

# **Council (Council Tax)**

## **SUMMONS AND AGENDA**

**DATE:** Thursday 23 February 2017

**TIME:** 7.30 pm

**VENUE:** Council Chamber, Harrow Civic Centre

**All Councillors are hereby summoned to attend the Council Meeting for the transaction of the business set out.**



Hugh Peart  
Director of Legal and Governance Services

Despatch Date: [15 February 2017]



## **Useful Information**

### **Meeting details:**

This meeting is open to the press and public.

Directions to the Civic Centre can be found at:  
<http://www.harrow.gov.uk/site/scripts/location.php>.

### **Filming / recording of meetings**

The Council will audio record Public and Councillor Questions. The audio recording will be placed on the Council's website.

Please note that proceedings at this meeting may be photographed, recorded or filmed. If you choose to attend, you will be deemed to have consented to being photographed, recorded and/or filmed.

When present in the meeting room, silent mode should be enabled for all mobile devices.

### **Meeting access / special requirements.**

The Civic Centre is accessible to people with special needs. There are accessible toilets and lifts to meeting rooms. If you have special requirements, please contact the officer listed on the front page of this agenda.

An induction loop system for people with hearing difficulties is available. Please ask at the Security Desk on the Middlesex Floor.

**Summons publication date: Wednesday 15 February 2017**

## **PRAYERS**

His Grace Srutidharma das, Mayor's Chaplain & President of Bhaktivedanta Manor, Hare Krishna Temple, will open the meeting with Prayers.

### **1. COUNCIL MINUTES (Pages 9 - 16)**

That the minutes of the meeting held on 1 December 2016 be taken as read and signed as a correct record.

### **2. DECLARATIONS OF INTEREST**

To receive declarations of disclosable pecuniary or non pecuniary interests, arising from business to be transacted at this meeting, from all Members of the Council.

### **3. PROCEDURAL MOTIONS**

To receive and consider any procedural motions by Members of the Council in relation to the conduct of this Meeting. Notice of such procedural motions, received after the issuing of this Summons, will be tabled.

### **4. PETITIONS**

To receive any petitions to be presented:

- (i) by a representative of the petitioners;
- (ii) by a Councillor, on behalf of petitioners;
- (iii) by the Mayor, on behalf of petitioners.

### **5. PUBLIC QUESTIONS \***

A period of up to 15 minutes is allowed for members of the public to ask questions of members of the Executive, Portfolio Holders and Chairs of Committees, of which notice has been received no later than 3.00 pm two clear working days prior to the day of this Meeting. Any such questions received will be tabled.

### **6. LEADER AND PORTFOLIO HOLDERS' ANNOUNCEMENTS**

To receive a presentation from the Leader of the Council and Portfolio Holders on business since the last ordinary meeting, followed by a question and answer session. The item is allotted 20 minutes.

### **7. CORPORATE PLAN (To Follow)**

Recommendation I: Cabinet  
(16 February 2017)

- 8. FINAL REVENUE BUDGET 2017/18 AND MEDIUM TERM FINANCIAL STRATEGY 2017/18 - 2019/20. (To Follow)**  
Recommendation I: Cabinet  
(16 February 2017)
  
- 9. TREASURY MANAGEMENT STRATEGY STATEMENT INCLUDING PRUDENTIAL INDICATORS, MINIMUM REVENUE PROVISION POLICY STATEMENT AND ANNUAL INVESTMENT STRATEGY FOR 2017/18 (To Follow)**  
Recommendation I: Cabinet  
(16 February 2017)
  
- 10. FINAL CAPITAL PROGRAMME 2017/18 TO 2019/20 (To Follow)**  
Recommendation I: Cabinet  
(16 February 2017)
  
- 11. HOUSING REVENUE ACCOUNT BUDGET AND MEDIUM TERM FINANCIAL STRATEGY 2017/18 TO 2019/20 (To Follow)**  
Recommendation I: Cabinet  
(16 February 2017)
  
- 12. REVISED STATEMENT OF LICENSING POLICY UNDER THE LICENSING ACT 2003 (Pages 17 - 22)**  
Recommendation I: Licensing and General Purposes Committee  
(25 January 2017)
  
- 13. NON EXECUTIVE FEES AND CHARGES FOR 2017-18 (Pages 23 - 42)**  
Report of the Head of Paid Service
  
- 14. CHANGES TO ARRANGEMENTS FOR APPOINTMENT OF EXTERNAL AUDITORS (Pages 43 - 74)**  
Report of the Section 151 Officer
  
- 15. REPORT DETAILING THE REVIEW OF THE CORPORATE ANTI-FRAUD AND CORRUPTION STRATEGY (Pages 75 - 104)**  
Report of the Section 151 Officer
  
- 16. INFORMATION REPORT - DECISION TAKEN UNDER THE URGENCY PROCEDURE (Pages 105 - 110)**

## 17. QUESTIONS WITH NOTICE \*

A period of up to 15 minutes is allowed for asking written questions by Members of Council of a member of the Executive or the Chair of any Committee:-

- (i) of which notice has been received at least two clear working days prior to the day of this Meeting; or
- (ii) which relate to urgent matters, and the consent of the Executive Member or Committee Chair to whom the question is to be put has been obtained and the content has been advised to the Director of Legal and Governance Services by 12 noon on the day of the Council Meeting.

Any such questions received will be tabled.

## 18. MOTIONS

The following Motions have been notified in accordance with the requirements of Council Procedure Rule 15, to be moved and seconded by the Members indicated:

### (1) **Better funding for Harrow's schools Motion**

To be moved by Councillor Kiran Ramchandani and seconded by Councillor Christine Robson:

“This Council notes that as a result of the Government's proposed plan to change the way schools are funded, Harrow schools will lose £15 million by 2019. This equates to £504 per pupil.

Harrow is known for our excellent schools and this Council does not want these funding cuts to jeopardise our high education standards. We do not want to end up with cash-strapped schools that struggle to give our children a good education, with larger classrooms and overworked teachers.

Whilst the School's National Funding Formula consultation proposals will benefit some schools, the vast majority will be worse off.

Harrow Council instructs the Council Leader and Chief Executive to write to the Secretary of State for Education, the Rt Hon Justine Greening MP, and the Chancellor of the Exchequer, the Rt Hon Phillip Hammond MP, to call on them to protect funding for Harrow's schools.”

### (2) **Harrow Council recognises working definition of anti-Semitism Motion**

To be moved by Councillor Barry Kendler and seconded by Councillor Michael Borio:

“2016 will be the year remembered for a number of reasons historically. Tragically one of the factors that have marked out 2016 has been the rise in all forms of hate crime and we have witnessed or read about increased attacks and humiliation heaped on Eastern Europeans and Muslims living in the UK. 2016 has also seen the rise of anti-Semitism. Harrow has always had excellent community relations and tolerance of peoples of different faith and it is right that a public body like the Council demonstrates its seriousness in fighting the causes and perpetrators of racial and religious hatred. In December 2016, HM Government formally adopted the International Holocaust Remembrance Alliance working definition of anti-Semitism, as quoted below:

*“Anti-Semitism is a certain perception of Jews, which may be expressed as hatred toward Jews. Rhetorical and physical manifestations of anti-Semitism are directed toward Jewish or non-Jewish individuals and/or their property, toward Jewish community institutions and religious facilities.”*

The guidelines highlight manifestations of anti-Semitism as including:

- “Calling for, aiding, or justifying the killing or harming of Jews in the name of a radical ideology or an extremist view of religion.
- Making mendacious, dehumanizing, demonizing, or stereotypical allegations about Jews as such or the power of Jews as collective — such as, especially but not exclusively, the myth about a world Jewish conspiracy or of Jews controlling the media, economy, government or other societal institutions.
- Accusing Jews as a people of being responsible for real or imagined wrongdoing committed by a single Jewish person or group, or even for acts committed by non-Jews.
- Denying the fact, scope, mechanisms (e.g. gas chambers) or intentionality of the genocide of the Jewish people at the hands of National Socialist Germany and its supporters and accomplices during World War II (the Holocaust).
- Accusing the Jews as a people, or Israel as a state, of inventing or exaggerating the Holocaust.
- Accusing Jewish citizens of being more loyal to Israel, or to the alleged priorities of Jews worldwide, than to the interests of their own nations.
- Denying the Jewish people their right to self-determination, e.g., by claiming that the existence of a State of Israel is a racist endeavour.
- Applying double standards by requiring of it behaviour not expected or demanded of any other democratic nation.
- Using the symbols and images associated with classic anti-Semitism (e.g., claims of Jews killing Jesus or blood libel) to characterize Israel or Israelis.

- Drawing comparisons of contemporary Israeli policy to that of the Nazis.
- Holding Jews collectively responsible for actions of the state of Israel.”

It is important that the Council send a clear message to its Jewish population that we support them and will do all in our power to deter the promoters of anti-Semitism from attacking our Harrow Jewish community.

Harrow Council instructs the Council Leader and the Chief Executive to write to the Rt Hon Sajid Javid MP, the Secretary of State for Communities and Local Government, to express our support towards the initiative of establishing a working definition of anti-Semitism and informing the Secretary of State of the fact that Harrow Council will be formally adopting the definition.”

## 19. EXCLUSION OF THE PRESS AND PUBLIC

To resolve that the press and public be excluded from the meeting for the following item of business, on the grounds that it involves the likely disclosure of confidential information in breach of an obligation of confidence, or of exempt information as defined in Part I of Schedule 12A to the Local Government Act 1972:

<u>Agenda Item No</u>	<u>Title</u>	<u>Description of Exempt Information</u>
20.	Information Report – Severance Package of £100,000 or Greater	Information under paragraph 1 (contains information relating to any individuals).

## 20. INFORMATION REPORT - SEVERANCE PACKAGE OF £100,000 OR GREATER (To Follow)

### \* Data Protection Act Notice

The Council will audio record items 5 and 17 (Questions with Notice) and will place the audio recording on the Council’s website, which will be accessible to all.

[Note: The questions and answers will not be reproduced in the minutes.]



**COUNCIL**  
**23 FEBRUARY 2017**

**MINUTES**

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# COUNCIL MINUTES

## 1 DECEMBER 2016

**Present:**

- \* Councillor Mrs Rekha Shah (The Worshipful the Mayor)
- \* Councillor Margaret Davine (The Deputy Mayor)

**Councillors:**

<ul style="list-style-type: none"> <li>* Ghazanfar Ali</li> <li>* Richard Almond</li> <li>* Mrs Chika Amadi</li> <li>* Jeff Anderson</li> <li>† Sue Anderson</li> <li>* Marilyn Ashton</li> <li>* Mrs Camilla Bath</li> <li>* June Baxter</li> <li>* Christine Bednell</li> <li>* James Bond</li> <li>† Michael Borio</li> <li>* Simon Brown</li> <li>* Kam Chana</li> <li>* Ramji Chauhan</li> <li>† Bob Currie</li> <li>* Niraj Dattani</li> <li>* Jo Dooley</li> <li>* Keith Ferry</li> <li>* Ms Pamela Fitzpatrick</li> <li>* Stephen Greek</li> <li>† Mitzi Green</li> <li>* Susan Hall</li> <li>* Glen Hearnden</li> <li>* Graham Henson</li> <li>* John Hinkley</li> <li>* Ameet Jogia</li> <li>* Manjibhai Kara</li> <li>* Barry Kendler</li> <li>* Jean Lammiman</li> <li>* Barry Macleod-Cullinane</li> <li>* Kairul Kareema Marikar</li> </ul>	<ul style="list-style-type: none"> <li>* Ajay Maru</li> <li>* Jerry Miles</li> <li>* Mrs Vina Mithani</li> <li>* Amir Moshenson</li> <li>* Chris Mote</li> <li>* Janet Mote</li> <li>* Christopher Noyce</li> <li>* Phillip O'Dell</li> <li>* Paul Osborn</li> <li>* Nitin Parekh</li> <li>* Ms Mina Parmar</li> <li>* Varsha Parmar</li> <li>* Primesh Patel</li> <li>* Pritesh Patel</li> <li>* David Perry</li> <li>* Kanti Rabadia</li> <li>* Kiran Ramchandani</li> <li>* Mrs Christine Robson</li> <li>* Lynda Seymour</li> <li>* Aneka Shah-Levy</li> <li>* Sachin Shah</li> <li>* Norman Stevenson</li> <li>* Krishna Suresh</li> <li>* Sasi Suresh</li> <li>* Adam Swersky</li> <li>* Bharat Thakker</li> <li>* Antonio Weiss</li> <li>* Georgia Weston</li> <li>* Anne Whitehead</li> <li>* Stephen Wright</li> </ul>
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\* Denotes Member present  
† Denotes apologies received

## PRAYERS

The meeting opened with Prayers offered by  
Rabbi Kathleen de Magtige-Middleton of Mosaic Reform Synagogue,  
Mayor's Chaplain

### 196. COUNCIL MINUTES

**RESOLVED: That the minutes of the meeting held on 22 September 2016 be taken as read and signed as a correct record.**

### 197. DECLARATIONS OF INTEREST

Item 13 – Motions – Need for greater understanding of the implications of the administration's regeneration plans Motion

Councillor Mrs Chika Amadi declared a non pecuniary interest in that she worked in Wealdstone and her husband had a business in Wealdstone. She would remain in the Chamber for the consideration of this item.

Councillor Susan Hall declared a non pecuniary interest in that she owned a business in Wealdstone. If the interest became pecuniary she would leave the Chamber for the consideration and voting on this item.

Councillor Ameet Jogia declared an interest in that his place of work was based in the Wealdstone regeneration area. He would remain in the Chamber for the consideration of this item.

### 198. PROCEDURAL MOTIONS

There were no Procedural Motions.

### 199. PETITIONS

In accordance with Rule 10, the following petitions were presented

- (i) Petition submitted by Emma Toberman, as a representative of the residents of Broadcroft Avenue, in relation to the refurbishment of pavements on only one side of the street containing 47 signatures.

[The petition stood referred to the Portfolio Holder for Environment, Crime and Community Safety].

- (ii) Petition submitted by Councillor Susan Hall, on behalf of the residents of Royston Park Road and The Avenue, in relation to traffic calming measures containing 155 signatures.

[The petition stood referred to the Portfolio Holder for Environment, Crime and Community Safety].

- (iii) Petition submitted by Councillor Chris Noyce, on behalf of the residents and traders of Rayners Lane, in relation to landlords' responsibilities and fly tipping on the land that they own containing 34 signatures.

[The petition stood referred to the Portfolio Holder for Environment, Crime and Community Safety].

- (iv) Petition submitted by Councillor Chris Noyce, on behalf of the residents adjacent to the alleyway next to 1 Fairview Crescent, in relation to overgrown alleyway and installation of a gate containing 8 signatures.

[The petition stood referred to the Portfolio Holder for Environment, Crime and Community Safety].

## **200. PUBLIC QUESTIONS**

No questions had been received.

## **201. LEADER AND PORTFOLIO HOLDERS' ANNOUNCEMENTS**

- (i) The Leader of the Council, Councillor Sachin Shah, introduced the item highlighting the achievements, challenges and proposals since the last ordinary meeting.
- (ii) Other Members of the Council spoke and/or asked questions of the Leader of the Council which were duly responded to.

## **202. APPROVAL OF REASON FOR ABSENCE FOR COUNCILLOR BOB CURRIE AND COUNCILLOR MITZI GREEN**

**RESOLVED:** That the reasons for absence of Councillor Bob Currie and Councillor Mitzi Green under section 85(1) of the Local Government Act 1972 be approved and they be granted a dispensation from the requirement to attend a meeting of the Council until 18 May 2017 (Annual Council).

## **203. LONDON BOROUGH OF HARROW PENSION BOARD : ANNUAL REPORT**

**RESOLVED:** That the London Borough of Harrow Pension Board Annual report be approved.

## **204. PENSION BOARD - REVIEW OF TERMS OF REFERENCE**

**RESOLVED:** That the terms of reference of the Pension Board, as amended, be approved and incorporated into the Council's Constitution.

## **205. INFORMATION REPORT - REMUNERATION PACKAGES OF £100,000 OR GREATER**

**RESOLVED:** That the report be noted.

## 206. QUESTIONS WITH NOTICE

To note that twelve questions from Councillors to the Leader of the Council and Portfolio Holders had been received and a recording of those responded to would be placed on the Council's website. A written response would be provided to those questions not reached and placed on the Council's website.

## 207. MOTIONS

- (i) Motion in the names of Councillor Mrs Chika Amadi and Councillor Graham Henson.

### **“Standing against discrimination, racism and crime Motion**

Harrow Council is concerned about the increasing levels of discrimination, racism and violent crime in London. Even though the number of times Londoners have been stopped for “stop and search” fell by 28% in 2015-2016, black people are six times more likely to be stopped than white people.

Undoubtedly, Harrow has been declared the safest borough in London, but a lot more work will need to be done in order to ensure equality and safety for all residents of our very diverse Borough, making Harrow and London a better place for all our communities.

Harrow Council welcomes Mayor Khan's commitment to the restoration of real neighbourhood policing as the top priority for the Met, and that the Police and Crime Plan 2017-2020 will focus on neighbourhood and local policing; keeping children and young people safe; tackling violence against women and girls; tackling violent extremism, terrorism and hate crime; and ensuring an effective Criminal Justice System.

Harrow Council instructs the Council Leader and the Chief Executive to write to Sophie Linden, London's Deputy Mayor for Policing and Crime, expressing their support towards the proposed Police and Crime Plan 2017-2020 and call for any future plans to also focus on reducing discrimination and hate crime.”

Upon a vote, the Motion was agreed unanimously.

**RESOLVED: That the Motion set out at (i) above be adopted.**

- (ii) Motion in the names of Councillor Kareema Marikar and Councillor Adam Swersky.

### **“Fair funding Motion**

Harrow Council is concerned about the constant decrease in Governmental funding that the Borough is receiving. This

funding is not adequate for the growing pressures that the Council is facing; despite its efforts the Council continues to face unprecedented demands upon its budget leading to an estimated budget pressure of £8m in 2016/17. The homelessness crisis is causing a pressure of £2.5m due to the combined impact of a shortage of affordable accommodation in London, rapidly increasing rents in the private rented sector and the impact of welfare reforms placing increased pressures on household incomes. The pressure against the Adults and Children's budgets is estimated at £5m largely as a result of the pressure of social care placements, front line staffing costs and special needs transport. In the Local Government Finance Settlement for 2016/17 the revised allocation methodology for Revenue Support Grant saw the Council lose £6.4m in grant funding meaning Harrow Council fared the 6<sup>th</sup> worst in London.

Harrow Council instructs the Council Leader and the Chief Executive to write to and work with London Councils and the LGA in order to make the case for a fairer funding settlement for the Borough."

