



Notice is hereby given that a **MEETING** of the **COUNCIL OF THE BOROUGH OF GOSPORT** will be held in the **TOWN HALL, GOSPORT** on **WEDNESDAY** the **FOURTEENTH** of **DECEMBER 2016 AT 6PM** AND ALL MEMBERS OF THE COUNCIL ARE HEREBY SUMMONED TO ATTEND TO CONSIDER AND RESOLVE THE FOLLOWING BUSINESS –

1. To receive apologies from Members for their inability to attend the Meeting.
2. To confirm the Minutes of the 12 October 2016 (Copy herewith)
3. To consider any Mayor's Communications.
4. To receive Deputations in accordance with Standing Order No 3.4 and to answer Public Questions pursuant to Standing Order No 3.5, such questions to be answered orally during a time not exceeding 15 minutes.

(**NOTE:** Standing Order No 3.4 requires that notice of a Deputation should be received by the Borough Solicitor **NOT LATER THAN 12 O'CLOCK NOON ON MONDAY, 12 DECEMBER 2016** and likewise Standing Order No 3.5 requires that notice of a Public Question should be received by the Borough Solicitor **NOT LATER THAN 12 O'CLOCK NOON ON MONDAY, 12 DECEMBER 2016**).

5. Questions (if any) pursuant to Standing Order No 3.3.

(**NOTE:** Members are reminded that Standing Order No 3.3 requires that Notice of Question pursuant to that Standing Order must be received by the Borough Solicitor **NOT LATER THAN 12 O'CLOCK NOON ON TUESDAY, 13 DECEMBER 2016**).

6. To receive the following Part II minutes of the Boards of the Council:
 - Community Board: 16 November 2016 (Page No. 6/1-6/3)
 - Economic Development Board: 23 November 2016 (Page No. 6/4-6/9)
7. External Audit Arrangements 2017/18

This report explains the latest position in relation to the requirement in the Local Audit and Accountability Act 2014 for the Council to appoint its own auditor

**DAVID WILLIAMS
CHIEF EXECUTIVE**

**TOWN HALL
GOSPORT**

6 DECEMBER 2016

FIRE PRECAUTIONS

(To be read by the Mayor if members of the public are present)

In the event of the fire alarm being activated, please leave the Council Chamber and Public Gallery immediately. Proceed downstairs by way of the main stairs or as directed by GBC staff, follow any of the emergency exit signs. People with disability or mobility issues please identify yourself to GBC staff who will assist in your evacuation of the building.

This meeting may be filmed or otherwise recorded. By attending this meeting, you are consenting to any broadcast of your image and being recorded.

MEMBERS ARE REQUESTED TO NOTE THAT:

(1) IF THE COUNCIL WISHES TO CONTINUE ITS BUSINESS BEYOND 9.30PM THEN THE MAYOR MUST MOVE SUCH A PROPOSITION IN ACCORDANCE WITH STANDING ORDER 4.11.18

(2) MOBILE PHONES SHOULD BE SWITCHED OFF OR SWITCHED TO SILENT FOR THE DURATION OF THE MEETING

**MINUTES OF THE MEETING OF THE COUNCIL
HELD ON 12 OCTOBER 2016 AT 6.00pm**

Attendance:

The Mayor (Councillor Mrs Hook) (P) (in the Chair);

Councillors Allen (P), Ms Ballard (P), Bateman (P), Mrs Batty (P), Beavis (P), Bergin (P), Burgess (P), Carter (P), Chegwyn (P), Mrs Cully (P), Ms Diffey (P), Earle (P), Edgar (P), Farr (P), Mrs Forder, Foster-Reed (P), Mrs Furlong (P) Hicks (P), Hook (P), Mrs Huggins (P), Hylands (P), Jessop (P), Mrs Jones, Miss Kelly (P), Mrs Morgan (P), Murphy Philpott (P), Mrs Prickett (P), Raffaelli (P), Ronayne(P), Scard (P), Mrs Wright (P) and Wright (P).

Also in attendance: Honorary Freeman O'Neill, Honorary Alderman Foster, Gill and Kimber.

APOLOGIES

Apologies for inability to attend the meeting were submitted on behalf of Councillors Mrs Forder, Mrs Jones, Murphy.

