded.

Members debated the proposal and acknowledged that the request was for support for 2013/2014.

Members recognised that the Council would themselves be in a position in which they would need to make significant savings as a result of a cut in funding.

Members expressed concern that the business had failed in bids to secure funding that was included within the business plan and that the business plan and accounts themselves gave cause for concern.

Members recognised that applications for rate relief were made in exceptional circumstances and that the application had been made in 2013, following a review and subsequent change in the rateable value of the premises. The application to the Board was held in abeyance, pending the outcome of an appeal to the valuation office against the rating level. In addition, the application was delayed due to queries surrounding the rateable value of the premises and the car park being split, or combined.

Members also recognised that the exceptional increase in rateable value had led to the loss of small business rate relief and led to an increase to the rates bill from £1309.84 to £6237.00 for 2013/14 an increase of 376%.

Members recognised that the increase in rates was exceptional, but expressed concern that the potential increase in rateable value had not been taken into consideration within the business plan.

Members sought clarification as to the potential legal challenge, should similar local businesses feel there is an unfair trading advantage. It was clarified that should a legal challenge be made it was usual that the party to which action found in favour would have their costs reimbursed by way of a cost order. This would depend however on the wealth of the opposing party.

Members were advised that it was considered that the increase in the rateable value was exceptional circumstances, and that it was unlikely that a legal challenge could be upheld as there were not comparable businesses in the high street location.

Members also expressed concern that the accounts presented to with the application were unaudited. It was acknowledged that there had been a change in accountants over the previous years.

Members debated the application; Members expressed sympathy for the business, it was felt there were a number of questions that needed further clarification.

Members recognised that the business was a local employer and provided a service to local residents, but also recognised that a number of local businesses were struggling in the current financial climate.

It was proposed that the application for hardship relief at a cost of £3017.48 be agreed. Members voted on the proposal and the motion was carried by a result of six votes in favour of the proposal to four against.

The motion was subsequently carried.

**RESOLVED:** That the application by LB Physio for hardship relief under section 49 of the Local Government Finance Act 1988 by granting relief on the increase in rates payable for the years 2012/13 and 2013/14 resulting from the increased rateable value, at a cost of £3017.48, be approved.

### **33. STAFFING REVIEW**

Consideration was given to a report of the Housing Services Manager presenting a number of staffing issues for decision, including details of a revised structure which has been designed to enable the property services section to meet future challenges and offer an improved service.

Members welcomed the proposals. In answer to a Member's question, the Board were advised that although the St Vincent Road development and Addenbrooke development were being managed by First Wessex and Hampshire County Council respectively, there would be involvement for Gosport Borough Council progressing the schemes including supporting the existing tenants.

**RESOLVED:** That Policy and Organisation Board approve:

- a) The creation of a new post of Principal Development Surveyor;
- b) Bringing into the GBC establishment the two Building Surveyor posts (one currently vacant) that are currently seconded from Kier Services;
- c) Create a permanent post of Asset Management Officer within Asset Management – Housing to replace the temporary post of Asset Management Surveyor, which is currently vacant and due to expire on 10th March 2015; and the
- d) Create a new post of Maintenance Surveyor within Property Services' Corporate Asset Management team.

### **34. ANY OTHER ITEMS**

There were none.

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The meeting ended at 19:20

**CHAIRMAN**