Upon a vote, the Motion was agreed unanimously.

**RESOLVED: That the Motion set out at (ii) above be adopted.**

- (iii) Motion in the names of Councillor Barry Macleod-Cullinane and Councillor Susan Hall in accordance with Council Procedure Rule 18.1.1.

**"Need for greater understanding of the implications of the administration's regeneration plans Motion**

*This Council notes:*

- That the administration's regeneration plans will include up to £356m of new borrowing, which would more than double the Council's debt.
- That, at an assumed 2% interest rate, the interest charges alone on this new debt will cost the Council an additional £7 million a year from the Council's already under-pressure Revenue budget.
- That, to put this additional £7 million in interest payments into perspective, the voluntary sector budget is around £1.45 million – and, after years of cuts, the administration is proposing to cut it again in the coming financial year.
- That, when the administration brought the report outlining its regeneration plans to September's Council, the guillotine fell,

preventing all Members from discussing the regeneration plans and their financing and implications for the borough and our residents.

*This Council believes:*

That any decision of such magnitude, with huge financial implications for the Council's budget and potential to force additional cuts to other services, should be fully discussed by all members in Full Council.

This Council resolves:

That Council's decision of September 22 2016 to agree "the additional capital budgets for 2017/18, 2018/19 and 2019/20 be approved and added to the Capital Programme" be reversed.

*This Council further resolves:*

That the administration should not bring its regeneration plans back to full Council until the plans have been brought to scrutiny and all Members feel that they have been fully briefed on all the implications of the administration's regeneration plans for the Council, borough and our residents and feel able to fully contribute to an informed discussion of those regeneration plans."

Upon a vote, the Motion was not agreed.

**(CLOSE OF MEETING:** All business having been completed, the Mayor declared the meeting closed at 9.15 pm).



**COUNCIL**  
**23 FEBRUARY 2017**

**LICENSING AND GENERAL PURPOSES**  
**COMMITTEE**  
**RECOMMENDATION**  
**(25 JANUARY 2017)**

**RECOMMENDATION I**

**REVISED STATEMENT OF LICENSING**  
**POLICY UNDER THE LICENSING ACT**  
**2003**

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# LICENSING AND GENERAL PURPOSES COMMITTEE (SPECIAL) MINUTES

## 25 JANUARY 2017

**Chair:** \* Councillor Krishna Suresh

**Councillors:**

* Mrs Chika Amadi	Phillip O'Dell
† James Bond	* Nitin Parekh
† Kam Chana	Varsha Parmar
* Ramji Chauhan	David Perry
* Margaret Davine (4)	Kanti Rabadia
* John Hinkley	* Adam Swersky
* Amir Moshenson	* Stephen Wright

\* Denotes Member present

(4) Denotes category of Reserve Members

† Denotes apologies received

### RECOMMENDED ITEMS

#### 23. Revised Statement of Licensing Policy under the Licensing Act 2003

The Committee received a report of the Corporate Director, Community which set out the draft revised Statement of Licensing Policy (SLP) under the Licensing Act 2003.

Following questions and comments from Members, officers advised that:

- The Council participated in schemes such as the 'Best Bar None Scheme', which had introduced a level of professionalism within the licensed trade. There was no evidence to suggest that Harrow would benefit from a 'cumulative impact' policy which was aimed at limiting

the number of premises licences granted. Officers would continue to monitor and regularly inspect any 'hot spots' and licensed premises causing concern;

- with regard to imposing penalties and restrictions on licensed premises which breached their conditions, it was important to remember that there existed a statutory framework and guidance regarding this, which should be followed. However, the Licensing Authority had discretion when imposing additional conditions following a Review Hearing;
- if a Panel was of the view that the high number of licensed premises in an area would have a negative impact on the Licensing Objectives, then it could refuse to grant a new licence or an extension to an existing one;
- when considering any representations from objectors or reasons for refusal, it was important for a Licensing Panel to assess the relevance of the evidence or representation in relation to the Licensing Objectives;
- current regulations specified that an application for a licence must be on display in the licensed premises and be visible by the public from the street, as well as notification in a local newspaper and on the Council's website. If the Council were to amend this to require premises to have a second notice displayed outside the premises, this could have cost implications for the Council and would be going beyond the statutory requirements;
- a copy of the licence was sent to the home address of incoming Designated Premises Supervisors (DPS) so that they would be aware of the conditions they would be required to follow;
- Ward Councillors were, as a matter of course, informed of any new licence applications in their wards and were at liberty to share this information with their residents;
- the non-exhaustive list of factors (as set out in the officer report), which could be taken into consideration by a Licensing Panel, would help to make decision-making at Licensing Hearings more transparent and consistent. It was important to judge each case on its merits, and adding further conditions to the list of factors in paragraph 6.3 of the proposed draft policy may make the decision-making process too prescriptive and therefore less flexible;
- parking issues outside a licensed premises did not automatically fall within the remit of the Licensing Panel, however, any breaches should be reported to the relevant enforcement team;
- a Licensing Panel could take into consideration the previous track record (including any recent convictions) of the applicant, where relevant to the Licensing Objectives;

- Licensing Panels had the discretion to refuse an application for a new or varied licence even in an area where there were a high number of licensed premises if the relevant representations indicated granting the application would result in the licensing objectives being undermined;
- Licensing Panels had the option on review of limiting the hours of operation of premises. However, in some cases it may be more appropriate to take punitive or enforcement action against the premises licence holder;
- in Licensing terms, there was no significant difference between an applicant who was a sole trader and one that was a Limited Company. In both cases, the DPS could potentially be held accountable for any breach of the licensing conditions.

Following further discussion, the Committee unanimously agreed that the following factor be added at paragraph 6.3 of the draft SLP which could be taken into account by a Licensing Panel of Councillors, should representations be raised in relation to these matters, as set out in the SLP:

'clear identification of staff authorised to sell alcohol'

**Resolved to RECOMMEND:** (to Council)

That the Statement of Licensing Policy, as amended by the Committee with an addition at paragraph 6.3, be approved.

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**COUNCIL**  
**23 FEBRUARY 2017**

**NON EXECUTIVE FEES AND CHARGES FOR**  
**2017-18**

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## **REPORT FOR: Council**

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<b>Date of Meeting:</b>	23rd February 2017
<b>Subject:</b>	Non-Executive fees and charges for 2017-18
<b>Responsible Officer:</b>	Michael Lockwood – Head of Paid Service
<b>Exempt:</b>	No
<b>Wards affected:</b>	All Wards
<b>Enclosures:</b>	Appendix 1 - Fees and Charges 2017-18

### **Section 1 – Summary and Recommendations**

This report sets out the proposed fees and charges for licences/applications for those matters listed in this report, and as set out in appendix 1.

#### **Recommendations:**

Council is requested to

1. Approve and set the fees and charges listed in Appendix 1 for the financial year 2017/18.
2. Delegate authority to the Director of Finance and relevant Corporate Director, following consultation with the relevant portfolio holders, the ability to amend fees and charges in year with the introduction of a discount rate for fees that are discretionary if there is a business need to do so.

## **Section 2 – Report**

### **2.1 Background & Current Situation**

The following fees & charges (amongst others) are covered in this report:

- Fees for applications for Special Treatment Licensing under the London Local Authorities Act 1991
- Fees for licence applications for Houses in Multiple Occupation under the Housing Act 2004
- Charges for notifications for Skip Licenses, Materials on Highway, Hoarding and scaffolding licences under the Highways Act 1980
- Fees for applications for Pet Shops, Animal Boarding/Breeding, Performing Animals and Horse Riding Establishments
- Fees for applications for Hypnotism, Sex Shops, Sexual Entertainment Venues, Poisons and Scrap Metal & Motor Salvage Operators licences.  
Street Trading Fees

The fees and charges in Appendix 1 were historically considered by the Licensing & General Purposes Committee, as the above relate to non-executive functions. As the Licensing & General Purposes Committee no longer has regular meetings, and usually only meets once annually to agree sub-committees, approval of these fees and charges rests with full Council.

#### **2.1.1 Statutory Fees**

The requirement or ability to levy a fee/charge for those items listed in Appendix 1 are provided for in statute, either being set down as a fixed amount (statutory prescribed) that the Council cannot vary/set, or by providing the authority with the power to set a fee/charge in accordance with the requirement of the legislation (eg. up to a maximum amount, or cost recovery only, or reasonable cost etc) (statutory discretionary). Fees noted in Appendix 1 as (statutory) prescribed are for noting only.

The majority of Licensing Act 2003 regime fees were originally set via the Licensing Act 2003 (Fees) Regulations 2005 and are prescribed. In a number of cases these fees do not reflect the actual cost of administering the regime but the Authority cannot change these.

The Gambling Act 2005 sets out maximum fees for gambling premises licenses and fees for permits, notifications and lotteries, and were set in 2007

when the Act came into effect. The authority can set its fees in accordance with these up to the maximum permitted level.

Section 32 of the London Local Authorities Act 1990 permits the council to charge fees and charges in respect of street trading licenses on a cost recovery basis. In respect of some offences relating to street trading, fixed penalty notices can be issued, and the penalty levels are agreed through London Councils.

### **2.1.2 European Services Directive**

The European Union Services Directive (2006/123/EC), brought into effect in the UK by the Provision of Services Regulations 2009, requires that fees & charges set under an authorisation scheme have to be reasonable and proportionate to the cost of the procedures and formalities of it and should not exceed these costs.

Following a ruling by the European Court of Justice in the case of Hemming v Westminster City Council it is now clear that fees charged in accordance with a scheme that falls under the provisions of the Services Directive cannot at the outset cover more than just the cost of administering and processing the application (to grant a license for example). Whilst the cost of enforcing the regime can be recovered, this cannot be wrapped up into one fee at the outset. Therefore the fees and charges should be split into:

- a. The costs of the application process; and
- b. On the application being successful, a further fee to cover the costs of the management and enforcement of the licensing regime.

Previously, the Council would charge as one fee and refund the second part if the application is unsuccessful. This is no longer permitted, and the fees need to be split and the second charge only asked for on applications which are successful.

Therefore, a number of the fees and charges within Appendix 1 are now split into the administration and the management fee and the enforcement fee. It has led to a slight increase in fees as this ruling has led to additional administration costs to the Council, especially in the processing of two sets of fees for one license.

The fees have been split to reflect the costs for each aspect and the greater part of the overall fee is the spend on the administration of the application, which includes initial inspections in a lot of licensing regimes.

### **2.1.3 Discretionary Fees**

It is recognised that discretionary fees are set at a level that ensures cost recovery, but must also not distract from the Councils goal to be more business friendly. Recent liaison with businesses and Councillors has shown areas that may benefit from a discount scheme.

It is therefore proposed that any discount regime is approved by the Director of Finance and Corporate Director in agreement with the relevant Portfolio

Holder. Such discount schemes if applied would be reported as part of future fees and charges reports to Council.

With statutory discretionary fees, these would always remain within the costing scope set out under legislation.

The main fundamental change is seen to sex entertainment establishments in line with recent challenges in Westminster to the costs of such licences. These fees have therefore been adjusted to justifiable levels based on the amount of activity required in the licensing scheme.

## **2.2 Main Options**

### **Approve the recommended fees and charges**

The fees and charges set out for approval have been reviewed and varied, where appropriate, to reflect the cost in administering the process. Their approval will therefore ensure recovery of costs.

### **Do not approve the recommended fees and charges**

The Council needs to set its fees and charges for the forthcoming financial year and the proposed amounts stated in the Appendix are to ensure cost recovery as far as possible. This option is therefore not recommended.

## **2.3 Legal Implications**

As noted earlier, a number of fees and charges are prescribed by statute (eg. Licensing Act 2003 (Fees) Regulations 2005), as a set amount (in which case it is noted as 'statutory prescribed' in the appendix). For other fees and charges the relevant legislation may provide that a charge can be made for providing the service but the amount of the charge is discretionary, within the remit of the legislation, often limited to cost recovery only, or a reasonable amount, or within a range/maximum amount. The authority therefore sets the amount of the charge accordingly. These are noted as 'statutory discretionary' in the appendix.

Some of the regimes in the appendix are covered by the European Services Directive and the Provision of Services Regulations 2009, which implements the Directive. As noted earlier this requires that fees charged in relation to authorisations must be reasonable and proportionate to the cost of the process, and the European Court of Justice ruling in the Hemming v Westminster City Council case has confirmed that a fee covering the administration costs of processing an application should be charged separately from the charge (to successful applicants) for enforcing the regime. It is not possible to charge one fee at the outset and then refund unsuccessful applicants the enforcement part of the fee. The two must be charged separately.

The Local Authorities (Functions & Responsibilities) Regulations 2000 sets out what fees and charges cannot be set by the Executive (i.e. Cabinet) as the functions to which they relate are non-Executive functions. The fees and charges in Appendix 1 are those that Council should set, with the exception of those which are prescribed, and therefore for information only.

## **2.4 Financial Implications**

The fees and charges for approval are set to recover total cost of administering the licensing functions as per legislation and guidance. Many of the charges are being increased by 4% (rounded up or down as appropriate). This takes account of the current level of inflation as measured by the Retail Price Index, which as at October 2016 is 2% and also provides for an element of movement towards full cost recovery.

## **2.5 Risk Management**

Fees/charges need to be set correctly so as to comply with the requirements of the Provision of Services Regulations 2009, based on the EU Services Directive. Failure to do this could result in the Authority levying a fee that is subsequently considered to have been set unlawfully.

Reference to recent case law around fees and charges under the Provision of Services Regulations 2009, based on the EU Directive, is covered above and has been taken into account in the splitting of the fees and charges to ensure compliance.

## **2.6 Equalities Implications**

Section 149 of the Equality Act 2010 created the public sector equality duty.

Section 149 states:-

(1) A public authority must, in the exercise of its functions, have due regard to the need to:

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The relevant protected characteristics are age, race, disability, gender reassignment, pregnancy and maternity, religion or belief, sex and sexual orientation. The duty also covers marriage and civil partnership, but to a limited extent.

An initial Equalities Impact Assessment (screening) has been conducted and has found no adverse impacts on any of the protected groups.

Fees and charges are kept under regular review to ensure that they are justifiable and fair.

### Council Priorities

The Council's vision:

#### Working Together to Make a Difference for Harrow.

The approval of fees and charges in Appendix 1 will ensure that the services can carry out the functions as set, ensuring a safe environment to those conducting, subject to or affected by a regime

### Section 3 - Statutory Officer Clearance

Name: Sharon Daniels	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 13 <sup>th</sup> February 2017		

Name: Baljeet Virdee	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 13 <sup>th</sup> February 2017		

<b>Ward Councillors notified:</b>	<b>NO</b>
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### Section 4 - Contact Details and Background Papers

Contact: Richard LeBrun, Head of Service, (Public Protection) Ext 6267

If appropriate, does the report include the following considerations?

1.	Consultation	No
2.	Priorities	Yes

## Community Fees &amp; Charges

## Appendix 1

Texts in *Italic* denote Statutory Fees

	Agreed charges 16/17			Proposed charges 17/18			Administration	Management and Enforcement	% change	Legislation giving power to charge	Basis for charging	Non Cabinet Approval note
	Basic	VAT	Total	Basic	VAT	Total						
	£	20% £	2016/17 £	£	20% £	2017/18 £						
<b>21. Tables &amp; Chairs on the Highway licence (please note planning permission is likely to be needed)</b>										LLA Act 1990		Non Executive Licensing - Council Approval Required
Issue of licence (subject to successful application)	585		585	585		585	500	85	0%		Discretionary	
Annual renewal of licence (subject to successful application)	293		293	293		293	209	84	0%		Discretionary	
										Environmental Permitting (England and Wales) Regulations 2010(a)		
<b>55. Local Authority Pollution Control</b>												
<b>55a. Application Fee</b>												
Standard Process	1,579		1,579	1,579		1,579			0%		Statutory Prescribed	
Additional fee for operating without a permit	1,137		1,137	1,137		1,137			0%		Statutory Prescribed	
PVRI, SWOBs and Dry Cleaners Reduced Fee Activities	148		148	148		148			0%		Statutory Prescribed	
PVR I & II combined	246		246	246		246			0%		Statutory Prescribed	
Other Reduced Fee Activities	346		346	346		346			0%		Statutory Prescribed	
Reduced fee activities: Additional fee for operating without a permit	68		68	68		68			0%		Statutory Prescribed	
Standard Mobile Plant for the 1 <sup>st</sup> & 2 <sup>nd</sup> applications	1,579		1,579	1,579		1,579			0%		Statutory Prescribed	
For the 3 <sup>rd</sup> to 7 <sup>th</sup> applications	943		943	943		943			0%		Statutory Prescribed	
For the 8 <sup>th</sup> and subsequent applications	477		477	477		477			0%		Statutory Prescribed	
Where an application for any of the above is for a combined Part B and waste application, add an extra £297 to the above amounts												
<b>55b Annual Subsistence Charge</b>												
Standard process Low	739		739	739		739			0%		Statutory Prescribed	
Additional amounts charged where a permit is for a combined Part B and waste installation	99		99	99		99			0%		Statutory Prescribed	
Standard process Medium	1,111		1,111	1,111		1,111			0%		Statutory Prescribed	
Additional amounts charged where a permit is for a combined Part B and waste installation	149		149	149		149			0%		Statutory Prescribed	
Standard process High	1,672		1,672	1,672		1,672			0%		Statutory Prescribed	
Additional amounts charged where a permit is for a combined Part B and waste installation	198		198	198		198			0%		Statutory Prescribed	
Reduced fee activities Low	76		76	76		76			0%		Statutory Prescribed	
Reduced fee activities Med	151		151	151		151			0%		Statutory Prescribed	
Reduced fee activities High	227		227	227		227			0%		Statutory Prescribed	
PVR I & II combined Low	108		108	108		108			0%		Statutory Prescribed	
PVR I & II combined Medium	216		216	216		216			0%		Statutory Prescribed	
PVR I & II combined High	326		326	326		326			0%		Statutory Prescribed	
Other Reduced Fee Activities Low	218		218	218		218			0%		Statutory Prescribed	
Other Reduced Fee Activities Medium	349		349	349		349			0%		Statutory Prescribed	
Other Reduced Fee Activities High	524		524	524		524			0%		Statutory Prescribed	
Standard Mobile Plant 1st & 2nd permits Low	618		618	618		618			0%		Statutory Prescribed	
Standard Mobile Plant 1st & 2nd permits Medium	989		989	989		989			0%		Statutory Prescribed	
Standard Mobile Plant 1st & 2nd permits High	1,484		1,484	1,484		1,484			0%		Statutory Prescribed	
Standard Mobile Plant 3rd to 7th permits Low	368		368	368		368			0%		Statutory Prescribed	
Standard Mobile Plant 3rd to 7th permits Medium	590		590	590		590			0%		Statutory Prescribed	
Standard Mobile Plant 3rd to 7th permits High	884		884	884		884			0%		Statutory Prescribed	
Standard Mobile Plant 8th and subsequent permits Low	189		189	189		189			0%		Statutory Prescribed	
Standard Mobile Plant 8th and subsequent permits Medium	302		302	302		302			0%		Statutory Prescribed	
Standard Mobile Plant 8th and subsequent permits High	453		453	453		453			0%		Statutory Prescribed	