MINUTES

COUNCIL RESOLVED: That the Minutes of the meeting of the Council held on 20 July 2016 be confirmed and signed.

MAYOR'S COMMUNICATIONS

There were none

DEPUTATIONS

There were no deputations received.

QUESTIONS PURSUANT TO STANDING ORDER 3.4

Questions standing in the name of Councillor Chegwyn on

What is the latest information, if any, from the Local Boundary Commission for England regarding any possible review of this Council's ward boundaries and composition prior to the scheduled Borough Council elections in May 2018; and

Has any application to purchase Middle Barn Cottage, Grange Lane, Rowner (the former Gamekeeper's Cottage at The Wildgrounds) been received by the Council under the Right to Buy or any other legislation?

Were answered by the Leader of the Council and the Chairman of the Community Board.

PART II MINUTES

COUNCIL RESOLVED: That the following Part II Minutes be received.

Councillors Edgar, Hook and The Mayor declared a pecuniary interest at the point in which Gosport Borough Football Club were discussed; they left the room and took no part in the discussion.

- Economic Development Board: 23 August and 14 September 2016
- Community Board: 7 September 2016
- Policy and Organisation Board: 21 September 2016

FEES AND CHARGES

Consideration was given to a report of the Borough Treasurer detailing the amended fees and charges for implementation from January 2017. It was recommended that the Council agree to approve the fees and charges referred to in the report and appendix for implementation from 1 January 2017, unless otherwise stated.

Voting was thereupon taken and the names of the Members voting for and against the Recommendation and those abstaining were read to the Council:

FOR THE RECOMMENDATION: Councillors Allen, Bateman, Mrs Batty, Beavis, Bergin, Burgess, Carter, Mrs Furlong, , Hook, Mrs Huggins, Jessop, Mrs Morgan, Philpott, Raffaelli, Ronayne, Scard, The Mayor. **(17)**

AGAINST THE RECOMMENDATION: Councillors Ms Ballard, Chegwyn, Mrs Cully, Ms Diffey, Earle, Farr, Foster-Reed, Hicks, Hylands, Miss Kelly, Prickett, Mrs Wright, Wright **(13)**

ABSTENTIONS: Councillor Edgar **(1)**

COUNCIL RESOLVED: That the recommendations be approved.

The meeting concluded at 6.33pm

The Mayor.

**A MEETING OF THE COMMUNITY BOARD
WAS HELD ON 16 NOVEMBER 2016 AT 6PM**

The Mayor (Councillor Mrs Hook) (ex-officio), Councillor Hook (ex-officio), Councillors Mrs Batty, Bateman (P), Burgess (P), Earle (P), Mrs Huggins (P), Hylands (P) Mrs Jones (P), Miss Kelly (P), Mrs Morgan (P), Murphy (P), Ronayne (P), Scard (P), Mrs Wright (P), Wright (P)

It was reported that in accordance with Standing Order 2.3.5, Councillors Beavis had been nominated to replace Councillor Mrs Batty for this meeting.

PART II

27. ALLOTMENT STAKEHOLDERS GROUP

Consideration was given to a report of the Housing Services Manager to inform the Community Board of a change in process for liaising with the service users.

Mr More was invited to address the Board. He thanked Members for the opportunity to speak on this item and advised the Board that he sat on the committee of the Allotment Stakeholders Consultative Group.

Mr More raised concerns with the report to abolish the group as he believed it to be full of inaccuracies. Mr More provided the Board with the history and creation of the Allotment Stakeholders Consultative Group and advised that at a meeting of the Overview & Scrutiny Committee in 2007 a report had been produced recommending a Stakeholders Consultative Group be established.

Mr More further advised the Board that the report had been endorsed by a Council meeting held on the 9th February 2005 and therefore he felt that the proposal to abolish the Consultative Group would override the will of the Council.

Mr More advised the Board that the Allotment Stakeholders Consultative Group sat within the terms of the Community Board.

Mr More advised the Board that due to cancellation of meetings there was currently no group chairman following local elections. Mr More further added that promised meetings in May, July and September had all been cancelled due to staff shortages and had never been re-arranged.

Mr More advised the Board that discussions had previously taken place to form a Wardens Group to deal with the day to day issues of allotments which would complement the Allotment Stakeholders Consultative Group. Mr More advised that a Wardens Group had never been set up. Mr More also questioned what resources would be available to facilitate the proposed Wardens Liaison meeting.