## Community Fees &amp; Charges

## Appendix 1

Texts in *Italic* denote Statutory Fees

	Agreed charges 16/17			Proposed charges 17/18			Administration	Management and Enforcement	% change	Legislation giving power to charge	Basis for charging	Non Cabinet Approval note
	Basic	VAT 20%	Total 2016/17	Basic	VAT 20%	Total 2017/18						
Late payment Fee	50		50	50		50			0%		Statutory Prescribed	
Where a Part B installation is subject to reporting under the E-PRTR Regulation, <b>55c Transfer and Surrender</b>												
Standard process transfer	162		162	162		162			0%		Statutory Prescribed	
Standard process partial transfer	476		476	476		476			0%		Statutory Prescribed	
New operator at low risk reduced fee activity (extra one-off subsistence charge)	75		75	75		75			0%		Statutory Prescribed	
Reduced fee activities: partial transfer	45		45	45		45			0%		Statutory Prescribed	
<b>55d Temporary Transfer for mobiles</b>												
First transfer	51		51	51		51			0%		Statutory Prescribed	
Repeat following enforcement or warning	51		51	51		51			0%		Statutory Prescribed	
<b>55e Substantial Changes s10 &amp; s11</b>												
Standard Process	1,005		1,005	1,005		1,005			0%		Statutory Prescribed	
Standard process where the substantial change results in a new PPC activity	1,579		1,579	1,579		1,579			0%		Statutory Prescribed	
Reduced Fee Activities	98		98	98		98			0%		Statutory Prescribed	
<b>55f LA-IPPC Fees &amp; Charge (Local Authority Integrated Pollution, prevention and control.)</b>												
Application	3,218		3,218	3,218		3,218			0%		Statutory Prescribed	
Additional fee for operating without a permit	1,137		1,137	1,137		1,137			0%		Statutory Prescribed	
Annual Subsistence Low Risk	1,384		1,384	1,384		1,384			0%		Statutory Prescribed	
Annual Subsistence Medium Risk	1,541		1,541	1,541		1,541			0%		Statutory Prescribed	
Annual Subsistence High Risk	2,233		2,233	2,233		2,233			0%		Statutory Prescribed	
Substantial Variation	1,309		1,309	1,309		1,309			0%		Statutory Prescribed	
Transfer	225		225	225		225			0%		Statutory Prescribed	
Partial Transfer	668		668	668		668			0%		Statutory Prescribed	
Surrender	668		668	668		668			0%		Statutory Prescribed	
<b>56. Application for a new premises or club premises licence or to vary a premises or a club premises licence</b>										Licensing Act 2003 (Fees) Regulations 2005		
Non domestic Rateable Value Band										Regulation 4 & Schedule 2	Statutory Prescribed	
£0 to £4,300	100		100	100		100			0%	As above	Statutory Prescribed	
£4,301 to £33,000	190		190	190		190			0%	As above	Statutory Prescribed	
£33,001 to £87,000	315		315	315		315			0%	As above	Statutory Prescribed	
£87,001 to £125,000	450		450	450		450			0%	As above	Statutory Prescribed	
£125,001 and above	635		635	635		635			0%	As above	Statutory Prescribed	
<b>57. Application fee for Premises exclusively or primarily in the business of selling alcohol for consumption on the premises</b>										Licensing Act 2003 (Fees) Regulations 2005 Regulation 4 & Schedule 2	Statutory Prescribed	
Band D	900		900	900		900			0%	As above	Statutory Prescribed	
Band E	1905		1905	1905		1905			0%	As above	Statutory Prescribed	
<b>58. Annual renewal fee for premises or club premises licence</b>										Licensing Act 2003 (Fees) Regulations 2005 Regulation 5 and Schedule 2	Statutory Prescribed	
Band A	70		70	70		70			0%	As above	Statutory Prescribed	
Band B	180		180	180		180			0%	As above	Statutory Prescribed	
Band C	295		295	295		295			0%	As above	Statutory Prescribed	
Band D	320		320	320		320			0%	As above	Statutory Prescribed	
Band E	350		350	350		350			0%	As above	Statutory Prescribed	



## Community Fees &amp; Charges

## Appendix 1

Texts in *Italic* denote Statutory Fees

	Agreed charges 16/17			Proposed charges 17/18			Administration	Management and Enforcement	% change	Legislation giving power to charge	Basis for charging	Non Cabinet Approval note
	Basic	VAT 20%	Total 2016/17	Basic	VAT 20%	Total 2017/18						
<b>58A. Annual renewal fee for Premises exclusively or primarily in the business of selling alcohol for consumption on the premises</b>										Licensing Act 2003 (Fees) Regulations 2005		
Band D	640		640	640		640			0%	Regulation 5 & Schedule 2	Statutory Prescribed	
Band E	1050		1050	1050		1050			0%	As above	Statutory Prescribed	
<b>59. Exceptionally large events</b>										Licensing Act 2003 (Fees) Regulations 2005		
Number in attendance at any one time										Regulation 4 & Schedule 3	Statutory Prescribed	
5,000 to 9,999	1,000		1,000	1,000		1,000			0%	As above	Statutory Prescribed	
10,000 to 14,999	2,000		2,000	2,000		2,000			0%	As above	Statutory Prescribed	
15,000 to 19,999	4,000		4,000	4,000		4,000			0%	As above	Statutory Prescribed	
20,000 to 29,999	8,000		8,000	8,000		8,000			0%	As above	Statutory Prescribed	
30,000 to 39,999	16,000		16,000	16,000		16,000			0%	As above	Statutory Prescribed	
40,000 to 49,999	24,000		24,000	24,000		24,000			0%	As above	Statutory Prescribed	
50,000 to 59,999	32,000		32,000	32,000		32,000			0%	As above	Statutory Prescribed	
60,000 to 69,999	40,000		40,000	40,000		40,000			0%	As above	Statutory Prescribed	
70,000 to 79,999	48,000		48,000	48,000		48,000			0%	As above	Statutory Prescribed	
80,000 to 89,999	56,000		56,000	56,000		56,000			0%	As above	Statutory Prescribed	
90,000 and over	64,000		64,000	64,000		64,000			0%	As above	Statutory Prescribed	
<b>60. Personal Licences, Temporary Events &amp; Other Fees</b>										Licensing Act 2003 (Fees) Regulations 2005		
Application for a grant or renewal of personal licence	37		37	37		37			0%	Regulation 8 & Schedule 3	Statutory Prescribed	
Theft, loss etc. of premises licence or summary	10.5		10.5	10.5		10.5			0%	As above	Statutory Prescribed	
Application for a provisional statement where premises being built etc	315		315	315		315			0%	As above	Statutory Prescribed	
Notification of change of name or address	10.5		10.5	10.5		10.5			0%	As above	Statutory Prescribed	
Application to vary licence to specify individual as premises supervisor	23		23	23		23			0%	As above	Statutory Prescribed	
Application for transfer of premises licence	23		23	23		23			0%	As above	Statutory Prescribed	
Interim authority notice following death etc of licence holder	23		23	23		23			0%	As above	Statutory Prescribed	
Theft, loss etc of certificate or summary	10.5		10.5	10.5		10.5			0%	As above	Statutory Prescribed	
Notification of change of name or alteration of rules of club	10.5		10.5	10.5		10.5			0%	As above	Statutory Prescribed	
Change of relevant registered address of club	10.5		10.5	10.5		10.5			0%	As above	Statutory Prescribed	
Temporary Event Notice	21		21	21		21			0%	As above	Statutory Prescribed	
Theft, loss etc of temporary event notice	10.5		10.5	10.5		10.5			0%	As above	Statutory Prescribed	
Theft, loss etc of personal licence	10.5		10.5	10.5		10.5			0%	As above	Statutory Prescribed	
Duty to notify change of name or address	10.5		10.5	10.5		10.5			0%	As above	Statutory Prescribed	
Right of freeholder etc to be notified of licensing matters	21		21	21		21			0%	As above	Statutory Prescribed	
<b>61. Gambling Act 2005</b>										Gambling Act (Premises Licence Fees) (Eng & Wales) Regs 2007		
Betting Premises (Other) Licence Application										Regulation 5 & Schedule 1	Statutory Prescribed	
- New	3,000		3,000	3,000		3,000			0%	Regulation 8 & Schedule 1	Statutory Prescribed	
- Annual fee	600		600	600		600			0%	Regulation 11 & Schedule 1	Statutory Prescribed	
- Variation	1,500		1,500	1,500		1,500			0%	Regulation 12 & Schedule 1	Statutory Prescribed	
- Transfer	1,200		1,200	1,200		1,200			0%		Statutory Prescribed	

## Community Fees &amp; Charges

## Appendix 1

Texts in *italic* denote Statutory Fees

	Agreed charges 16/17			Proposed charges 17/18			Administration	Management and Enforcement	% change	Legislation giving power to charge	Basis for charging	Non Cabinet Approval note
	Basic	VAT 20%	Total 2016/17	Basic	VAT 20%	Total 2017/18						
<b>62. Bingo Premises Licence</b>										Gambling (Premises Licence Fees) (Eng & Wales) Regs 2007		
- New	3,500		3,500	3,500		3,500			0%	Regulation 5 & Schedule 1	Statutory Prescribed	
- Annual fee	1,000		1,000	1,000		1,000			0%	Regulation 8 & Schedule 1	Statutory Prescribed	
- Variation	1,750		1,750	1,750		1,750			0%	Regulation 11 & Schedule 1	Statutory Prescribed	
- Transfer	1,200		1,200	1,200		1,200			0%	Regulation 12 & Schedule 1	Statutory Prescribed	
<b>62A. Adult Gaming Centres</b>										Gambling (Premises Licence Fees) (Eng & Wales) Regs 2007		
- New	2,000		2,000	2,000		2,000			0%	Regulation 5 & Schedule 1	Statutory Prescribed	
- Annual fee	1,000		1,000	1,000		1,000			0%	Regulation 8 & Schedule 1	Statutory Prescribed	
- Variation	1,000		1,000	1,000		1,000			0%	Regulation 11 & Schedule 1	Statutory Prescribed	
- Transfer	1,200		1,200	1,200		1,200			0%	Regulation 12 & Schedule 1	Statutory Prescribed	
<b>62B. Gaming Machines &amp; Lotteries</b>										(including statutory guidance on maximum fee)		
Small Society Lotteries application for a new licence	40		40	40		40			0%	Regulation 3 Small Society Lotteries (Registration of Non-Commercial Societies) Regulations 2007	Statutory Prescribed	
Small Society Lotteries annual fee	20		20	20		20			0%	Regulation 5 Small Society Lotteries (Registration of Non-Commercial Societies) Regulations 2007	Statutory Prescribed	
Notification of gaming machines in alcohol licensed premises	50		50	50		50			0%	Regulation 3 Gaming Machines in Alcohol Licensed Premises (Notification Fee) (England and Wales) Regulations 2007	Statutory Prescribed	
Notification of more than two machines	100		100	100		100			0%	Regulation 3 Gambling Act 2005 (Licensed Premises Gaming Machine Permits) (England and Wales) Regulations 2007	Statutory Prescribed	
Annual fee	50		50	50		50			0%	Regulation 5 Gambling Act 2005 (Licensed Premises Gaming Machine Permits) (England and Wales) Regulations 2007	Statutory Prescribed	

**Community Fees & Charges**

Appendix 1

*Texts in Italic denote Statutory Fees*

	Agreed charges 16/17			Proposed charges 17/18			Administration	Management and Enforcement	% change	Legislation giving power to charge	Basis for charging	Non Cabinet Approval note	
	Basic	VAT 20%	Total 2016/17	Basic	VAT 20%	Total 2017/18							
Club Gaming Permits	200		200	200		200			0%	Regulation 8 Gambling Act 2005 (Club Gaming and Club Machine Permits) Regulations 2007	Statutory Prescribed		
Annual Fee	50		50	50		50			0%	Regulation 12 Gambling Act 2005 (Club Gaming and Club Machine Permits) Regulations 2007	Statutory Prescribed		
Club Machine Permits	100		100	100		100			0%	Regulation 8 Gambling Act 2005 (Club Gaming and Club Machine Permits) Regulations 2007	Statutory Prescribed		
Annual fee	50		50	50		50			0%	Regulation 12 Gambling Act 2005 (Club Gaming and Club Machine Permits) Regulations 2007	Statutory Prescribed		
<b>67 Annual renewal fees for large events</b>													
76a LA 2003 Premises/Clubs												Licensing Act 2003 (Fees) Regulations 2005	
Additional annual fees for capacities 5000 - 9999	500		500	500		500			0%	Regulation 5(4) & Schedule 5	Statutory Prescribed		
Additional annual fees for capacities 10000 - 14999	1,000		1,000	1,000		1,000			0%	As above	Statutory Prescribed		
Additional annual fees for capacities 15000 - 19999	2,000		2,000	2,000		2,000			0%	As above	Statutory Prescribed		
Additional annual fees for capacities 20000 - 29999	4,000		4,000	4,000		4,000			0%	As above	Statutory Prescribed		
Additional annual fees for capacities 30000 - 39999	8,000		8,000	8,000		8,000			0%	As above	Statutory Prescribed		
Additional annual fees for capacities 40000 - 49999	12,000		12,000	12,000		12,000			0%	As above	Statutory Prescribed		
Additional annual fees for capacities 50000 - 59999	16,000		16,000	16,000		16,000			0%	As above	Statutory Prescribed		
Additional annual fees for capacities 60000 - 69999	20,000		20,000	20,000		20,000			0%	As above	Statutory Prescribed		
Additional annual fees for capacities 70000 - 79999	24,000		24,000	24,000		24,000			0%	As above	Statutory Prescribed		
Additional annual fees for capacities 80000 - 89999	28,000		28,000	28,000		28,000			0%	As above	Statutory Prescribed		
Additional annual fees for capacities 90000 and over	32,000		32,000	32,000		32,000			0%	As above	Statutory Prescribed		
<b>68. Special Treatments</b>													
<b>Grant of a new licence</b>												s.7(6) London Local Authorities Act 1991	<b>Non Executive Licensing - Council Approval Required</b>
Band A : Ear piercing only	198		198	205		205	121	84	4%	As above	Statutory Discretionary		
Band B - Aromatherapy, body massage, Champissage (Indian Head massage), Fairbane therapy/Tangent therapy, facials (basic only), Thermo auricular therapy (Hopi ear candles), holistic/remedial/therapeutic massage, Infra red, manicure (NOT NAIL EXTENSION), Marma therapy, Metamorphic Technique, pedicure, Polarity therapy, Qi Gong, Reiki, Reflexology, Shiatsu, Sports massage, Thai massage and all treatments in Band A.	390		390	406		406	322	84	4%	As above	Statutory Discretionary		
Band B (Domestic)- Aromatherapy, body massage, Champissage (Indian Head massage), Fairbane therapy/Tangent therapy, facials (basic only), Thermo auricular therapy (Hopi ear candles), holistic/remedial/therapeutic massage, Infra red, manicure (NOT NAIL EXTENSION), Marma therapy, Metamorphic Technique, pedicure, Polarity therapy, Qi Gong, Reiki, Reflexology, Shiatsu, Sports massage, Thai massage and all treatments in Band A.	175		175	182		182	98	84	4%	As above	Statutory Discretionary		

## Community Fees &amp; Charges

## Appendix 1

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	Agreed charges 16/17			Proposed charges 17/18			Administration	Management and Enforcement	% change	Legislation giving power to charge	Basis for charging	Non Cabinet Approval note
	Basic	VAT 20%	Total 2016/17	Basic	VAT 20%	Total 2017/18						
Band C - Acupressure, Acupuncture, Bowen Technique, Colour therapy, Electrolysis, Advance electrolysis, Endermologie, Faradism, Foot Detox, Galvanism, Gyrotory Massage – G5, High Frequency, Korean Hand Therapy, Manual lymphatic drainage, Micro current therapy (non surgical face lifts), Micropigmentation (Semi Permanent Makeup), Moxabustion, Nail extensions, NAET, Rolfling, Sclerotherapy, Stone therapy, Trichology, Tui – na, Ultra sonic and all treatments in Band A and B.	595		595	620		620	536	84	4%	As above	Statutory Discretionary	
Band C (Domestic) - Acupressure, Acupuncture, Bowen Technique, Colour therapy, Electrolysis, Advance electrolysis, Endermologie, Faradism, Foot Detox, Galvanism, Gyrotory Massage – G5, High Frequency, Korean Hand Therapy, Manual lymphatic drainage, Micro current therapy (non surgical face lifts), Micropigmentation (Semi Permanent Makeup), Moxabustion, Nail extensions, NAET, Rolfling, Sclerotherapy, Stone therapy, Trichology, Tui – na, Ultra sonic and all treatments in Band A and B.	268		268	279		279	195	84	4%	As above	Statutory Discretionary	
Band D - Body piercing, beading, Bio Skin Jetting, Tattooing, Tattoo removal, Steam & Sauna Baths, Spa, Jacuzzi, Floatation tank, Hydrotherapy, Thalassotherapy & Ultra violet Tanning (Sun beds) and all treatments in Band A, B & C	790		790	824		824	740	84	4%	As above	Statutory Discretionary	
Band D (Domestic) - Body piercing, beading, Bio Skin Jetting, Tattooing, Tattoo removal, Steam & Sauna Baths, Spa, Jacuzzi, Floatation tank, Hydrotherapy, Thalassotherapy & Ultra violet Tanning (Sun beds) and all treatments in Band A, B & C	355		355	370		370	286	84	4%	As above	Statutory Discretionary	
Band E - Laser and intense pulse light treatments	675		675	704		704	620	84	4%	As above	Statutory Discretionary	
Band E (Domestic) - Laser and intense pulse light treatments	675		675	704		704	620	84	4%	As above	Statutory Discretionary	
Variation of licence	88		88	92		92	92	-	5%	As above	Statutory Discretionary	
<b>69. Pet Shops</b>												
Initial registration	253		253	264		264	180	84	4%	As above	Statutory Discretionary	Non Executive Licensing - Council Approval Required
Renewal	173		173	180		180	96	84	4%	As above	Statutory Discretionary	
Note: Plus fee for approved veterinary or other specialist inspection, fee structure aligned to Department of Business Innovation & Skills Guidance												
<b>70. Sex Entertainment Venue</b>												
Annual Licence New Grant	8,450		8,450	3,960		3,960	1,698	2,262	-53%	As above	Statutory Discretionary	Non Executive Licensing - Council Approval Required
Renewal	4,800		4,800	3,268		3,268	1,006	2,262	-32%	As above	Statutory Discretionary	
Variation (in combination with renewal)	1,210		1,210	1,065		1,065	1,065	0	-12%	As above	Statutory Discretionary	
Variation (mid term)	5,500		5,500	2,030		2,030	2,030	0	-63%	As above	Statutory Discretionary	
Transfer	1,220		1,220	701		701	701	0	-43%	As above	Statutory Discretionary	
<b>71. Sex Shops</b>												
Initial application	2,300		2,300	2,390		2,390	1,100	1,290	4%	As above	Statutory Discretionary	Non Executive Licensing - Council Approval Required
Renewal	1,150		1,150	1,195		1,195	500	695	4%	As above	Statutory Discretionary	
Application to transfer a sex shop licence	575		575	600		600	600	0	4%	As above	Statutory Discretionary	
<b>72. Breeding Establishments for Dogs</b>												
(a) Initial Registration	396		396	414		414	330	84	5%	As above	Statutory Discretionary	Non Executive Licensing - Council Approval Required

## Community Fees &amp; Charges

## Appendix 1

Texts in *Italic* denote Statutory Fees

	Agreed charges 16/17			Proposed charges 17/18			Administration	Management and Enforcement	% change	Legislation giving power to charge	Basis for charging	Non Cabinet Approval note
	Basic	VAT 20%	Total 2016/17	Basic	VAT 20%	Total 2017/18						
(b) Renewal	218		218	226		226	142	84	4%	As above	Statutory Discretionary	
(c) Change to registration	55		55	57		57	57	0	4%	As above	Statutory Discretionary	
Note: Plus fee for approved veterinary or other specialist inspection												
<b>74. Immigration Inspections (outside scope of VAT)</b>										Housing Act 2004		<b>Non Executive Licensing -</b>
** Note: The Council responding to requests, provides a letter to the British High Commission in respect of accommodation being fit for purpose.												
Inspection of property and provision of report for immigration purposes (within 10 working days).	145		145	151		151	151	0	4%		Discretionary	
Inspection of property and provision of report for immigration purposes (within 3 working days).	210		210	218		218	218	0	4%		Discretionary	
<b>75. Scrap Metal and Salvage (outside scope of VAT)</b>										Schedule 1, 6 Scrap Metal Dealers Act 2013 The Vehicle (Crime) Act 2001 Motor Salvage Operators Regulations 2002		<b>Non Executive Licensing - Council Approval Required</b>
Scrap Metal dealers site licence/renewal	495		495	514		514	430	84	4%	Schedule 1, para 6 Scrap Metal Dealers Act 2013	Statutory Discretionary	
Scrap Metal dealers collectors licence/renewal	275		275	286		286	202	84	4%	As above	Statutory Discretionary	
Variation of site licence	430		430	447		447	447	-	4%	As above	Statutory Discretionary	
Variation of site licence (minor variation)	85		85	88		88	88	-	4%	As above	Statutory Discretionary	
Variation of collectors licence	222		222	231		231	231	-	4%	As above	Statutory Discretionary	
Variation of collectors licence (minor variation)	85		85	88		88	88	-	4%	As above	Statutory Discretionary	
<b>76. Highways Enforcement (outside scope of VAT)</b>										Skip licences - Highways Act 1980 s139 and Local Authorities (Transport Charges) Regulations 1998/948 Article 3, 4 and Schedule 1		<b>Non Executive Licensing - Council Approval Required</b>
<b>Where a non-licensed skip is found, a retrospective application fee of twice the standard is applied</b>												
Skip (per month)	49		49	51		51	51	0	4%	As above	Statutory Discretionary	
Skip Renewal (per month)	44		44	46		46	46	0	5%	As above	Statutory Discretionary	
** Note: The deposit required from builders, developers, etc for the positioning of materials on the highway is £200. This deposit is fully or partially refunded, depending on any necessary repairs or reinstatement works. The change reflects increases in costs of works by contractors and protects the council if costs exceed the current amount of the deposit.												
<b>77. Building Materials on the Highway (outside scope of VAT)</b>										Skip licences - Highways Act 1980 s171 and Local Authorities (Transport Charges) Regulations 1998/948 Article 3, 4 and Schedule 1		<b>Non Executive Licensing - Council Approval Required</b>

## Community Fees &amp; Charges

## Appendix 1

Texts in *Italic* denote Statutory Fees

	Agreed charges 16/17			Proposed charges 17/18			Administration	Management and Enforcement	% change	Legislation giving power to charge	Basis for charging	Non Cabinet Approval note
	Basic	VAT 20%	Total 2016/17	Basic	VAT 20%	Total 2017/18						
** Note: Where building material is identified that does not have a permit the council may issue a permit whether or not prosecution is deemed appropriate. The fee for such a 'retrospective' application is twice the initial fee. The fee for a 'retrospective' renewal application is twice the renewal fee. Officers will exercise discretion to make the standard charge where there is evidence that the company genuinely endeavoured to apply for the permit in advance or is a genuine emergency.												
Deposit (subject to highway damage)	235		235	244		244	244	0	4%	As above	Statutory Discretionary	
First month	90		90	94		94	94	0	4%	As above	Statutory Discretionary	
Renewal (per month)	82		82	85		85	85	0	4%	As above	Statutory Discretionary	
<b>78. Housing of Multiple Occupation</b>												
HMO Application	1250		1250	1250		1250	840	410	0%	s63(3) and (7) Housing Act 2004	Statutory Discretionary	Non Executive Licensing -
HMO Renewal	885		885	885		885	640	245	0%	As above	Statutory Discretionary	
HMO Renewal with material change	1250		1250	1250		1250	840	410	0%	As above	Statutory Discretionary	
New Application (self contained) (per unit)	250		250	260		260	176	84	4%	As above	Statutory Discretionary	
Renewal Application (self contained)	177		177	184		184	100	84	4%	As above	Statutory Discretionary	
Renewal Application (self contained) with material change (per unit)	250		250	260		260	176	84	4%	As above	Statutory Discretionary	
(a) Selective Licensing												
Selective Licensing Application	550		550	550		550	500	50	0%	s87(3) & (7) Housing Act 2004	Statutory Discretionary	
<b>79. Hypnotism events</b>												
Capacity (maximum permitted) number of persons up to 2000	280		280	294		294	210	84	5%	s2A Hypnotism Act 1952	Statutory Discretionary	Non Executive Licensing -
Note: Additional charges for extension of hours beyond 11pm, 10% of scale fee plus 1% for each day of extension. Prices for larger capacities on application												
As above												
<b>80. Animal Boarding Establishment</b>												
Initial registration	218		218	228		228	144	84	5%	s.1(2) Animal Boarding Establishments Act 1963	Statutory Discretionary	Non Executive Licensing - Council Approval Required
Renewal	135		135	140		140	98	42	4%	As above	Statutory Discretionary	
Note: Plus fee for approved veterinary or other specialist inspection, fee structure aligned to Department of Business Innovation & Skills Guidance												
<b>81. Dangerous wild animals</b>												
Initial registration	280		280	294		294	210	84	5%	s.1(2)(e) Dangerous Wild Animals Act 1976	Statutory Discretionary	Non Executive Licensing - Council Approval Required
Renewal	226		226	234		234	150	84	4%	As above	Statutory Discretionary	
Note: Plus fee for approved veterinary or other specialist inspection, fee structure aligned to Department of Business Innovation & Skills Guidance												
<b>82. Performing Animals</b>												
Application to register for the exhibition or training of performing animals - profit making organisation	396		396	414		414	330	84	5%	s.1(2) Performing Animals (Regulation) Act 1925	Statutory Discretionary	Non Executive Licensing - Council Approval Required
Application to register for the exhibition or training of performing animals - non-profit organisation (e.g. school)	55		55	57		57	57	-	4%	As above	Statutory Discretionary	
Application to change registration	55		55	57		57	57	-	4%	As above	Statutory Discretionary	
Certificate	23		23	24		24	24	-	4%	As above	Statutory Discretionary	
Note: Plus fee for approved veterinary or other specialist inspection, fee structure aligned to Department of Business Innovation & Skills Guidance												

**Community Fees & Charges**

Appendix 1

*Texts in Italic denote Statutory Fees*

	Agreed charges 16/17			Proposed charges 17/18			Administration	Management and Enforcement	% change	Legislation giving power to charge	Basis for charging	Non Cabinet Approval note
	Basic	VAT 20%	Total 2016/17	Basic	VAT 20%	Total 2017/18						
<b>83. Riding Establishments</b>										s.1(2) Riding Establishments Act 1964		<b>Non Executive Licensing - Council Approval Required</b>
Application	365		365	380		380	296	84	4%	As above	Statutory Discretionary	
Renewal	218		218	226		226	142	84	4%	As above	Statutory Discretionary	
Application to change licence	55		55	57		57	57	-	4%	As above	Statutory Discretionary	
Note: Plus fee for approved veterinary or other specialist inspection, fee structure aligned to Department of Business Innovation & Skills Guidance												
<b>84. Scaffolding Licence</b>										s.169 Highways Act 1980 and Local Authorities (Transport Charges) Regulations 1998/948 Reg 3, 4 and Schedule 1		<b>Non Executive Licensing - Council Approval Required</b>
** Note: The fee for scaffolding found without a licence requiring a 'retrospective' application is twice the initial first month fee. The fee for a 'retrospective' extension to the application is twice the subsequent month fee.												
<b>Residential</b>												
Up to 10 metres (first month)	145		145	151		151	151	-	4%	As above	Statutory Discretionary	
10-15 metres (first month)	167		167	174		174	174	-	4%	As above	Statutory Discretionary	
More than 15 metres (first month)	208		208	216		216	216	-	4%	As above	Statutory Discretionary	
Up to 10 metres (subsequent months)	117		117	121		121	121	-	3%	As above	Statutory Discretionary	
10-15 metres (subsequent months)	133		133	138		138	138	-	4%	As above	Statutory Discretionary	
More than 15 metres (subsequent months)	167		167	174		174	174	-	4%	As above	Statutory Discretionary	
<b>Commercial</b>												
Up to 15 metres (first month)	167		167	174		174	174	-	4%	As above	Statutory Discretionary	
More than 15 metres (first month)	208		208	216		216	216	-	4%	As above	Statutory Discretionary	
Up to 15 metres (subsequent months)	133		133	138		138	138	-	4%	As above	Statutory Discretionary	
More than 15 metres (subsequent months)	167		167	174		174	174	-	4%	As above	Statutory Discretionary	
Refundable deposit based on the area covered / enclosed by the structure - per sq.m:	16		16	17		17	17	-	6%	As above	Statutory Discretionary	
Application to extend a licence	55		55	57		57	57	-	4%	As above	Statutory Discretionary	
Additional charges per hour eg for attending site meeting	81		81	84		84	84	-	4%	As above	Statutory Discretionary	
<b>85. Hoarding Licence</b>										s.172-3 Highways Act 1980 and Local Authorities (Transport Charges) Regulations 1998/948 Reg 3, 4 and Schedule 1		<b>Non Executive Licensing - Council Approval Required</b>
** Note: Where hoarding is identified that does not have a licence the council may issue a licence whether or not prosecution is deemed appropriate. The fee for such a 'retrospective' application is twice the initial first month fee. The fee for a 'retrospective' extension to the application is twice the subsequent month fee. Officers will exercise discretion to make the standard charge where there is evidence that the company genuinely endeavoured to apply for the licence in advance or there was a genuine emergency.												
<b>Residential</b>												
Up to 10 metres (first month)	145		145	151		151	151	-	4%	As above	Statutory Discretionary	
10-15 metres (first month)	167		167	174		174	174	-	4%	As above	Statutory Discretionary	
More than 15 metres (first month)	208		208	216		216	216	-	4%	As above	Statutory Discretionary	
Up to 10 metres (subsequent months)	117		117	122		122	122	-	4%	As above	Statutory Discretionary	
10-15 metres (subsequent months)	133		133	138		138	138	-	4%	As above	Statutory Discretionary	

## Community Fees &amp; Charges

## Appendix 1

Texts in *Italic* denote Statutory Fees

	Agreed charges 16/17			Proposed charges 17/18			Administration	Management and Enforcement	% change	Legislation giving power to charge	Basis for charging	Non Cabinet Approval note
	Basic	VAT 20%	Total 2016/17	Basic	VAT 20%	Total 2017/18						
More than 15 metres (subsequent months)	166		166	173		173	173	-	4%	As above	Statutory Discretionary	
<b>Commercial</b>												
Up to 15 metres (first month)	167		167	174		174	174	-	4%	As above	Statutory Discretionary	
More than 15 metres (first month)	208		208	216		216	216	-	4%	As above	Statutory Discretionary	
Up to 15 metres (subsequent months)	133		133	138		138	138	-	4%	As above	Statutory Discretionary	
More than 15 metres (subsequent months)	167		167	174		174	174	-	4%	As above	Statutory Discretionary	
Refundable deposit based on the area covered / enclosed by the structure - per sq.m:	16		16	17		17	17	-	6%	As above	Statutory Discretionary	
Application to extend a licence	55		55	57		57	57	-	4%	As above	Statutory Discretionary	
Additional charges per hour eg for attending site meeting	81		81	84		84	84	-	4%	As above	Statutory Discretionary	
<b>86. Crane (Lifting Equipment) Licence</b>												
Where a non-licensed crane is found, a retrospective application fee of twice the standard is applied										s.169/s.179 Highways Act 1980 and Local Authorities (Transport Charges) Regulations 1998/948 Reg 3, 4 and Schedule 1		Non Executive Licensing - Council Approval Required
Licence Administration Fee	208		208	216		216	216	0	4%	As above	Statutory Discretionary	
Deposit	520		520	540		540			4%	As above	Statutory Discretionary	
<b>87. Advertising Board Licence</b>												
Permission for a A1 (637 (width) x 1100 (height) x 800 (depth) mm) size advertising board on the public highway. No other sizes permitted												
Permit per year	50		50	52		52	52	0	4%	s.115F(1) Highways Act 1980	Statutory Discretionary	
Penalty for non compliance under Highways Act 1980 and Planning legislation to recover all costs associated with the removal				cost recovery		cost recovery				s.115K(3) Highways Act 1980	Statutory Discretionary	
<b>109. Street Trading</b>												
Licence Administration fee ( Applicable to all Licensing types, including variations and cancellations)	42		42	43.5		43.5	43.5	0	4%	London Local Authority Act (1990) as amended	Discretionary	Non Executive Licensing - Council Approval Required
Standalone street trading unit licence (e.g. stall)											Discretionary	
Up to 7 days (per trader)	18		18	18		18	18	0	0%		Discretionary	
Up to 2 months (per trader)	180		180	180		180	96	84	0%		Discretionary	
2 to 6 months (per trader)	400		400	400		400	316	84	0%		Discretionary	
7 to 12 months (per trader)	550		550	550		550	466	84	0%		Discretionary	
For markets of 10 or more stalls, additional costs apply as follows											Discretionary	
Market on the footway only	1250		1250	1300		1300	870	430	4%		Discretionary	
Front of Shop Displays (connected with business)- based on a standard single shop front											Discretionary	
12 Weeks Licence	312		312	312		312	209	103	0%		Discretionary	
1 Year Licence (15% discount)	1150		1150	1150		1150	770	380	0%		Discretionary	



**Community Fees & Charges**

Appendix 1

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	Agreed charges 16/17			Proposed charges 17/18			Administration	Management and Enforcement	% change	Legislation giving power to charge	Basis for charging	Non Cabinet Approval note
	Basic	VAT 20%	Total 2016/17	Basic	VAT 20%	Total 2017/18						
Key												

**Statutory prescribed** – legislation provides that the local authority charge for providing a service and either (a) the charge is prescribed (i.e. set eg. £100) or (b) the range is prescribed.

**Statutory discretionary (or statutory costs recovery)** - legislation provides that you may charge for providing a service but the amount of the charge is discretionary, within the remit of the legislation – the charge may be limited to cost recovery, reasonable cost or based on consideration of prescribed matters eg. consideration of rental value of land for allotments.

**Discretionary** – here the authority is not obliged to provide the service but if it does so then the charges must be based on costs recovery, based on the statutory power to charge in Local Government Act 2003/Localism Act 2011

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**COUNCIL**  
**23 FEBRUARY 2017**

**CHANGES TO ARRANGEMENTS FOR  
APPOINTMENT OF EXTERNAL AUDITORS**

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## **REPORT FOR: Council**

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<b>Date of Meeting:</b>	23 February 2017
<b>Subject:</b>	Changes to arrangements for appointment of External Auditors
<b>Responsible Officer:</b>	Dawn Calvert - Director of Finance (Section 151 Officer)
<b>Exempt:</b>	No
<b>Wards affected:</b>	All
<b>Enclosures:</b>	Appendix 1- PSAA Prospectus Appendix 2 - Invitation to opt in to the National Scheme for Auditor Appointments

### **Section 1 – Summary and Recommendation**

This report summarises the changes to the arrangements for appointing external auditors following the closure of the Audit Commission and the end of the transitional arrangements at the conclusion of the 2017/18 audits. The Council is required to consider the options available and put in place new arrangements in time to make a first appointment by 31 December 2017.

The formal approval process is a decision made by the members of an authority meeting as a whole. The closing date for opting in is 9 March 2017.

**Recommendation:**

Council is recommended to approve a sector led approach and agree that the Council should opt in to appointing person arrangements as set out in Option 3.

## **Section 2 – Report Background**

- 2.1 The Local Audit and Accountability Act 2014 brought to a close the Audit Commission and established transitional arrangements for the appointment of external auditors and the setting of audit fees for all local government and NHS bodies in England. On 5 October 2015 the Secretary of State for Communities and Local Government (CLG) determined that the transitional arrangements for local government bodies would be extended by one year to also include the audit of the accounts for 2017/18. The Act also provides for the appointment by the secretary of state of a 'sector led body' to be an appointing person. This body would provide the option of a managed appointment process for those who wished to select it. Public Sector Audit Appointments Ltd (PSAA) has now been approved by the DCLG to be a sector led body for principal authorities – councils, police and fire bodies.
- 2.2 Under Regulation 19 of the Local Audit (Appointing Person) Regulations 2015, a decision for the Council to join the sector led approach must be made by Full Council and cannot be delegated.
- 2.3 The Council have until December 2017 to make an appointment. In practical terms this means one of the options outlined in this report will need to be in place by spring 2017 in order that the contract negotiation process can be carried out during 2017.
- 2.4 Following the appointment of PSAA in July 2016 they issued a prospectus about the scheme (Appendix 1) and sent an invitation to opt in to the national scheme for auditor appointments on 27th October 2016 (Appendix 2). The Regulations specify a minimum period of eight weeks for invitation for Councils to accept the invitation to opt into the Sector Led Body arrangement being run by PSAA once the formal invitation has been received. However the PSAA has allowed more than the minimum eight week notice period because the formal approval process is a decision made by the members of an authority meeting as a whole. The closing date for opting in is 9 March 2017 and the decision will go to Council 23 February 2017.
- 2.5 This report was taken to the Governance, Audit, Risk Management & Standards Committee for information on 6<sup>th</sup> December 2016 where the report was noted.