Mr More advised the Board that the Allotment Association had no intention to leave the Allotment Stakeholders Consultative Group if they lost a vote about Devolved Management.

Mr More advised the Board that Allotment Association attendees had not been advised of the proposal to abolish the group and that there had been no common decency to inform members of the Allotment Stakeholder Consultative Group that their contribution was no longer required.

In conclusion Mr More added that Allotment Association attendees had volunteered and put in a lot of time and effort into the group since 2005 and authorities were working more closely with Allotment Associations which added value and enhanced

the group.

A Member queried the recommendation to note the report and felt that the powers of Councillors were being diminished. It was therefore proposed and seconded that the item be deferred.

A vote took place and was subsequently agreed that the item be deferred for further consideration with liaison with the Allotment Association Stakeholders.

RESOLVED: That the Community Board defer the item for further consideration with liaison with the Allotment Association Stakeholders.

28. PUBLIC SPACE PROTECTION ORDER (CONTROL OF DOGS)

Consideration was given to a report of the Borough Solicitor to seek approval of the Community Board to consult upon the creation of a Public Space Protection Order for the control of dogs.

The Chairman advised the Board that there was a typo in Appendix A of the report paragraph 3.3 where it should read “not being aware of the defecation or not having a device for or suitable means to removing the faeces shall not be a reasonable excuse for failing to remove it”.

The Chairman also advised the Board that in Schedule two of the report where it refers to “Swimming Baths” Should read “Pirates Cove Play Area”

A Member queried asked why the maximum number of dogs a person could bring onto any land open to the public at any one time was currently set six. The Senior Solicitor confirmed that the figure was based on DEFRA guidance but the board could depart from this where satisfied such restriction is justified.

Following discussions it was proposed and agreed that the number of dogs permitted on any land open to the public at any one time be reduced from six to four.

RESOLVED: That the Community Board:

- Approve the initiation of a consultation exercise based on the draft Public Space Protection Order (Control of Dogs) attached at Appendix A (“Draft PSPO”) amended as follows ;
- -the specified maximum number of dogs for the purpose of paragraph 6.1 of Appendix A shall be four,
- -dogs shall be excluded for the purpose of paragraph 8 of Appendix A from: any sports pitch at all times; enclosed children’s play areas which shall include designated local areas for play and local equipped areas of play
- The Community Board shall at its next programmed meeting have regard to any representations made in response to the consultation and decide whether to approve the Draft PSPO with or without modification,

29. ANY OTHER ITEMS

There was no other business.

30. EXCLUSION OF THE PUBLIC

RESOLVED: That in relation to the following item the public be excluded from the meeting, as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during this item there would be disclosure to them of exempt information within Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972, and further that in all circumstances of the case, the public interest in maintaining the exemptions outweighs

the public interest in disclosing the information, for the reasons set out in the report.

31. CONTRACT FOR THE DESIGN AND BUILD OF MAJOR PLAY AREA AND LANDSCAPING AT THE ALVER VALLEY COUNTRY PARK

Consideration was given to the report of the Head of Street Scene and the Deputy Head of Planning Services (Policy) to advise the Community Board of the procurement process outcomes for the appointment of a contractor for the design and build of a major play area and landscaping at the Alver Valley Country Park Western Gateway (the “Contract”).

RESOLVED: The tender for the design and build of a major play area and landscaping at the Alver Valley Country Park Western Gateway submitted by Wicksteed Leisure Limited is accepted, subject to the grant of planning permission for the works and the completion of a binding contract.

The meeting concluded at 18:47

CHAIRMAN

**A MEETING OF THE ECONOMIC DEVELOPMENT BOARD
WAS HELD ON 23 NOVEMBER 2016**

The Mayor (Councillor Mrs Hook) (ex-officio), Councillors Hook, Ms Ballard (P), Bateman (P), Beavis (P), Ms Diffey (P), Edgar (P), Farr (P), Mrs Forder (P), Mrs Furlong (P), Mrs Huggins, Miss Kelly (P), Philpott (P), Mrs Prickett (P), Raffaelli (P), Mrs Wright (P).

It was reported that in accordance with Standing Order 2.3.6 Councillor Burgess had been nominated to replace Councillor Huggins for this meeting.