### **Current situation**

- 2.6 The Council's current external auditor is KPMG, who were appointed under a contract let by the Audit Commission in 2014/15. Following closure of the Audit Commission the contract is currently managed by PSAA, the transitional body set up by the Local Government Association (LGA) with delegated authority from the Secretary of State

for CLG. Over recent years we have benefited from reduction in fees in the order of 50% compared with historic levels. This has been the result of a combination of factors including new contracts negotiated nationally with the firms of accountants and savings from closure of the Audit Commission. The Council's current external audit fees for the accounts, including the Pension Fund, are £199,459 per annum.

## **Why a change is needed**

- 2.7 When the current transitional arrangements come to an end on 31 March 2018 the Council will be able to move to local appointment of the auditor for a period of up to five years. There are a number of routes by which this can be achieved, each with varying risks and opportunities. Current fees are based on discounted rates offered by the firms in return for substantial market share. When the contracts were last negotiated nationally by the Audit Commission they covered NHS and local government bodies and offered maximum economies of scale.
- 2.8 The scope of the audit will still be specified nationally, the National Audit Office (NAO) is responsible for writing the Code of Audit Practice which all firms appointed to carry out the Council's audit must follow. Not all accounting firms will be eligible to compete for the work, they will need to demonstrate that they have the required skills and experience and be registered with a Registered Supervising Body approved by the Financial Reporting Council. The Local Audit Register maintained by the Institute for Charter Accountants (England and Wales) currently contains nine firms, including our current auditor.

## **Main options**

- 2.9 There are three broad options open to the Council under the Local Audit and Accountability Act 2014 (the Act) which are set out below, along with consideration of the advantages and risks for each option:

### **Option 1: Make a stand-alone appointment**

- 2.10 In order to make a stand-alone appointment the Council will need to set up an Auditor Panel. The members of the panel must be wholly or a majority 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 firm of accountants to award a contract for the Council's external audit. A new independent auditor panel would need to be established by the Council, in addition to the GARMS Committee. The Panel would be responsible for selecting the auditor and recommending their appointment to Full Council.

### **Advantages/benefits**

- Setting up an auditor panel allows the Council to take maximum advantage of the new local appointment regime and have local input to the decision.

### **Disadvantages/risks**

- Recruitment and servicing of the Auditor Panel, running the bidding exercise and negotiating the contract is estimated by the LGA to cost in the order of £15,000 plus on going expenses and allowances.
- The Council will not be able to take advantage of reduced fees that may be available through joint or national procurement contracts.
- The assessment of bids and decision on awarding contracts will be taken by independent appointees and not solely by elected members.

### **Option 2: Set up a Joint Auditor Panel/local joint procurement arrangements**

2.11 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 (non-elected members). Further legal advice will be required on the exact constitution of such a panel having regard to the obligations of each Council under the Act and the Council will need to liaise with other local authorities to assess the appetite for such an arrangement.

### **Advantages/benefits**

- The costs of setting up the panel, running the bidding exercise and negotiating the contract will be shared across a number of authorities.
- There is greater opportunity for negotiating some economies of scale by being able to offer a larger combined contract value to the firms.

### **Disadvantages/risks**

- The decision making body will be further removed from local input, with potentially no input from elected members where a wholly independent auditor panel is used or possible only one elected member representing each Council, depending on the constitution agreed with the other bodies involved.
- The choice of auditor could be complicated where individual Councils have independence issues. An independence issue occurs where the auditor has recently or is currently carrying out work such as consultancy or advisory work for the Council. Where this occurs some auditors may be prevented from being appointed by the terms of their professional standards. There is



a risk that if the joint auditor panel choose a firm that is conflicted for this Council then the Council may still need to make a separate appointment with all the attendant costs and loss of economies possible through joint procurement.

### **Option 3: Opt-in to a sector led body (SLB)**

2.12 To follow a sector led approach by which an 'appointing person' operates a nationwide, EU compliant procurement and appoints on the Council's behalf, maximising the opportunities for the most economic and efficient approach to procurement of external audit on behalf of the whole sector. PSAA was confirmed as an appointing person by the Secretary of State in July 2016. PSAA is a subsidiary of the Improvement and Development Agency (IDeA) which is wholly owned by the LGA.

#### **Advantages/benefits**

- The costs of setting up the appointment arrangements and negotiating fees would be shared across all opt-in authorities.
- By offering large contract values the firms would be able to offer better rates and lower fees than are likely to result from local negotiation.
- Any conflicts at individual authorities would be managed by the SLB who would have a number of contracted firms to call upon.
- Opting into the appointing person scheme removes the need to set up a separate independent auditor panel, comprising a majority of independent (non-elected) members.

#### **Disadvantages/risks**

- Individual elected members will have less opportunity for direct involvement in the appointment process other than through the LGA and/or stakeholder representative groups.
- In order for the SLB to be viable and to be placed in the strongest possible negotiating position the SLB will need Councils to opt-in before final contract prices are known.

#### **Preferred option**

2.13 Officers recommend Option 3, the sector led approach, as the most appropriate option for the Council to follow for the reasons set out above.

## **Section 3**

### **Financial Implications**

- 3.1 Current external audit fees levels are likely to increase when the current contracts end in 2018.
- 3.2 The cost of establishing a local or joint Auditor Panel outlined in options 1 and 2 above have not been included in the Council's budget for 2016/17 and would need to be estimated and included in the Council's budget for 2017/18 if either of these options were recommended to Council. This would include the cost of recruiting independent appointees (members), servicing the independent Panel, running a bidding and tender evaluation process, letting a contract and paying independent members fees and allowances.
- 3.3 Opting-in to a national SLB provides maximum opportunity to limit the extent of any increases by entering in to a large scale collective procurement arrangement and would remove the costs of establishing an independent auditor panel.

### **Risk Management Implications**

- 3.4 There is no immediate risk to the Council, however, early consideration by the Council of its preferred approach will enable detailed planning to take place so as to achieve successful transition to the new arrangement in a timely and efficient manner.
- 3.5 Opting in to the PSAA arrangement, which indications suggest is the approach likely to be taken by most local authorities, will enable the PSAA to obtain greatest economies of scale through competition and to invest in developing appropriate arrangements to support the Council through the management of these contracts and future procurement of contracts when they are due for renewal.
- Risk included on Directorate risk register? ~~Yes~~/No
  - Separate risk register in place? ~~Yes~~/No

### **Equalities implications**

- 3.6 Was an Equality Impact Assessment carried out? ~~Yes~~/No – not applicable.

### **Legal Implications**

- 3.7 Section 7 of the Local Audit and Accountability Act 2014 (the Act) requires a relevant authority to appoint a local auditor to audit its accounts for a financial year not later than 31 December in the

preceding year. Section 8 governs the procedure for appointment including that the authority must consult and take account of the advice of its auditor panel on the selection and appointment of a local auditor. Section 9 sets out the requirement to have an auditor panel. Paragraph 1(1) of Schedule 3 provides that where a relevant authority is a local authority operating executive arrangements, the function of appointing a local auditor to audit its accounts is not the responsibility of an executive of the authority under those arrangements.

- 3.8 Section 12 makes provision for the failure to appoint a local auditor: the authority must immediately inform the Secretary of State, who may direct the authority to appoint the auditor named in the direction or appoint a local auditor on behalf of the authority.
- 3.9 Section 17 gives the Secretary of State the power to make regulations in relation to an 'appointing person' specified by the Secretary of State. This power has been exercised in the Local Audit (Appointing Person) Regulations 2015 (SI 192) and this gives the Secretary of State the ability to enable a Sector Led Body to become the appointing person. The Regulations also make certain modifications to the Act to dis-apply or modify the provisions of the Act in relation to opted in authorities, including that the requirement to have an auditor panel does not apply to such an authority and similarly that the authority does not have to consult and take into account the advice of the auditor panel.

## **Council Priorities**

- 3.10 The work of the External Auditor's helps the Council to achieve its vision and priorities.

The Council's vision:

### **Working Together to Make a Difference for Harrow**

- Making a difference for the vulnerable
- Making a difference for communities
- Making a difference for local businesses
- Making a difference for families

### Section 3 - Statutory Officer Clearance

Name: Dawn Calvert



Chief Financial Officer

Date: 26/01/17

Name: Caroline Eccles



on behalf of the  
Monitoring Officer

Date: 01/02/17

**Ward Councillors notified:**

**YES/ NO**

### Section 4 - Contact Details and Background Papers

**Contact:** Susan Dixson, Head of Internal Audit, 0208 424 1420

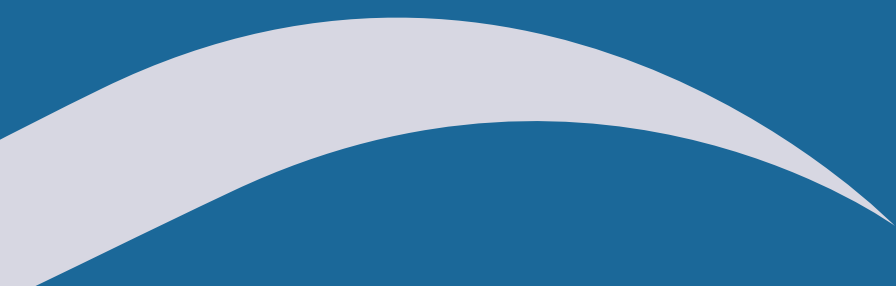
**Background Papers:** None

If appropriate, does the report include the following considerations?

1.	Consultation	YES / NO
2.	Priorities	YES / NO



# Developing the option of a national scheme for local auditor appointments



“The LGA has worked hard to secure the option for local government to appoint auditors through a dedicated sector-led national procurement body. I am sure that this will deliver significant financial benefits to those who opt in.”

– Lord Porter CBE, Chairman,  
Local Government Association

Over the next few months all principal authorities will need to decide how their auditors will be appointed in the future. They may make the appointment themselves, or in conjunction with other bodies. Or they can take advantage of a national collective scheme which is designed to offer them a further choice. Choosing the national scheme should pay dividends in quality, in cost, in responsiveness and in convenience.

Public Sector Audit Appointments Ltd (PSAA) is leading the development of this national option. PSAA is a not-for-profit company which already administers the current audit contracts. It has been designated by the Department for Communities & Local Government (DCLG) to operate a collective scheme for auditor appointments for principal authorities (other than NHS bodies) in England. It is currently designing the scheme to reflect the sector's needs and views.

The Local Government Association (LGA) is strongly supportive of this ambition, and 200+ authorities have already signalled their positive interest. This is an opportunity for local government, fire, police and other bodies to act in their own and their communities' best interests.

We hope you will be interested in the national scheme and its development. We would be happy to engage with you to hear your views – please contact us at [generalenquiries@psaa.co.uk](mailto:generalenquiries@psaa.co.uk)

You will also find some questions at the end of this booklet which cover areas in which we would particularly welcome your feedback.

# Audit does matter

High quality independent audit is one of the cornerstones of public accountability. It gives assurance that taxpayers' money has been well managed and properly expended. It helps to inspire trust and confidence in the organisations and people responsible for managing public money.

Imminent changes to the arrangements for appointing the auditors of local public bodies are therefore very important. Following the abolition of the Audit Commission, local bodies will soon begin to make their own decisions about how and by whom their auditors are appointed. A list of the local government bodies affected can be found at the end of this booklet.

The Local Government Association (LGA) has played a leadership role in anticipating these changes and influencing the range of options available to local bodies. In particular, it has lobbied to ensure that, irrespective of size, scale, responsibilities or location, principal local government bodies can, if they wish, subscribe to a specially authorised national scheme which will take full responsibility for local auditor appointments which offer a high quality professional service and value for money.

The LGA supported PSAA's successful application to the Department for Communities & Local Government (DCLG) to be appointed to deliver and manage this scheme.




# PSAA is well placed to award and manage audit contracts, and appoint local auditors under a national scheme

PSAA is an independent, not-for-profit company limited by guarantee and established by the LGA. It already carries out a number of functions in relation to auditor appointments under powers delegated by the Secretary of State for Communities & Local Government. However, those powers are time-limited and will cease when current contracts with audit firms expire with the completion of the 2017/18 audits for local government bodies, and the completion of the 2016/17 audits for NHS bodies and smaller bodies.

The expiry of contracts will also mark the end of the current mandatory regime for auditor appointments. Thereafter, local bodies will exercise choice about whether they opt in to the authorised national scheme, or whether they make other arrangements to appoint their own auditors.

PSAA has been selected to be the trusted operator of the national scheme, formally specified to undertake this important role by the Secretary of State. The company is staffed by a team with significant experience in appointing auditors, managing contracts with audit firms and setting and determining audit fees. We intend to put in place an advisory group, drawn from the sector, to give us ready access to your views on the design and operation of the scheme. We are confident that we can create a scheme which delivers quality-assured audit services to every participating local body at a price which represents outstanding value for money.



“Many district councils will be very aware of the resource implications of making their own appointment. Joining a well-designed national scheme has significant attractions.”

– Norma Atlay, President,  
Society of District Council Treasurers

“Police bodies have expressed very strong interest in a national scheme led by PSAA. Appointing the same auditor to both the PCC and the Chief Constable in any area must be the best way to maximise efficiency.”

– Sean Nolan, President,  
Police and Crime Commissioners  
Treasurers’ Society (PACCTS)

# The national scheme can work for you

We believe that the national scheme can be an excellent option for all local bodies. Early indications are that many bodies agree - in a recent LGA survey more than 200 have expressed an interest in joining the scheme.

We plan to run the scheme in a way that will save time and resources for local bodies - time and resources which can be deployed to address other pressing priorities. Bodies can avoid the necessity to establish an auditor panel (required by the Local Audit & Accountability Act, 2014) and the need to manage their own auditor procurement. The scheme will take away those headaches and, assuming a high level of participation, be able to attract the best audit suppliers and command highly competitive prices.

The scope of public audit is wider than for private sector organisations. For example, it involves forming a conclusion on the body's arrangements for securing value for money, dealing with electors' enquiries and objections, and in some circumstances issuing public interest reports. PSAA will ensure that the auditors which it appoints are the most competent to carry out these functions.

Auditors must be independent of the bodies they audit, to enable them to them to carry out their work with objectivity and credibility, and in a way that commands public confidence. PSAA plans to take great care to ensure that every auditor appointment passes this test. It will also monitor any significant proposals, above an agreed threshold, for auditors to carry out consultancy or other non-audit work to ensure that these do not undermine independence and public confidence.

The scheme will also endeavour to appoint the same auditors to bodies which are involved in formal collaboration/joint working initiatives or within combined authority areas, if the parties consider that a common auditor will enhance efficiency and value for money.

# PSAA will ensure high quality audits

We will only contract with firms which have a proven track record in undertaking public audit work. In accordance with the 2014 Act, firms must be registered with one of the chartered accountancy institutes acting in the capacity of a Recognised Supervisory Body (RSB). The quality of their work will be subject to scrutiny by both the RSB and the Financial Reporting Council (FRC). Current indications are that fewer than ten large firms will register meaning that small local firms will not be eligible to be appointed to local public audit roles.

PSAA will ensure that firms maintain the appropriate registration and will liaise closely with RSBs and the FRC to ensure that any concerns are detected at an early stage and addressed effectively in the new regime. The company will take a close interest in feedback from audited bodies and in the rigour and effectiveness of firms' own quality assurance arrangements, recognising that these represent some of the earliest and most important safety nets for identifying and remedying any problems arising. We will liaise with the National Audit Office (NAO) to help ensure that guidance to auditors is updated when necessary.

We will include obligations in relation to maintaining and continuously improving quality in our contract terms and quality criteria in our tender evaluation method.

# PSAA will secure highly competitive prices

A top priority must be to seek to obtain the best possible prices for local audit services. PSAA's objective will be to make independent auditor appointments at the most competitive aggregate rate achievable.

Our current thinking is that the best prices will be obtained by letting three year contracts, with an option to extend to five years, to a relatively small number of appropriately registered firms in two or three large contract areas nationally. The value of each contract will depend on the prices bid, with the firms offering the best prices being awarded larger amounts of work. By having contracts with a number of firms we will be able to ensure independence and avoid dominance of the market by one or two firms.

Correspondingly, at this stage our thinking is to invite bodies to opt into the scheme for an initial term of three to five years.

The procurement strategy will need to prioritise the importance of demonstrably independent appointments, in terms of both the audit firm appointed to each audited body and the procurement and appointment processes used. This will require specific safeguards in the design of the procurement and appointment arrangements.

“Early audit planning is a vital element of a timely audit. We need the auditors to be available and ready to go right away at the critical points in the final accounts process.”

– Steven Mair, City Treasurer,  
Westminster City Council

“In forming a view on VFM arrangements it is essential that auditors have an awareness of the significant challenges and changes which the service is grappling with.”

– Charles Kerr, Chair,  
Fire Finance Network

# PSAA will establish a fair scale of fees

Audit fees must ultimately be met by individual audited bodies. PSAA will ensure that fee levels are carefully managed by securing competitive prices from firms and by minimising PSAA's own costs. The changes to our role and functions will enable us to run the new scheme with a smaller team of staff. PSAA is a not-for-profit company and any surplus funds will be returned to scheme members.

PSAA will pool scheme costs and charge fees to audited bodies in accordance with a fair scale of fees which has regard to size, complexity and audit risk. Pooling means that everyone within the scheme will benefit from the most competitive prices. Current scale fees are set on this basis. Responses from audited bodies to recent fee consultations have been positive.

PSAA will continue to consult bodies in connection with any proposals to establish or vary the scale of fees. However, we will not be able to consult on our proposed scale of fees until the initial major procurement has been completed and contracts with audit firms have been let. Fees will also reflect the number of scheme participants - the greater the level of participation, the better the value represented by our scale of fees. We will be looking for principal bodies to give firm commitments to join the scheme during Autumn 2016.

# The scheme offers multiple benefits for participating bodies

We believe that PSAA can deliver a national scheme which offers multiple benefits to the bodies which take up the opportunity to collaborate across the sector by opting into scheme membership.