PART II

36. PROVISION OF ENERGY SERVICES

Consideration was given to the report of the Housing Services Manager seeking approval for the provision of energy services by Portsmouth City Council's (PCC) Energy Services Team.

Mark Tutton and Andrew Waggott from Portsmouth City Council Energy Services were introduced to the Board.

The Board welcomed the report as comprehensive and acknowledged that the proposal was mutually beneficial to both authorities.

Members requested and subsequently proposed that as this was the first instance of use of Portsmouth City Council Services that the GBC retain the autonomy to terminate the arrangement with reasonable notice.

It was also requested that recommendation 6 of the report be amended to reflect a desire from Members to receive monitoring updates.

Recommendation 5 to read;

To delegate to the Borough Solicitor authority to finalise the relevant legal documentation to conclude matters and to include the provision as to the specific period for which the agency of PCC's Energy Services will run, and provision also for the agency to be terminable by GBC at any time during that period on reasonable notice to PCC.

Recommendation 6 to read;

Ensure the Housing Services Manager in consultation with the Chairman of the Board deliver regular monitoring updates to the Board regarding the provision of energy services.

The amendments were seconded and subsequently agreed by the Board.

RESOLVED: That

1. PCC's Energy Services be authorised to act as agents for Gosport Borough Council (GBC) and finalise and implement the procurement, management and validation of utilities (including water) under the fee structure set out within this report;

2. PCC Energy Services be authorised to provide the following additional services to GBC under the fee structure set out within this report:
 - Installation of Solar PV
 - Set up a Gosport-branded Energy Switching Website
 - Sourcing energy-related grant funding to assist GBC residents
 - Void energy management in local authority housing voids
 - Ongoing feasibility and design of further energy projects
3. the Housing Services Manager be delegated authority to implement the delivery of energy services (as shown above), energy efficiency and microgeneration projects within buildings owned by Gosport Borough Council with an effective date of 1st December 2016 but subject to a comprehensive financial appraisal(s) approved by the S151 Officer;
4. the Housing Services Manager be delegated authority to finalise matters relating to this report and which buildings are used to The Housing Services Manager;
5. the Borough Solicitor be delegated authority to finalise the relevant legal documentation to conclude matters and to include provision as to the specific period for which the agency of PCC's services will run , and provision for the agency be terminable by GBC at any time during the period on reasonable notice to PCC;
6. the Housing Services Manager in consultation with the Chairman of the Board ensures that the Board receive regular monitoring updates regarding the provision of energy services.

37. DISPOSAL OF 16 CAMDEN STREET, GOSPORT. PO12 3HZ

Consideration was given to the report of the Housing Services Manager seeking Board approval to pursue the disposal of the property known as 16 Camden Street, Gosport, from the Council's Housing Stock

Members welcomed that the proposal would release funds for the Council to invest in alternative properties.

Members also sought assurance that there was no additional properties void in the Borough and were advised that this property was an anomaly as it was not located near any other Council owned properties.

RESOLVED: That Housing Services Manager be authorised to sell 16, Camden Street, Gosport on the open market in accordance with the relevant Consents issued by the Secretary of State and that the Head of Property Services be authorised to finalise the terms for its disposal.

38. LEASE OF LAND AND BUILDING AT LEE RECREATION GROUND TO LEE HORTICULTURAL SOCIETY

Councillors Bateman and Beavis declared that they were members of Lee Horticultural

Society but remained in the room and took part in the discussion and voting thereon.

Consideration was given to the report of the Housing Services Manager seeking Board approval for the lease of land and building at Lee Recreation Ground to the Lee Horticultural Society for use as a store and clubhouse

Members acknowledged that the Society were popular and active.

In answer to a Member's question the Board were advised that the estates team were addressing a backlog of expired leases, first leases and overdue rents and that this report formed part of the process.

Members were advised that negotiations had taken place prior to the report being presented to the Board.

Members were also advised that the Society had been paying rent prior to the negotiations and that this was a formalisation of arrangements.

RESOLVED: That the proposed lease of land and Building at Lee Recreation Ground to the Lee Horticultural Society be approved and that the Housing Services Manager be authorised to finalise terms for the lease of land and building at Lee Recreation Ground and the Head of Legal Services be authorised to enter in to such legal documentation as is necessary to effect the above decision.

39. LEASE OF LAND AND BUILDINGS AT MONKS WALK, GOSPORT TO STYLER'S GYM

Councillor Ms Ballard declared that she was distantly related to the applicants, but remained in the room.

Consideration was given to the report of the Housing Services Manager seeking Board approval for the lease of land and buildings at Monks Walk, Gosport to Styler's Gym.

Members acknowledged that since the report had been written Mr Don Styler had sadly passed away. The Board were advised that Officers had been requested to and subsequently made contact with Mr Matt Styler who had confirmed his desire to continue with the proposals.

RESOLVED: That the proposed lease of land and Buildings at Monks Walk, Gosport (known as Styler's Gym) to Mr Matt Styler be approved and that the Housing Services Manager be authorised to finalise terms for the lease of land and buildings at Monks Walk, Gosport and the Head of Legal Services be authorised to enter in to such legal documentation as is necessary to effect the above decision.

40. LEASE OF LAND AT SOUTH STREET GOSPORT TO ALVERBRIDGE NURSERY

Councillor Edgar declared that he was the Executive Member on Hampshire County Council for Education but remained in the room and took part in the discussion and voting thereon.

Consideration was given to the report of the Housing Services Manager seeking Board approval for the lease of land and buildings at South Street Gosport (former Driving Test Centre) to the Alverbridge Nursery for use as a day nursery for children aged six months to five years old.

Members acknowledged that this was a welcome proposal for Alverbridge Nursery, that ensured existing children were able to continue attending due to its proximity to their current location. Members also acknowledged that it would also provide a facility to other Town residents with its new location.

The Board was advised that the Nursery had worked hard to secure funding for the required extension and were congratulated on their achievements to date. It was acknowledged that the proposal would still need to obtain planning approval, but the Nursery hoped to open in September 2017

The Board welcomed the recommendation and proposal for the site.

RESOLVED: That the proposed lease of land and Buildings at South Street, Gosport (former Driving Test Centre) to the Alverbridge Nursery be approved and that the Housing Services Manager be authorised to finalise terms for the lease of land and buildings at South Street Gosport and the Head of Legal Services be authorised to enter in to such legal documentation as is necessary to effect the above decision.

41. LEASE OF ROOF SPACE AT ALVER VILLAGE FOR THE INSTALLATION OF CCTV CAMERAS AND ASSOCIATED EQUIPMENT

Consideration was given to the report of the Chief Executive advising the Board of a use of the Chief Executive's emergency delegated powers for the lease of roof space from First Wessex on Ark Royal House, Alver Village, Rowner to facilitate the installation of CCTV cameras and associated equipment in and around the Alver Village area.

The Board acknowledged that the type of CCTV installed would allow the greatest coverage of the area surrounding Ark Royal House. In addition, Members also acknowledged that this was the type of circumstance that the Chief Executive should be able to use their delegated powers to ensure urgent decisions are made.

RESOLVED: That the report of the Chief Executive be noted.

42. LEASE OF TOWN HALL OFFICES TO THE OFFICE OF THE POLICE AND CRIME COMMISSIONER FOR HAMPSHIRE

Consideration was given to the report of the Housing Services Manager seeking Board approval for the lease of additional office space within the Town Hall, for use as a reception desk for the new Police Neighbourhood Office, to the office of the Police and Crime Commissioner for Hampshire (OPCC).

Members were advised that the negotiations for this supplementary lease were still ongoing.

Members expressed concern that no specific length for the rent free trial period had been stipulated in the report, Members stated that they were supportive of the proposal but felt that there should be a definitive period for the trial.

The Board were advised that the proposal for a trial front desk was as a result of an inspection of offices in Basingstoke, which were considered incredibly successful but it was acknowledged that they would benefit from a front desk.

The Board were advised that the Police were in ongoing negotiations with contractors regarding the cost of the refurbishment for the additional leased area, but were moving in to the primary area on the 29th November.

It was proposed, seconded and agreed that the rent free trial period be no more than 12 months from the date the additional facility opens.