Benefits include:

- assured appointment of a qualified, registered, independent auditor
- appointment, if possible, of the same auditors to bodies involved in significant collaboration/joint working initiatives or combined authorities, if the parties believe that it will enhance efficiency and value for money
- on-going management of independence issues
- securing highly competitive prices from audit firms
- minimising scheme overhead costs
- savings from one major procurement as opposed to a multiplicity of small procurements
- distribution of surpluses to participating bodies
- a scale of fees which reflects size, complexity and audit risk
- a strong focus on audit quality to help develop and maintain the market for the sector
- avoiding the necessity for individual bodies to establish an auditor panel and to undertake an auditor procurement
- enabling time and resources to be deployed on other pressing priorities
- setting the benchmark standard for audit arrangements for the whole of the sector

We understand the balance required between ensuring independence and being responsive, and will continually engage with stakeholders to ensure we achieve it.



# How can you help?

We are keen to receive feedback from local bodies concerning our plans for the future. Please let us have your views and let us know if a national scheme operated by PSAA would be right for your organisation.

In particular we would welcome your views on the following questions:

1. Is PSAA right to place emphasis on both quality and price as the essential pre-requisites for successful auditor appointments?
2. Is three to five years an appropriate term for initial contracts and for bodies to sign up to scheme membership?
3. Are PSAA's plans for a scale of fees which pools scheme costs and reflects size, complexity and audit risk appropriate? Are there any alternative approaches which would be likely to command the support of the sector?
4. Are the benefits of joining the national scheme, as outlined here, sufficiently attractive? Which specific benefits are most valuable to local bodies? Are there others you would like included?
5. What are the key issues which will influence your decisions about scheme membership?
6. What is the best way of us continuing our engagement with you on these issues?

**Please reply to: [generalenquiries@psaa.co.uk](mailto:generalenquiries@psaa.co.uk)**

The following bodies will be eligible to join the proposed national scheme for appointment of auditors to local bodies:

- county councils in England
- district councils
- London borough councils
- combined authorities
- passenger transport executives
- police and crime commissioners for a police area in England
- chief constables for an area in England
- national park authorities for a national park in England
- conservation boards
- fire and rescue authorities in England
- waste authorities
- the Greater London Authority and its functional bodies.

## **BOARD MEMBERS**

Steve Freer (Chairman), former Chief Executive CIPFA

Caroline Gardner, Auditor General Scotland

Clive Grace, former Deputy Auditor General Wales

Stephen Sellers, Solicitor, Gowling WLG (UK) LLP

## **CHIEF OFFICER**

Jon Hayes, former Audit Commission Associate Controller

“Maintaining audit quality is critically important. We need experienced audit teams who really understand our issues.”

– Andrew Burns, Director of  
Finance and Resources,  
Staffordshire County Council

PSAA Ltd  
3rd Floor, Local Government House  
Smith Square  
London SW1P 3HZ

[www.psaa.co.uk](http://www.psaa.co.uk)

27 October 2016

**Email:** [appointingperson@psaa.co.uk](mailto:appointingperson@psaa.co.uk)

Michael Lockwood  
London Borough of Harrow  
Civic Centre 1  
Station Road Harrow  
HA1 2UJ

Copied to: Dawn Calvert, Director of Finance, London Borough of Harrow  
Hugh Peart, Director of Legal & Governance Service, London Borough of Harrow

Dear Mr Lockwood

### Invitation to opt into the national scheme for auditor appointments

As you know the external auditor for the audit of the accounts for 2018/19 has to be appointed before the end of 2017. That may seem a long way away, but as there is now a choice about how to make that appointment, a decision on your authority's approach will be needed soon.

We are pleased that the Secretary of State has expressed his confidence in us by giving us the role of appointing local auditors under a national scheme. This is one choice open to your authority. We issued a prospectus about the scheme in July 2016, available to download on the [appointing person](#) page of our website, with other information you may find helpful.

The timetable we have outlined for appointing auditors under the scheme means we now need to issue a formal invitation to opt into these arrangements. The covering email provides the formal invitation, along with a form of acceptance of our invitation for you to use if your authority decides to join the national scheme. We believe the case for doing so is compelling. To help with your decision we have prepared the additional information attached to this letter.

I need to highlight two things:

- we need to receive your formal acceptance of this invitation by 9 March 2017; and
- the relevant regulations require that, except for a body that is a corporation sole (a police and crime commissioner), the decision to accept the invitation and to opt in needs to be made by the members of the authority meeting as a whole. We appreciate this will need to be built into your decision making timetable.

If you have any other questions not covered by our information, do not hesitate to contact us by email at [appointingperson@psaa.co.uk](mailto:appointingperson@psaa.co.uk).

Yours sincerely



Jon Hayes, Chief Officer

## Appointing an external auditor

### Information on the national scheme

#### Public Sector Audit Appointments Limited (PSAA)

We are a not-for-profit company established by the Local Government Association (LGA). We administer the current audit contracts, let by the Audit Commission before it closed.

We have the support of the LGA, which has worked to secure the option for principal local government and police bodies to appoint auditors through a dedicated sector-led national procurement body. We have established an advisory panel, drawn from representative groups of local government and police bodies, to give access to your views on the design and operation of the scheme.

#### The national scheme for appointing local auditors

We have been specified by the Secretary of State for Communities and Local Government as the appointing person for principal local government bodies. This means that we will make auditor appointments to principal local government bodies that choose to opt into the national appointment arrangements we will operate for audits of the accounts from 2018/19. These arrangements are sometimes described as the 'sector-led body' option, and our thinking for this scheme was set out in a prospectus circulated to you in July. The prospectus is available on the [appointing person](#) page of our website.

We will appoint an auditor for all opted-in authorities for each of the five financial years beginning from 1 April 2018, unless the Secretary of State chooses to terminate our role as the appointing person beforehand. He or she may only do so after first consulting opted-in authorities and the LGA.

#### What the appointing person scheme will offer

We are committed to making sure the national scheme will be an excellent option for auditor appointments for you.

We intend to run the scheme in a way that will save time and resources for local government bodies. We think that a collective procurement, which we will carry out on behalf of all opted-in authorities, will enable us to secure the best prices, keeping the cost of audit as low as possible for the bodies who choose to opt in, without compromising on audit quality.

Our current role means we have a unique experience and understanding of auditor procurement and the local public audit market.

Using the scheme will avoid the need for you to:

- establish an audit panel with independent members;
- manage your own auditor procurement and cover its costs;
- monitor the independence of your appointed auditor for the duration of the appointment;
- deal with the replacement of any auditor if required; and
- manage the contract with your auditor.

Our scheme will endeavour to appoint the same auditors to other opted-in bodies that are involved in formal collaboration or joint working initiatives, if you consider that a common auditor will enhance efficiency and value for money.

We will also try to be flexible about changing your auditor during the five-year appointing period if there is good reason, for example where new joint working arrangements are put in place.

Securing a high level of acceptances to the opt-in invitation will provide the best opportunity for us to achieve the most competitive prices from audit firms. The LGA has previously sought expressions of interest in the appointing person arrangements, and received positive responses from over 270 relevant authorities. We ultimately hope to achieve participation from the vast majority of eligible authorities.

### **High quality audits**

The Local Audit and Accountability Act 2014 provides that firms must be registered as local public auditors with one of the chartered accountancy institutes acting in the capacity of a Recognised Supervisory Body (RSB). The quality of registered firms' work will be subject to scrutiny by both the RSB and the Financial Reporting Council (FRC), under arrangements set out in the Act.

We will:

- only contract with audit firms that have a proven track record in undertaking public audit work;
- include obligations in relation to maintaining and continuously improving quality in our contract terms and in the quality criteria in our tender evaluation;
- ensure that firms maintain the appropriate registration and will liaise closely with RSBs and the FRC to ensure that any quality concerns are detected at an early stage; and
- take a close interest in your feedback and in the rigour and effectiveness of firms' own quality assurance arrangements.

We will also liaise with the National Audit Office to help ensure that guidance to auditors is updated as necessary.

### **Procurement strategy**

In developing our procurement strategy for the contracts with audit firms, we will have input from the advisory panel we have established. The panel will assist PSAA in developing arrangements for the national scheme, provide feedback to us on proposals as they develop, and helping us maintain effective channels of communication. We think it is particularly important to understand your preferences and priorities, to ensure we develop a strategy that reflects your needs within the constraints set out in legislation and in professional requirements.

In order to secure the best prices we are minded to let audit contracts:

- for 5 years;
- in 2 large contract areas nationally, with 3 or 4 contract lots per area, depending on the number of bodies that opt in; and
- to a number of firms in each contract area to help us manage independence issues.

The value of each contract will depend on the prices bid, with the firms offering the best value being awarded larger amounts of work. By having contracts with a number of firms, we will be able to manage issues of independence and avoid dominance of the market by one or two firms. Limiting the national volume of work available to any one firm will encourage competition and ensure the plurality of provision.

## **Auditor appointments and independence**

Auditors must be independent of the bodies they audit, to enable them to carry out their work with objectivity and credibility, and in a way that commands public confidence.

We plan to take great care to ensure that every auditor appointment passes this test. We will also monitor significant proposals for auditors to carry out consultancy or other non-audit work, to protect the independence of auditor appointments.

We will consult you on the appointment of your auditor, most likely from September 2017. To make the most effective allocation of appointments, it will help us to know about:

- any potential constraints on the appointment of your auditor because of a lack of independence, for example as a result of consultancy work awarded to a particular firm;
- any joint working or collaboration arrangements that you think should influence the appointment; and
- other local factors you think are relevant to making the appointment.

We will ask you for this information after you have opted in.

Auditor appointments for the audit of the accounts of the 2018/19 financial year must be made by 31 December 2017.

## **Fee scales**

We will ensure that fee levels are carefully managed by securing competitive prices from firms and by minimising our own costs. Any surplus funds will be returned to scheme members under our articles of association and our memorandum of understanding with the Department for Communities and Local Government and the LGA.

Our costs for setting up and managing the scheme will need to be covered by audit fees. We expect our annual operating costs will be lower than our current costs because we expect to employ a smaller team to manage the scheme. We are intending to fund an element of the costs of establishing the scheme, including the costs of procuring audit contracts, from local government's share of our current deferred income. We think this is appropriate because the new scheme will be available to all relevant principal local government bodies.

PSAA will pool scheme costs and charge fees to audited bodies in accordance with a fair scale of fees which has regard to size, complexity and audit risk, most likely as evidenced by audit fees for 2016/17. Pooling means that everyone in the scheme will benefit from the most competitive prices. Fees will reflect the number of scheme participants – the greater the level of participation, the better the value represented by our scale fees.

Scale fees will be determined by the prices achieved in the auditor procurement that PSAA will need to undertake during the early part of 2017. Contracts are likely to be awarded at the end of June 2017, and at this point the overall cost and therefore the level of fees required will be clear. We expect to consult on the proposed scale of fees in autumn 2017 and to publish the fees applicable for 2018/19 in March 2018.



## Opting in

The closing date for opting in is 9 March 2017. We have allowed more than the minimum eight week notice period required, because the formal approval process for most eligible bodies, except police and crime commissioners, is a decision made by the members of an authority meeting as a whole.

We will confirm receipt of all opt-in notices. A full list of authorities who opt in will be published on our website. Once we have received an opt-in notice, we will write to you to request information on any joint working arrangements relevant to your auditor appointment, and any potential independence matters that would prevent us appointing a particular firm.

If you decide not to accept the invitation to opt in by the closing date, you may subsequently make a request to opt in, but only after 1 April 2018. The earliest an auditor appointment can be made for authorities that opt in after the closing date is therefore for the audit of the accounts for 2019/20. We are required to consider such requests, and agree to them unless there are reasonable grounds for their refusal.

## Timetable

In summary, we expect the timetable for the new arrangements to be:

- Invitation to opt in issued 27 October 2016
- Closing date for receipt of notices to opt in 9 March 2017
- Contract notice published 20 February 2017
- Award audit contracts By end of June 2017
- Consult on and make auditor appointments By end of December 2017
- Consult on and publish scale fees By end of March 2018

## Enquiries

We publish frequently asked questions on our [website](#). We are keen to receive feedback from local bodies on our plans. Please email your feedback or questions to: [appointingperson@psaa.co.uk](mailto:appointingperson@psaa.co.uk).

If you would like to discuss a particular issue with us, please send an email to the above address, and we will make arrangements either to telephone or meet you.

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**COUNCIL**  
**23 FEBRUARY 2017**

**REPORT DETAILING THE REVIEW OF THE  
CORPORATE ANTI-FRAUD AND CORRUPTION  
STRATEGY**

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## REPORT FOR: **COUNCIL**

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<b>Date of Meeting:</b>	23 <sup>rd</sup> February 2017
<b>Subject:</b>	Report detailing the review of the Corporate Anti-Fraud and Corruption Strategy
<b>Responsible Officer:</b>	Dawn Calvert, Director of Finance (Section 151 Officer)
<b>Exempt:</b>	No
<b>Wards affected:</b>	All wards
<b>Enclosures:</b>	Appendix 1 – Harrow Council Corporate Anti-Fraud and Corruption Strategy 2016 - 2019

### **Section 1 – Summary and Recommendations**

This report details the review of the Council's Corporate Anti-Fraud and Corruption Strategy

**Recommendations:**

Council is recommended to approve the strategy for inclusion in the Constitution.

## **Section 2 – Report**

This is a decision report and details the review of the Council's Corporate Anti-Fraud and Corruption Strategy.

### **Anti Fraud & Corruption Strategy**

2.1 In July 2016 the Governance, Audit, Risk Management & Standards Committee were informed that following the CIPFA Fraud Code self assessment undertaken by the Corporate Anti Fraud Team and Internal Audit, a number of work streams were identified for implementation to improve how the organisation dealt with fraud and corruption and associated risks and to increase its resilience to fraud. These work streams were:-

- To consider the development of a fraud risk register
- Increase awareness of fraud and corruption affecting the organisation both internally and in the community and to create a tone from the top of the organisation of zero tolerance towards fraud
- A review and refresh of the Corporate Anti-Fraud and Corruption Strategy

2.2 The reviewed strategy attached as Appendix, 1 aligns to the current Local Government Counter Fraud and Corruption Strategy 2016-2019 and focusses on the three principles of Acknowledge, Prevent and Pursuing fraud and corruption. It also links to the supporting themes of establishing the right culture, ensuring sufficient capability, capacity and competence to deal with fraud, using communications in the right way to raise awareness and lastly increased collaboration with partners when dealing with fraud and corruption.

2.3 It sets out roles and responsibilities within the organisation and an assessment of the ever changing fraud landscape and the authorities' current fraud risks and where information has been drawn from to detail these risks.

2.4 There is a clear emphasis on management being responsible for managing fraud and corruptions risks as they would with any other risks affecting services with support from the Corporate Anti Fraud Team, Internal Audit and Risk Management.

2.5 The aims and objectives and accompanying actions for implementation will provide a solid basis for progress against the strategy in determining its success.

2.6 Progress on strategy implementation will be reported to the Corporate Strategy Board and the Governance, Risk Management and Standards Committee on a periodic basis along with other fraud related outcome activity.

2.7 The Constitution currently includes the Corporate Anti-Fraud Policy (2014) and it is envisaged that the Corporate Anti-Fraud and Corruption Strategy will replace this.

## **Fraud Risks**

2.8 The strategy has been drafted to reflect best practice, considering the national fraud landscape, to localise the fraud risks faced by Harrow Council and to align with the latest Local Government Counter Fraud & Corruption Strategy 2016-2019.

2.9 Acknowledgement and understanding of fraud risks and threats faced by the authority at present and into the future is critical if the organisation is to increase its resilience and protect valuable resources and assets. Fraud affects every business in some way, be it in the public, private or third sector. Harrow Council is not immune to these risks and acknowledging this should be seen as positive action.

2.10 The authority acknowledges fraud risks at present by reflecting on fraud investigation work and Internal Audit work undertaken during the year and from national indicator reports detailing frauds captured in the public sector and by analysing evidence of emerging fraud risks.

2.11 This acknowledgement process will be fine tuned by the establishment of a fraud risk register. Work has commenced on this stream of work through the meetings held with the Directorate Departmental Management Teams in March 2016 and the formulation of a risk assessment. This work will be continued and the register established by June 2017 so the authority will be in a stronger position in terms of understanding its fraud and corruption risks moving forward.

2.12 Working with Corporate Anti Fraud, Internal Audit and Risk Management, once established, the risks will be owned and maintained by the Directorates as they currently do with the Corporate and Directorate Risk Registers. This ownership is crucial to the management of fraud risks and the measurement of successful implementation of the strategy.

2.13 Establishing a risk register will also raise awareness of fraud and corruption across the authority.

## **Fraud Awareness**

2.14 Raising awareness of fraud and corruption is an area of significant importance and there is a strong theme running through the strategy both for Members and Senior Managers setting the tone from the top of the organisation and for all employees to accept their responsibilities in being alert to fraud and corruption risks and actual fraud incidents.

2.15 The strategy launch and promotion will in itself raise awareness throughout the organisation.

2.16 There are specific aims and objectives in the strategy to continue building an anti fraud culture and an environment where fraud is not tolerated and reporting fraud is actively encouraged by the organisation.

2.17 It is of equal importance that this strategy and associated counter fraud activity is communicated through fraud awareness campaigns to the community and through working with our partners so that they are encouraged to report fraud allowing the organisation to investigate allegations appropriately.

## **Consultation**

2.18 In drafting this strategy, consultation has taken place with the following:-

- The Leader of the Council
- The Chief Executive
- The Corporate Director - Resources and Commercial
- The Director of Finance (Section 151 Officer)
- The Finance and Commercialisation Portfolio Holder
- Corporate Strategy Board (CSB)

2.19 On 6<sup>th</sup> December 2016 the Governance, Audit, Risk Management and Standards Committee reviewed the draft strategy.

## **Financial Implications**

The financial implications have been shown where appropriate in the report

## **Risk Management Implications**

Raising awareness of fraud and corruption is likely to increase fraud referrals to the Corporate Anti Fraud Team which in turn will increase the risk that existing resources are insufficient to deal with all referrals appropriately. This could lead to both financial and reputational damage.

## **Equalities implications**

A public authority must, in the exercise of its functions, have due regard to the need to:

- (a) Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- (b) Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- (c) Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The relevant protected characteristics are:

- a) Age
- b) Disability
- c) Gender reassignment
- d) Pregnancy and maternity
- e) Race,
- f) Religion or belief
- g) Sex
- h) Sexual orientation
- i) Marriage and Civil partnership



The strategy applies to all Council employees, elected members, partners and customers. Fraud risks are assessed in line with best practice, the Local Government Counter Fraud Strategy, consultation with the directorates and through evidence based outcomes known both nationally and locally. These assessments in turn inform risk based annual work programmes. Risk assessments of specific fraud allegations are based on assessing information quality, source, financial impact and reputational damage to the authority. There are no adverse equality implications from the strategy. The strategy will help to safeguard the Council's resources and enable them to be spent on those in need furthering the Council's commitment to the public sector equality duty.

### Council Priorities

Managing the risk of fraud and corruption contributes to all of the corporate priorities by ensuring that limited finances and resources are protected from fraud and corruption and support the implementation of the Ambition Plan 2020

### Section 3 - Statutory Officer Clearance

Name: Dawn Calvert	<input checked="" type="checkbox"/>	Chief Financial Officer
Date: 2 February 2017		
Name: Jessica Farmer	<input checked="" type="checkbox"/>	On behalf of the Monitoring Officer
Date: 24 <sup>th</sup> January 2017		

<b>Ward Councillors notified:</b>	NO
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### Section 4 - Contact Details and Background Papers

Contact: Justin Phillips, Corporate Anti-Fraud Manager

## Background Papers: None

If appropriate, does the report include the following considerations?

1.	Consultation	YES
2.	Priorities	YES

**HARROW COUNCIL**

**CORPORATE ANTI-FRAUD &  
CORRUPTION**

**STRATEGY 2016 - 2019**

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## 1.0 Foreword by the Leader of Harrow Council, Cllr Sachin Shah and Chief Executive, Michael Lockwood

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Fraud and corruption is a very real threat to the UK economy and Harrow Council is not immune to these risks. In May 2016, the [Annual Fraud Indicator Report 2016](#) was published putting estimated fraud and corruption losses affecting the UK at around £193 billion. Losses in the public sector were estimated to be £37.5 billion. These are significant sums of money that are potentially being taken away from the people that need it most, such as the vulnerable, children and the elderly.

Fraud and corruption not only removes resources but can cause untold social harm to individuals and communities. Harrow Council will not tolerate fraud and corruption and will push for the strongest penalties against those that think it acceptable to commit fraud.

Having recently launched our Ambition Plan 2020, it is vital that we are able to protect our limited resources and assets from fraud and corruption so that they are put to best use and support those with the greatest need. This Council is committed to *Working together to make a difference for Harrow* and in doing so our vision is to:

- **Build a Better Harrow**
- **Be More Business-like and Business Friendly**
- **Protect the Most Vulnerable and Support Families**

Working hand in hand with our vision we have also developed with our employees, values to enable us to achieve the Ambition Plan 2020. These are:-

- **Be courageous**
- **Do It Together**
- **Make it Happen**

We have some tough challenges ahead, in particular the financial pressures that the public sector is facing. The Council's savings target for the 4 year period 2015/16 to 2018/19 is £83m. In balancing the 2015/16 budget, savings of £30.9m were agreed. The target for the three years 2016/17 to 2018/19 was £52.4m<sup>1</sup>. We are showing leadership and ambition even in these difficult circumstances. We are continuing to make Harrow a better place to live and do business.

Our regeneration plans will create thousands of much needed affordable and high-quality homes, bring jobs and investments into the Borough, new schools, cleaner and greener neighbourhoods and an improved entertainment, cultural and leisure offer to bring a new buzz to our high streets.

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<sup>1</sup> Final Budget Report 2017/18

According to [Protecting the English Public Purse 2015](#) Housing Tenancy Fraud is costing the UK economy in the region of £845 million annually so it is vital that we provide assurance that those families occupying our housing stock are the rightful tenants and we take robust action to remove those tenants unlawfully subletting or not occupying as their principle home. Similarly, once we start building affordable homes, we ensure that those that need our help the most are given priority to occupy.

By 2020 Harrow Council will be moving into a new Civic Centre, designed in consultation with residents to be at the heart of the community and Wealdstone, supporting local businesses, local families and turning round an area that has been ignored for far too long.

At all times it is crucial that we ensure public money is properly spent. This is the basis of the trust which our residents place in the Council. As Harrow's largest employer, the Council has a duty to make clear to all members, employees and contractors that malpractice in any form will not be tolerated. The authority needs to demonstrate the highest standards of probity and transparency. All council employees are reminded that it is their duty to report any financial or professional misconduct. The Council has a well established 'whistle blowing' procedure and will always investigate when presented with serious concerns.

Whilst all stakeholders have a part to play in reducing the risk of fraud, Elected Members and Senior Management are ideally positioned to influence the ethical tone of the organisation and play a crucial role in fostering a culture of high ethical standards and integrity.

This Corporate Anti-Fraud & Corruption Strategy sets out the responsibilities and behaviours the Council expects from its employees, members and partners. We urge you to study it carefully and join with us in ensuring Harrow Council retains its good name for corporate governance and fairness.



**Cllr Sachin Shah**

**Leader of the Council**



**Michael Lockwood**

**Chief Executive**

## 2.0 INTRODUCTION

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This document sets out the Council's strategy in relation to fraud and corruption. It has the full support of, the Corporate Strategy Board, relevant Members including the Governance, Risk Management and Standards Committee (GARMS), the Leader and Portfolio Holder for Finance & Commercialisation.

The Council takes its responsibilities for the stewardship of public finances very seriously and is committed to the highest standards of transparency and accountability in order to ensure appropriate use of public funds and assets. It has a duty to prevent fraud and corruption, whether it is attempted by someone within or outside of the Council such as another organisation, a resident, an employee, contractor or Councillor. The Council is committed to creating and maintaining an effective anti-fraud and corruption culture, by promoting high ethical standards and encouraging the prevention and detection of fraudulent activities.

In all its dealings, the Authority will adhere to the seven principles of public life set out in the Nolan Committee's report on *Standards in Public Life*.

- ***Selflessness***

Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their families or their friends.

- ***Integrity***

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.

- ***Objectivity***

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

- ***Accountability***

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

- ***Openness***

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands. Openness requires an inclusive approach, an outward focus and a commitment to partnership working.

- **Honesty**

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

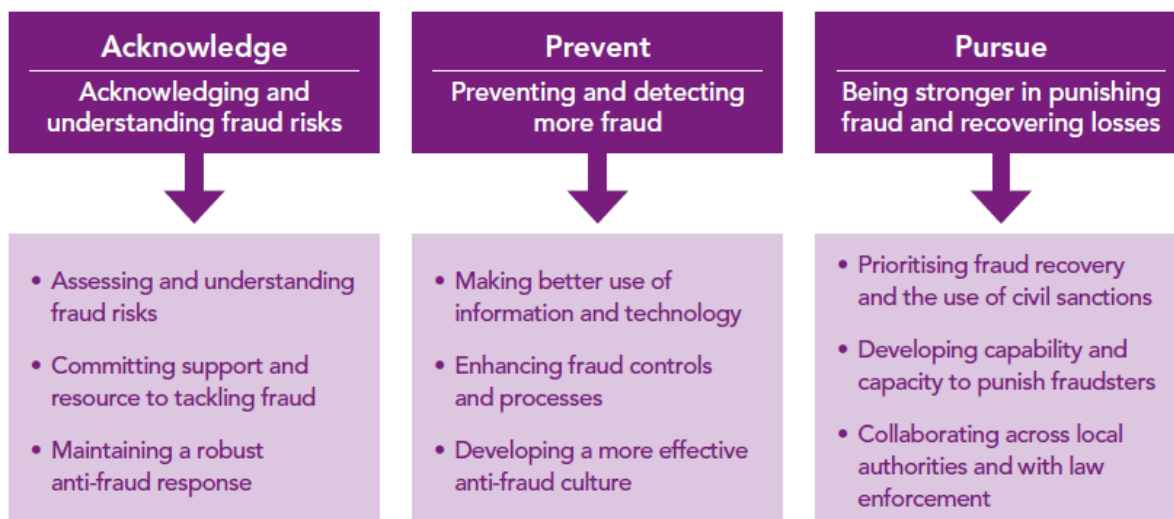
- **Leadership**

Holders of public office should promote and support these principles by leadership and example.

The Council will not tolerate fraud or corruption by its councillors, employees, suppliers, contractors, customers or any other attacks on its resources by criminals and will take all necessary steps to investigate all allegations of fraud or corruption and pursue sanctions available in each case, including removal from office, dismissal, prosecution and robust recovery of losses through both civil and criminal means.

To fulfil the Council's Ambition Plan 2020, the authority has to ensure that fraud, corruption and misappropriation is minimised. Every pound lost to fraud and corruption is a reduction in resources and negatively impacts the authorities' ability to deliver its objectives.

Our strategy is based upon three key principles: Acknowledge, Prevent and Pursue, and aligns with the [Local Government Counter Fraud & Corruption Strategy 2016-2019](#)





Accompanying the three principles are six overarching themes to assist the organisation ensure that our counter fraud response is comprehensive and effective. These are often referred to as the six Cs.

- **Culture** – create a culture in which beating fraud and corruption is part of normal business
- **Capability** – ensuring that the range of counter fraud measures deployed is appropriate to the fraud risks
- **Capacity** – deploying the right level of resources to deal with the level of fraud risk
- **Competence** – having the right skills and standards in place
- **Communication** – raising awareness, deterring fraudsters sharing information and celebrating success
- **Collaboration** – working together across internal and external boundaries with colleagues and other agencies, sharing resources, information skills and learning

## 2.1 Scope

This strategy applies to:

- All Harrow Council employees (including volunteers and agency staff);
- Councillors;
- Staff and Committee Members of council funded voluntary organisations;
- Harrow Council’s partners;
- NHS partners;
- Maintained schools;
- Council suppliers, contractors and consultants;
- Customers

## 2.2 Roles & Responsibilities

RESPONSIBILITIES STAKEHOLDER	SPECIFIC RESPONSIBILITIES
<b>Chief Executive</b>	Ultimately accountable for the effectiveness of the Council’s arrangements for countering fraud and corruption.
<b>Director of Finance (Section 151 Officer)</b>	To ensure the Council has adopted an appropriate anti-fraud strategy, there is an effective internal control environment in place and there is an adequately resourced and effective Internal Audit and Corporate Anti Fraud Service to deliver ‘counter-fraud’ work.
<b>Monitoring Officer and Director of Legal &amp; Governance Services</b>	To advise Councillors and Officers on ethical issues, standards and powers to ensure that the Council operates within the law and statutory Codes of Practice.

<b>Governance, Audit, Risk Management and Standards Committee (GARMSC)</b>	To monitor on a regular basis the Council's approach to tackling fraud and corruption and promote an anti-fraud culture
<b>Councillors</b>	To comply with the Code of Conduct and related Council policies and procedures, to be aware of the possibility of fraud, corruption and theft, and to report any genuine concerns accordingly.
<b>External Audit</b>	Statutory duty to ensure that the Council has adequate arrangements in place for the prevention and detection of fraud, corruption and theft.
<b>Internal Audit</b>	Internal audit is responsible for evaluating the potential for the occurrence of fraud and how the organisation manages fraud risk <sup>2</sup>
<b>Corporate Anti Fraud Team</b>	Responsible for the co-ordination of the authorities anti fraud and corruption strategy, including the measures in place to acknowledge, prevent and pursue fraud and corruption activity. This also includes the a key co-ordination role in the National Fraud Initiative (NFI) which is a fraud prevention and detection exercise based around bulk data matching that is led by the Cabinet Office every two years.
<b>Corporate Directors, Directors, Heads of Service and Service Managers</b>	Manage the risk of fraud and corruption. To promote staff awareness and ensure that all suspected or reported irregularities are immediately referred to Corporate Anti Fraud or Internal Audit. To ensure that there are mechanisms in place within their service areas to assess the risk of fraud, corruption and theft and to reduce these risks by implementing strong internal controls. It is vital that this group show leadership in supporting investigations into fraud and corruption and that they are responsive to implementing actions arising from this work. Their role in the NFI exercise is to provide data for matching and to analyses the outputs form the matching exercise and take appropriate action
<b>Employees</b>	Our employees are the first line of defence against fraud and corruption. They are expected to conduct themselves in ways

<sup>2</sup> Public Sector Internal Audit Standards

	<p>which are beyond reproach, above suspicion and fully accountable. Also responsible for reporting malpractice through well established 'whistleblowing' procedures. Employees are expected to adhere to the Employee Code of Conduct, Financial Regulations and Contract Procedure Rules</p>
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## 3.0 DEFINITIONS

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### What is fraud?

The **Fraud Act 2006** details the legal definitions of fraud, and is used for the criminal prosecution of fraud offences. The Council also deals with fraud in non-criminal disciplinary matters.

For the purposes of this document fraud defined as; the dishonest action designed to facilitate gain (personally or for another) at the expense of the Council, the residents of the Borough or the wider national community.

The definition covers various offences including; deception, forgery, theft, misappropriation, collusion and misrepresentation. Although use in this context is not intended to limit the full use of the Fraud Act 2006 in the investigation and prosecution, by the Council, of any offences.

### What is corruption?

Corruption is the offering or acceptance of inducements designed to influence official action or decision making. These inducements can take many forms including cash, holidays, event tickets, meals.

The **Bribery Act 2010** received Royal Assent on 8 April 2010 and reforms the criminal law to provide a new, modern and comprehensive scheme of bribery offences that will enable courts and prosecutors to respond more effectively to bribery at home or abroad.

### Bribery Act offences

There are four key offences under the Act:-

- bribing of another person (Section 1)
- accepting a bribe (Section 2)
- bribing a foreign official (Section 6)
- failing to prevent bribery (Section 7)

Section 7 is a corporate offence but an organisation will have a defence to this offence if it can show that it had in place 'adequate procedures' designed to prevent bribery by or of persons associated with the organisation.

Further guidance is available from the Ministry of Justice to explain to organisations what action is required to ensure they are compliant.

### What is theft?

Theft is stealing any property belonging to the Council or which has been entrusted to it (i.e. client funds), including cash, equipment, vehicles, data.

Theft does not necessarily require fraud to be committed. Theft can also include the stealing of property belonging to our staff or members whilst on Council property.

### What is money laundering?

Money laundering is the process by which criminals attempt to 'recycle' the proceeds of their criminal activities in order to conceal its origins and ownership and which leaves them with money that cannot be traced back. All employees are instructed to be aware of the increasing possibility of receiving requests that could be used for money laundering and illicit requests for money through e-mails. Detailed guidance is set out in the Council's Money Laundering Policy.

Any service that receives money from an external person or body is potentially vulnerable to a money laundering operation. The need for vigilance is vital and if there is any suspicion concerning the appropriateness of the transaction then the Council's Money Laundering Policy should be followed. Officers should also seek the advice from management, Internal Audit or the Corporate Anti Fraud Team. The Council's Money Laundering Reporting Officer (MLRO) is the Director of Finance.

## 4.0 AIMS AND OBJECTIVES

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The aims and objectives of the Anti-Fraud and Corruption Strategy are to:-

- A.** To protect the Council's valuable resources by ensuring they are not lost through fraud and corruption but are used for improving the delivery of services to Harrow residents through the successful implementation of the Harrow Ambition Plan 2020.
- B.** To gain a better understanding of local fraud and corruption risks impacting on the Council's ability to deliver its objectives.
- C.** Create an 'anti-fraud' culture which highlights the Council's zero tolerance of fraud, corruption and theft, which defines roles and responsibilities and actively engages the public, Councillors and employees, by raising awareness of fraud both internally and externally.
- D.** Actively seeks to increase the Council's resilience to fraud and corruption through the raising of fraud awareness.
- E.** To provide a best practice counter-fraud service which:
  - Proactively deters, prevents and detects fraud, corruption and theft.
  - Investigates suspected or detected fraud, corruption and theft.
  - Enables the Council to apply appropriate sanctions and recover losses.
  - Provides management reports and recommendations to inform policy, systems and control improvements, thereby reducing the Council's exposure to fraudulent activity.
- F.** Create an environment that enables the reporting of any genuine suspicions of fraudulent activity. However, we will not tolerate malicious or vexatious allegations or those motivated by personal gain and, if proven, we may take disciplinary or legal action; and
- G.** Work with our partners and other investigative bodies in collaboration to strengthen and continuously improve our arrangements to prevent fraud and corruption.

## 5.0 FRAUD RISKS

The Council seeks to fulfil its responsibility to reduce fraud and protect its resources by a strategic approach consistent with that outlined in both CIPFA's Code of Practice on Managing the Risk of Fraud and Corruption and in the Local Government Fraud Strategy – Fighting Fraud Locally, and its three key themes of Acknowledge, Prevent & Pursue. Fraud risks are corporate risks faced by all of our services and, as with other risks, are the responsibility of the Directorates to manage and mitigate. The Corporate Anti Fraud Team and Internal Audit, however, provide advice, knowledge and support to the Directorates in the managements of these risks.

<b>ACKNOWLEDGE</b>	<b>Committing Support</b>	The Council's commitment to tackling fraud threats is clear. We have whistleblowing procedures and support those who come forward to report suspected fraud. All reports will be treated seriously and acted upon. Staff awareness of fraud risks will be gained through e-learning, face to face development sessions, Internal Audit and CAFT reports and general consultation and advice provided.
	<b>Assessing Risks</b>	We will continuously assess those areas most vulnerable to the risk of fraud as part of our risk management arrangements and annually meet with the Directorate Management Teams to discuss fraud, corruption and internal control risks and seek to assess in terms of likelihood and impact. These risk assessments along with known fraud risks identified by investigation work and national reports and fraud patterns will inform our annual programme of works for both Internal Audit and Corporate Anti Fraud.
	<b>Robust Response</b>	We will strengthen measures to prevent fraud. Internal Audit and Corporate Anti Fraud will work with management and our internal partners such as Human Resources, Finance and Legal to ensure new and existing systems and policy initiatives are adequately fraud proofed.

<b>PREVENT</b>	<b>Better use of Information Technology</b>	We will explore the use of data and analytical software to prevent and detect fraudulent activity. We will always look for opportunities to share data and fraud intelligence to increase our capability to uncover potential and actual fraud as we have done in becoming members of the London Housing Fraud Hub. We will continue to play an active part in National Fraud Initiative (NFI) data matching exercise. Whilst the Corporate Anti-Fraud Team plays a co-ordination and support role in this exercise, it is management that is responsible for processing the actual matches. The Corporate Anti Fraud Team will ensure there is a robust follow up process to ensure that high risk matches are pursued where appropriate.
	<b>Enhancing fraud controls and processes</b>	We will educate managers with regard to their responsibilities for operating effective internal controls within their service areas. We will promote strong management and good governance that provides scrutiny and independent challenge to risks and management controls. Internal Audit reviews will seek to highlight vulnerabilities in the control environment and make recommendations for improvement. The Corporate Anti-Fraud Team investigations and reports will also provide management with actions to improve controls to reduce fraud risks.
	<b>Anti-fraud culture</b>	We will promote and develop a strong counter fraud culture, raise awareness, provide a fraud e-learning tool and provide information and guidance on all aspects of our counter fraud work.