RESOLVED: That;

The proposed Supplemental Lease with The Office of the Police and Crime Commissioner for the Hampshire Police Area (OPCC) to provide additional office accommodation within the Town Hall for use as a Police reception be approved;

the Board authorises the Housing Services Manager in consultation with the Chairman of the Economic Development Board to finalise terms for the Supplemental Lease and to authorise the Head of Legal Services to enter in to such legal documentation as is necessary to effect the above decision; and that The rent free trial period for the area covered by the supplementary lease be limited to no longer than 12 months.

43. EXCLUSION OF THE PUBLIC

RESOLVED: That in relation to the following item the public be excluded from the meeting, as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during this item there would be disclosure to them of exempt information within Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972, and further that in all circumstances of the case, the public interest in maintaining the exemptions outweighs the public interest in disclosing the information, for the reasons set out in the report.

45. GOSPORT LEISURE PARK – SALE OF LAND FOR CAFÉ/COFFEE SHOP

Consideration was given to the exempt report of the Housing Services Manager seeking approval for the sale of land on the north east corner of the Gosport Leisure

Park for the construction of a café/coffee shop (including drive through facility)

.

RESOLVED: That .

- A. the surrender of the land shown hatched on the plan at Appendix 1 from Places for People be accepted;
- B. the intention to dispose of the land shown hatched on the plan at Appendix 1 be advertised in accordance with Section 123 2(A) of the Local Government Act 1972;
- C. Subject to the responses received in relation to the advertisement set out in A and B above the freehold of the land shown hatched on the plan at Appendix A to Harkalm Investments Limited or an associated nominee company, as set out in the report be sold; and
- D. the Housing Services Manager be authorised to finalise terms for the sale of the land and the Head of Legal Services be authorised to enter in to such legal documentation as is necessary to effect the above decisions.

The meeting concluded at 6.49pm

CHAIRMAN

GOSPORT BOROUGH COUNCIL

BOARD:	COUNCIL
DATE OF MEETING:	14 DECEMBER 2016
TITLE:	EXTERNAL AUDIT ARRANGEMENTS AFTER 2017/18
AUTHOR:	BOROUGH TREASURER
STATUS:	FOR APPROVAL

Purpose

This report explains the latest position in relation to the requirement in the Local Audit and Accountability Act 2014 for the Council to appoint its own auditor

Recommendations

The Council accepts 'Public Sector Audit Appointments' (PSAA) invitation to 'opt in' to the sector led option for the appointment of external auditors for five financial years commencing 1 April 2018 (paragraph 2.4)

1 Background

- 1.0 The Council is required to have an independent external audit of its financial statements that also provides some assurance that the Council takes reasonable actions to secure economy, efficiency and effectiveness in its use of resources. Historically the external auditor has been appointed by the Audit Commission.
- 1.1 Following the passing of the Local Audit and Accountability Act the Audit Commission was finally abolished on 31 March 2015. Its key functions were transferred to other bodies, and in relation to auditor appointments, PSAA, an independent company limited by guarantee incorporated by the Local Government Association took on the role.
- 1.2 The Department for Communities and Local Government recently exercised their contract rights (established when the Audit Commission let the last batches of audit tenders) to extend by one year the two year initial contract that had been agreed. This means that Ernst and Young will continue to be the Council's auditor until the completion of the 2017/18 audit, and a new appointment will be needed for 2018/19.
- 1.3 By law an authority must make an appointment by the end of December prior to the year for which the audit is required, so an

external auditor will need to be appointed by 31 December 2017.

1.4 The choice for the Council is to either:

- a) Establish its own independent auditor panel. The panel must be made up of a majority or of wholly independent members and must be chaired by an independent member, or to
- b) Opt-in to an approved collective procurement arrangement. This encompasses local joint procurement for groups of authorities or through to a sector led body acting for the sector as a whole such as PSAA. Ministerial approval is required for bodies (sector wide or for smaller groups) to be given the power to appoint auditors.

2 Report

- 2.1 If the Council did not opt in there would be a need to establish an independent auditor panel. In order to make a stand-alone appointment the auditor panel would need to be set up by the Council itself. The members of the panel must be wholly or a majority of independent members as defined by the Act. Independent members for this purpose are independent appointees, this excludes current and former elected members (or officers) and their close families and friends. This means that elected members will not have a majority input to assessing bids and choosing which audit firm to award a contract for the Council's external audit.
- 2.2 Alternatively the Act enables the Council to join with other authorities to establish a joint auditor panel. Again this will need to be constituted of wholly or a majority of independent appointees (members). Further legal advice would be required on the exact constitution of such a panel having regard to the obligations of each Council under the Act and the Council would need to liaise with other local authorities to assess the appetite for such an arrangement.
- 2.3 Neither of these options are recommended. Both these options would be time consuming and relatively costly procurement exercises and the latter at 2.1.2 would involve planning and collaboration with other Authorities. The absence of sector wide economies of scale and limited purchasing power would be likely to result in a more costly service. It would also be more difficult to manage quality and independence requirements through a local appointment process.
- 2.4 Opting into an arrangement for PSAA to appoint the Council's auditor which has the following advantages:
 - Purchasing power to negotiate audit fees with accountancy firms
 - Savings on the cost of an invitation to tender exercise and on the costs of bid appraisal, contract specification and negotiation

- Economies of scale to be achieved from collective procurement, enabling the firms to plan and resource audits more efficiently and effectively.
 - Quality monitoring and other information sharing across contracts (subject to protections over confidentiality)
 - Oversight of wider services eg data collection and certification schemes
 - Resolution of sector wide issues such as the possible need to indemnify auditors for legal costs of defending claims in respect of the exercise of statutory powers
 - Sensible distribution of audit appointments taking in to consideration joint working between individual Councils and other public bodies such as NHS trusts, managing rotations where conflicts of interest arise.
- 2.5 In view of the implications of each option above, it is recommended that the 'opt in' arrangement at 2.4 is approved

3 Financial Implications

- 3.1 There is a risk that current external fee levels could increase when the current contracts end in 2018.
- 3.2 Opting-in to a national scheme provides maximum opportunity to ensure fees are as low as possible, whilst ensuring the quality of audit is maintained by entering in to a large scale collective procurement arrangement.
- 3.3 If the national scheme is not used some additional resource may be needed to establish an auditor panel and conduct a local procurement. Until a procurement exercise is completed it is not possible to state what, if any, additional resource may be required for audit fees for 2018/19
- 3.4 The Council's total amount for all external audit fees payable to Ernst and Young is £67,000 per annum.

4 Risk Assessment

- 4.1 The principal risks are that the Council fails to appoint an auditor in accordance with the new frameworks or does not achieve value for money in the appointment process. These risks are considered best mitigated by opting in to the sector led approach through PSAA.

5 Conclusion

- 5.1 PSAA has now formally invited this Council to opt in.
- 5.2 The full PSAA Prospectus is available at <http://www.psaa.co.uk/wp-content/uploads/2016/08/PSAA-A5-web-portrait-August-2016.pdf>

5.3 In summary the national opt-in scheme provides the following:

- The appointment of a suitably qualified audit firm for each of the five financial years commencing 1 April 2018;
- Appointing the same auditor to other opted in bodies that are involved in formal collaboration or joint working initiatives to the extent this is possible with other constraints;
- Managing the procurement process to ensure both quality and price criteria are satisfied. PSAA will seek views from the sector to help inform its detailed procurement strategy;
- Ensuring suitable independence of the auditors from the bodies they audit and managing any potential conflicts as they arise;
- Minimising the scheme management costs and returning any surpluses to scheme members
- Consulting with authorities on auditor appointments, giving the Council the opportunity to influence which auditor is appointed
- Consulting with authorities on the scale of audit fees and ensuring these reflect scale, complexity and audit risk; and
- Ongoing contract and performance management of the contracts once these have been let

6 Next Steps

- 6.1 Regulation 19 of the Local Audit (Appointing Person) Regulations 2015 requires that a decision to opt in must be made by a meeting of the whole Council. The Council then needs to formally respond to PSAA's invitation in the form specified by PSAA by early March 2017.
- 6.2 PSAA will commence the formal procurement process after this date. It expects to award contracts in summer 2017 and consult with authorities on the appointment of auditors so that it can make an appointment by the statutory deadline of December 2017.

Financial Implications	Section 3 of the report
Legal Implications:	Legal comments are embodied within this report
Crime and Disorder:	N/A
Equality and Diversity:	N/A
Service Improvement Plan	This report reflects both service improvement plans and the corporate plan.
Corporate Plan:	
Risk Assessment:	Section 4 of the report
Background papers:	N/A
Appendices	N/A
Report Author/Lead Officer	John Norman