<b>PURSUE</b>	<b>Fraud Recovery</b>	A crucial element of our response to tackling fraud is recovering any monies lost through fraud. This is an important part of our strategy and will be rigorously pursued, where possible.
	<b>Punishing Fraudsters</b>	We will apply realistic and effective sanctions for individuals or organisations where an investigation reveals fraudulent activity. This may include legal action, criminal and/or disciplinary action. We will also seek to publicise successes to act as a deterrent to those seeking to commit fraud.
	<b>Enforcement</b>	We will investigate instances of suspected fraud detected through the planned proactive work; cases of suspected fraud referred from internal or external stakeholders, or received via the whistleblowing procedure and prioritised on a fraud risk basis. We will work with internal / external partners/organisations, including law enforcement agencies where common ground exists or where intelligence can be lawfully shared.



## 5.1 Current Fraud Landscape

The fraud landscape is ever changing and requires constant review. The Corporate Anti Fraud Team keeps abreast of these changes in a number of ways.

- Membership of the National Anti-Fraud Network (NAFN) which provides the authority with a legal gateway to a wide range of information providers, best practice, legislation updates and sharing of fraud intelligence/bulletins of local and national interest potentially affecting the organisation.
- Membership of the London Borough of Fraud Investigators Group (LBFIG) which meets bi-annually to discuss current fraud work and associated risks, trends and emerging fraud risks developing across London.
- Membership of The Chartered Institute of Public Finance and Accountancy (CIPFA) and the related Counter Fraud Centre and contributor to the Counter Fraud and Corruption Tracker (CFaCT) survey.
- Attendance at relevant counter fraud conferences.
- Contributing and reviewing of National Fraud Reports such as Protecting the Public Purse (PPP) and the Annual Fraud Indicator Report.
- Contributors to the National Fraud Initiative (NFI) exercise led by the Cabinet Office and co-ordinators of the output reports analysis from the exercise.
- Constant review of incoming fraud referrals informing patterns and/or concerns affecting the fraud risk in specific areas.
- Fraud investigation and Internal Audit outcome reports to management highlighting fraud risk control weaknesses with recommendations to strengthen.
- Liaison with the Directorates and their Department Management Teams on an annual basis to discuss fraud risks and periodically when required.

## 5.2 Current Fraud Risks

The following areas of Council business have been assessed as being high risk to fraud after an assessment drawing on the above sources of information. These considerations form the basis of a proactive annual programme of fraud work in 2016-17 and beyond but are subject to change as the fraud landscape changes.

- **Tenancy including the Right to Buy (RTB)**
- **Housing Needs / Provision**
- **Council Tax Support / Exemptions / Discounts**
- **Personal Budgets / Social Care**
- **No Recourse to Public Funds (NRPF)**

- **Disabled parking badges**
- **Cyber security/crime**

The development of a fraud risk register will enable a better understanding of local fraud and corruption risks impacting on the Council's ability to deliver its objectives. Once established, this risk register along with the other sources of fraud risk intelligence referred to in 5.1, will be used to inform the counter fraud approach of the organisation.

### 5.3 Managing the risk of Fraud & Corruption

Whilst all stakeholders have a part to play in reducing the risk of fraud, Elected Members and Senior Management are ideally positioned to influence the ethical tone of the organisation and play a crucial role in fostering a culture of high ethical standards and integrity.

As with any risk faced by the Council, it is the responsibility of managers to ensure that fraud risk is adequately considered within their individual service areas and in support of achieving strategic priorities, business plans, project and programme objectives and outcomes. In making this assessment it is important to consider the risk of fraud occurring (i.e. proactive) rather than the actual incidence of fraud that has occurred in the past (reactive).

Once the fraud risk has been evaluated, appropriate action will be taken by management to mitigate those risks on an ongoing basis, for example through introducing and operating effective systems of internal control (first line of defence). Adequate supervision, recruitment and selection, scrutiny and healthy scepticism will not be seen as distrust but simply as good management practice shaping attitudes and creating an environment opposed to fraudulent activity.

Good corporate governance procedures are a strong safeguard against fraud and corruption. The Council's Governance, Audit, Risk Management & Standards Committee plays a key role in scrutinising the Council's approach to fraud, its system of controls & risk management; and its wider resiliency to financial irregularity in general (second line of defence).

The Council's Corporate Anti Fraud Team undertakes a risk based programme of works targeting areas of high risk to fraud and corruption. This is based on consultation with the Directorates, known local fraud outcomes from investigation work, evidence from national reports such as *Protecting the English Public Purse 2015* and outcomes from data-matching such as the National Fraud Initiative. This programme of works is approved by the Governance, Audit, Risk Management and Standards Committee.

Internal Audit also undertakes a risk-based assurance programme of work each year developed with input from management and agreed by the Governance, Audit, Risk Management and Standards Committee. This assurance work involves an independent review of systems and procedures, including a review of the management of risk (of both fraud and other types of risk) whereby system weaknesses are brought to the attention of management along with recommendations to strengthen controls within procedures (third line of defence).

## 6.0 ACTION PLAN

This Strategy sets out the developments and actions the Council proposes to take over the medium term future to further improve its resilience to fraud and corruption. These developments include the following actions:-

ACTION	IMPLEMENTATION DATE	LINKS TO AIMS AND OBJECTIVES
Identify and assess Harrow's fraud risk exposure affecting the principle activities in order to fully understand changing patterns in fraud and corruption threats and the potential harmful consequences to the authority and our customers	Complete in June annually	4a, 4b, 4c, 4d
Development of a fraud risk register to be integrated into the existing risk management framework, where significant fraud and corruption risks will be owned and maintained by the directorates	June 2017	4a, 4b, 4c, 4d
To be an active participant in the bi-ennial National Fraud Initiative (NFI) exercise and to robustly investigate suspected cases of fraud identified through NFI. The Corporate Anti-Fraud Team are responsible for the co-ordination of the exercise including ensuring that the data sets comply with specification and are securely uploaded to the Cabinet Office. Management are responsible for the review of matches that are returned and for referring suspicions of fraud and corruption to the Corporate Anti Fraud Team	October 2016 & October 2018 onwards	4c, 4d, 4e, 4g
Raise awareness of fraud and corruption both within the authority and in the community through running awareness campaigns and the publication of fraud successes in local and national media, including the use of all forms of social media	Ongoing throughout the duration of the strategy	4a, 4c, 4d
Actively seeks to increase the Council's resilience to fraud and corruption through fraud awareness by ensuring that all <b>existing</b> employees in all directorates undertake a fraud & corruption e-learning course	By March 2019	4a, 4c, 4e
Actively seeks to increase the Council's resilience	June 2017	4a, 4c, 4e

to fraud and corruption through fraud awareness by ensuring that all <b>new</b> employees in all directorates undertake a fraud & corruption e-learning course		
By launching and publicising our strategy raise awareness of fraud and corruption with Senior Managers and Elected Members through a combination of e-training, newsletters and face to face fraud awareness development sessions where appropriate.	April 2017	4c, 4e
To refresh the fraud awareness pages on the Hub/Website	September 2017	4c, 4d, 4e
To refresh and promote the Council's suite of anti-fraud related policies and procedures and to ensure that they continue to be relevant to national guidance, e.g. CIPFA Code of Practice on Managing the Risk of Fraud and Corruption	December 2017	4a, 4b
To actively maintain the authorities' membership of the National Anti-Fraud Network (NAFN), the London Borough of Fraud Investigators Group (LBFIG), The Chartered Institute of Public Finance and Accountancy (CIPFA), the London Fraud Hub and all other enforcement partners including the Police, The Border Force and HMRC. Also to be open to new and innovative anti-fraud projects	Ongoing throughout the duration of the strategy	4e, 4f, 4g
To produce fraud investigation outcome reports for management which highlight the action taken to investigate the fraud risks, the outcome of the investigations e.g. sanction and recommendations to minimise future risk of fraud	Ongoing throughout the duration of the strategy	4c, 4d, 4f
To explore with Human Resources the possibility of including management responsibility for managing fraud and corruption risks within all managerial role profiles	September 2017	4a, 4c, 4d

## 7.0 MEASURES OF SUCCESS

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The successful implementation of this strategy will be measured by the following:-

- Successful implementation of the actions contained within the strategy.
- Increased awareness of fraud and corruption risks by members, managers and employees.
- Evidence that fraud risks are being actively managed across the authority.
- Increased fraud risk resilience across the authority to protect the Council's assets and resources.
- An anti fraud culture where employees feel able to identify and report concerns relating to potential fraud and corruption.

## 8.0 REPORTING AND REVIEW

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The Council's approach to suspected fraud can be demonstrated in its Fraud Response Plan / Flowchart - **see Appendix 1 - Fraud Response Plan**

The Council recognises that the primary responsibility for the prevention and detection of fraud rests with management. If anyone believes that someone is committing a fraud or suspects corrupt practices, these concerns should be raised in the first instance directly with line management then the Corporate Anti Fraud Team or Internal Audit.

Where managers are made aware of suspected fraud by employees, they have responsibilities for passing on those concerns to the Corporate Anti Fraud Team, Internal Audit, and Monitoring Officer in the event of a whistleblowing allegation or the Director of Finance (Section 151 Officer). Managers should react urgently to suspicion of potential internal fraud or corruption.

Head teachers of LA-maintained schools should also notify their Chair of Governors. Notifications must be treated with the utmost confidentiality. Any person that is implicated in the alleged offence should not be included in the notification procedure.

The Corporate Director of Resources, Head of Internal Audit, Corporate Anti Fraud Manager and Director of Finance (s.151 Officer) has responsibility for ensuring the authority has a robust anti fraud and corruption response.

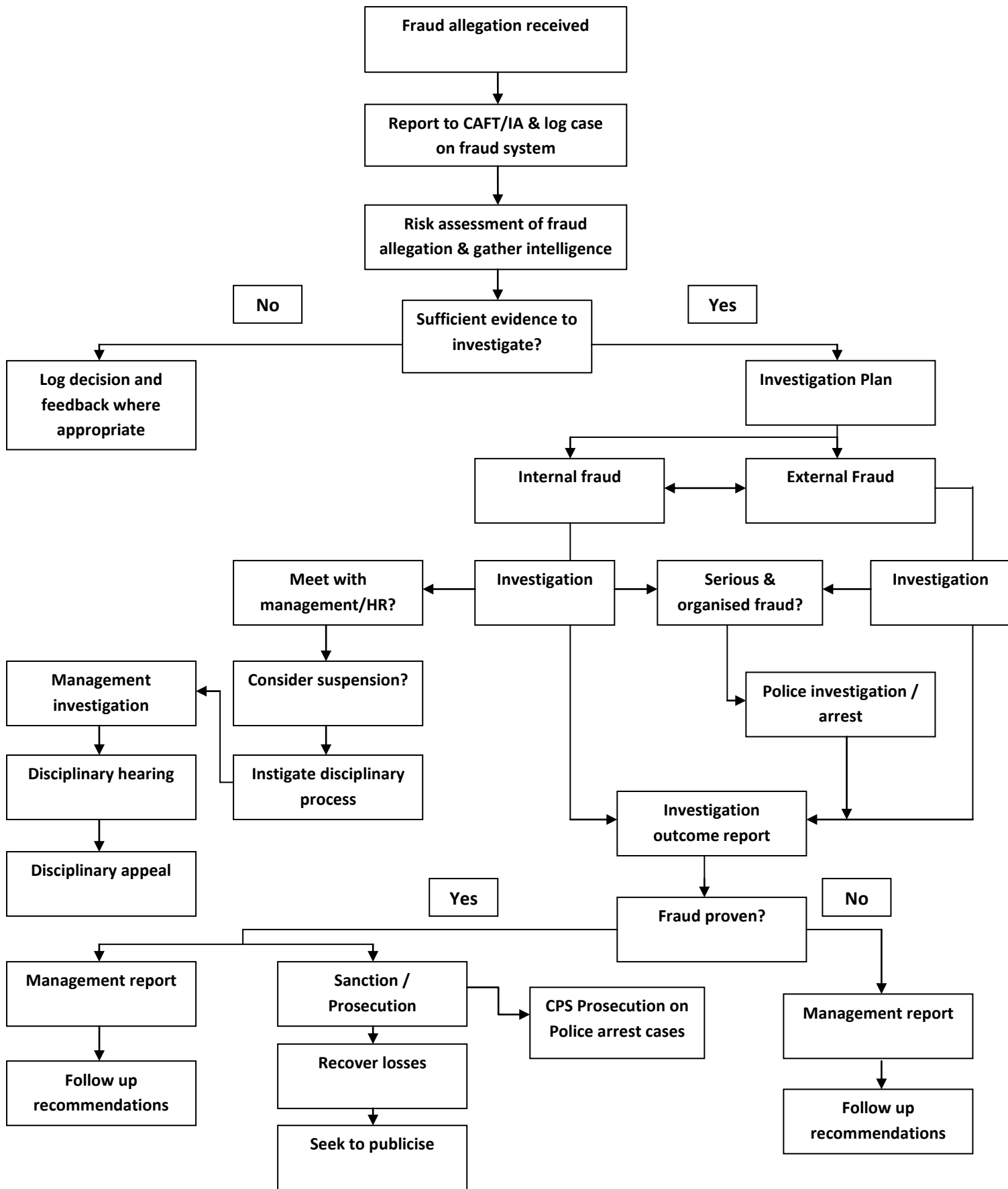
The Council's Governance, Audit, Risk Management and Standards Committee will ensure the continuous review and amendment of this Strategy and the Action Plan contained within it, to ensure that it remains compliant with good practice national public sector standards, primarily CIPFA's Code of Practice on Managing the Risk of Fraud and Corruption and the Local Government Fraud Strategy – Fighting Fraud Locally, and meets the needs of Harrow Council.

## 9.0 FURTHER READING

Further information on related relevant council policies and documentation that was referenced in the development of this strategy can be found below.

- The Council [Constitution](#) (Financial Regulations, Contract Procedure Rules, Members and Employees Code of Conduct)
- [Recruitment & Selection Policy](#)
- [Disciplinary Procedure](#)
- [Whistleblowing Policy](#)
- [Protocol on Gifts and Hospitality](#)
- Prosecution & Sanction Policy
- [Anti-Money Laundering Policy](#)
- The Regulation of Investigatory Powers Act 2000 (RIPA) Policy
- [Information Security Policy](#)
- Risk Management Strategy & Policy
- Corporate Anti Fraud Team web pages [www.harrow.gov.uk/fraud](http://www.harrow.gov.uk/fraud)
- [Annual Fraud Indicator Report 2013](#)
- [Annual Fraud Indicator Report 2016](#)
- [Fighting Fraud and Corruption Locally 2016, The Local Government Counter Fraud and Corruption Strategy](#)
- [CIPFA Counter Fraud Centre](#)
- [CIPFA Code of Practice Managing the Risk of Fraud and Corruption 2014](#)
- [Protecting the Public Purse 2015](#)
- [Protecting the London Purse 2015](#)
- [National Fraud Initiative Report 2016](#)
- [UK Anti-Corruption Plan 2014](#)
- [UK Government Serious and Organised Crime Strategy](#)
- [Local Government Association Guide - Tackling Serious and Organised Crime](#)

## Appendix 1 – Harrow Council Fraud Response Plan / Flowchart





**COUNCIL**  
**23 FEBRUARY 2017**

**INFORMATION REPORT - DECISION TAKEN**  
**UNDER THE URGENCY PROCEDURE**

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**REPORT FOR: COUNCIL**

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**Date of Meeting:** 23 February 2017

**Subject:** **Information Report - Decision taken under the Urgency Procedure**

**Responsible Officer:** Hugh Peart – Monitoring Officer

**Exempt:** No

**Enclosures:** Appendix A – Decision taken as a matter of urgency

**Section 1 – Summary**

This report sets out details of a decision taken under the Urgency procedure rules by the Cabinet since the meeting of the Council on 1 December 2016.

**FOR INFORMATION**

## **Section 2 – Report**

In accordance with Committee Procedure Rule 46.6 set out in Part 4 of the Council's Constitution, any Executive decisions taken as a matter of urgency are reported to the next available meeting of the Council.

One decision has been taken as a matter of urgency since the Council meeting held on 1 December 2016, details of which are set out in Appendix A.

In accordance with the Access to Information Procedure Rules (Rule 17) and paragraph 19 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, the use of the Special Urgency procedure in relation to Executive decisions is to be reported quarterly to Council.

The Special Urgency procedure not been used since the last Council.

## **Section 3 – Further Information**

Where appropriate, Ward Councillors, outside organisations and interested parties were consulted on individual reports considered by Cabinet, the Leader and Portfolio Holders.

Where decisions were deemed urgent, the agreement of the Chair of the Overview and Scrutiny Committee was obtained that the decision would not be subject to the call-in procedure.

## **Section 4 – Financial Implications**

As per the report to Cabinet.

## **Section 5 - Contact Details and Background Papers**

### **Contact:**

Elaine McEachron, Democratic & Electoral Services Manager

Tel: 020 8424 1097

E-mail: Elaine.mceachron@harrow.gov.uk

### **Background Papers:**

Council's Constitution/Portfolio Holder Decision report/Cabinet agenda

**Decisions taken in accordance with the Urgency Procedure**

The following urgent decisions have been made since Council on 1 December 2016:

<b>Subject</b>	<b>Decision Maker (Portfolio Holder/Leader/Cabinet)</b>	<b>Reason for Urgency</b>
<p>Calculation of Business Rates Income 2017/18</p>	<p>Cabinet – 19 January 2017</p>	<p>The Authority has to formally calculate the Business Rates retention amount for 2017-2018 and pass this information to precepting authorities by 31 January 2017. The Business Rates income must be calculated between 1 December 2016 and 31 January 2017.</p> <p>It was not possible to prepare a report to a prior Cabinet due to the many variables that had not been clarified by the DCLG at an earlier stage. The report also used the latest outcome of the national revaluation of all commercial property, a second draft list having only been issued on 14 December 2016 and which was key for local authorities to use to calculate their rate retention amounts.</p> <p>As it was not possible to accurately calculate the rate retention amount in early January 2017, it was not possible to meet a Cabinet date earlier than 19 January 2017. As it was necessary to declare the Business Rates income retention</p>

		<p>amounts by the end of January 2017, the Call-in process would seriously prejudice the Council's or the public's interests as the Call-in period would finish at 5.00 pm on 27 January 2017 and the GLA would therefore need to be formally notified of the formal amounts calculated no later than 5.00 pm on 31 January 2017 (the last working day of January 2017).</p> <p>As a result, the decision was treated as urgent and any potential delay/risk likely to be caused by the Call-in process would be mitigated.</p>
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