



## **AGENDA**

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1. MINUTES  
To confirm the minutes of the meeting held on 25 July 2017 (AGS.3 to AGS.12), previously circulated.
2. APOLOGIES FOR ABSENCE
3. REGULATION OF INVESTIGATORY POWERS ACT - REVIEW OF ACTIVITY 1 - 2  
Report of the Director of Law and Governance (Monitoring Officer)  
**Relevant Ward(s): All Wards**
4. INTERNAL AUDIT QUARTER 1 2017/18 PROGRESS REPORT 3 - 10  
Report of the Director of Finance (S151 Officer)
5. ANNUAL REVIEW OF RISK MANAGEMENT STRATEGY 11 - 16  
Report of the Director of Finance (s151 Officer)  
**Relevant Ward(s): All Wards**
6. STATUTORY AUDITOR ANNUAL INSPECTION LETTER 2016/17 17 - 44  
Report of the Director of Finance (S151 Officer)  
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7. ANNUAL REVIEW OF THE AUDIT, GOVERNANCE AND STANDARDS COMMITTEE'S TERMS OF REFERENCE 45 - 48  
Report of the Director of Finance (s151 Officer)  
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8. BROWNNFIELD REGISTER 49 - 52  
Report of the Director of Environment and Planning  
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9. MATTERS OF URGENCY  
Any other business of which not less than 24 hours prior notice, preferably in writing, has been given to the Chief Executive and which the Chairman decides is urgent.

## **HAMBLETON DISTRICT COUNCIL**

**Report To:** Audit, Governance and Standards Committee  
24 October 2017

**From:** Director of Law and Governance (Monitoring Officer)

**Subject:** **REGULATION OF INVESTIGATORY POWERS ACT – REVIEW OF ACTIVITY**

All Wards

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### **1.0 PURPOSE AND BACKGROUND:**

- 1.1 The Council, like many public authorities, is governed by the Regulation of Investigatory Powers Act 2000 (RIPA). This Act ensures that public authorities comply with their obligations under the Human Rights Act when undertaking investigations which may interfere with the rights of individuals. The Act introduces safeguards on activities such as surveillance undertaken by public bodies.
- 1.2 The Audit, Governance and Standards Committee has been given responsibility for RIPA matters. This involves the Committee in reviewing the Council's Policy Statement from time to time and receiving quarterly reports on any activities which have been authorised under RIPA.

### **2.0 RIPA ACTIVITIES:**

- 2.1 Although RIPA covers a number of activities undertaken by investigatory bodies (e.g., phone tapping by the Security Services and Police) its principle use in respect of Local Authorities relates to:-
- covert surveillance, and
  - covert human intelligence sources.
- 2.2 Covert surveillance covers the monitoring, observing or listening to persons, their movements, conversations or other activities and communications. It may be conducted with or without the assistance of a surveillance device and includes the recording of any information obtained. RIPA is most relevant to the Council's activities in effecting enforcement procedures such as the investigation and prosecution of offences. This would not normally include the initial investigation of contraventions such as planning enforcement or noise investigations, but would normally involve the later stages where criminal activity was a possibility. Although this could technically include breaches of Planning Enforcement Notices, breaches of Environmental Health Notices, fraud, etc., the Council's use of the powers has been very limited in recent years. For example, the Council has not used authorisations under the Act in the last three years.
- 2.3 From 1 November 2012 the Council is only able to use RIPA for directed surveillance for potential criminal activity with a possible penalty of at least six months imprisonment. This means that the Council can no longer use the procedure for low-level offences such as littering, dog control and fly-tipping. For serious offences the Council needs approval from a magistrate before it can use directed surveillance.
- 2.4 Another use of the Act is for the Police to authorise use of the Council's CCTV system for specific operations (general use of CCTV is not covered by the Act because this is not covert surveillance). The Police authorise themselves to use the Council's CCTV system for covert surveillance on approximately two occasions per year.

2.5 Covert human intelligence sources relate to the use of a third party to gather information. For example, this could be an informer or someone used to undertake test purchases. This is not an activity that the Council engages in at all. The Council also needs the approval of a magistrate to carry out this activity.

2.6 The only area in which the Council very occasionally involves itself where RIPA might be relevant is covert surveillance. It is necessary for the Council therefore to follow the legislation and the requirements of Government Codes of Practice. Most of the requirements of the Code are dealt with at an Officer level. However, Members are expected to approve a Policy on RIPA and to have some involvement in the monitoring of how the Council implements RIPA requirements.

### **3.0 MONITORING OF RIPA ACTIVITY:**

3.1 Codes of Practice on RIPA recommend that quarterly reports are made to Members on RIPA activity. Consideration of such reports has been delegated to the Audit, Governance and Standards Committee. This report therefore constitutes one of those reports and is intended to cover the period 26 July to 24 October 2017. There was no activity undertaken by the Council which had RIPA implications and therefore it is recommended that the Committee note the position.

### **4.0 RECOMMENDATION:**

4.1 It is recommended that it be noted that no RIPA activity has been undertaken by the Council during the period 26 July to 24 October 2017.

GARY NELSON  
DIRECTOR OF LAW AND GOVERNANCE (MONITORING OFFICER)

**Background papers:** HDC RIPA Register of Authorisations

**Author ref:** GN

**Contact:** Gary Nelson  
Director of Law and Governance (Monitoring Officer)  
Direct Line No: (01609) 767012

## **HAMBLETON DISTRICT COUNCIL**

**Report To:** Audit, Governance and Standards Committee  
24 October 2017

**From:** Director of Finance (s151 Officer)

**Subject:** **INTERNAL AUDIT FIRST PROGRESS REPORT 2017/18**

All Wards

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### **1.0 PURPOSE AND BACKGROUND:**

- 1.1. The provision of Internal Audit is a statutory requirement (Accounts & Audit Regulations 2015). The council has formalised its arrangements for internal audit within the Audit Charter. Internal Audit work is undertaken by Veritau who carries out work in accordance with the Public Sector Internal Audit Standards.
- 1.2 The Audit and Governance Committee approved the Internal Audit Plan for 2017/18 at its meeting held on the 21 March 2017. The purpose of this report is to inform Members of the progress made to date in delivering the 2017/18 Internal Audit Plan and any developments likely to have an impact on the plan throughout the remainder of the financial year.

### **2.0 THE REPORT**

- 2.1 Veritau is progressing in the delivery of the agreed internal audit plan. Within the report there is a summary of progress made against the plan and information on planned start dates for the remaining work. Draft timings for future 2017/18 audits have been discussed and agreed with officers. There are no significant delays anticipated and therefore the programme of work is expected to be completed by the end of the year.
- 2.2 In the period between 1 April 2017 and 29 September 2017 one piece of work (on Broadacres) has been completed. Work is ongoing on four assignments (Payroll, Pre Employment Checks, Licensing and Design and Maintenance). Planning for three audits has also commenced.
- 2.3 It is important that agreed actions are formally followed-up to ensure that they have been implemented by managers. The internal audit team carries out follow-up work throughout the year of previously agreed actions and escalates any issues that have not been addressed, with senior managers. Where necessary, the issues will also be brought to the attention of this committee. There are currently no matters to bring to the attention of Members.

### **3.0 LINK TO COUNCIL PRIORITIES**

- 3.1 The work of internal audit supports the council's overall aims and priorities by promoting probity, integrity and honesty and by helping support the council to become a more effective organisation.

### **4.0 RISK ASSESSMENT**

- 4.1 There are no risks associated with this report.

5.0 **FINANCIAL IMPLICATIONS:**

5.1 There are no financial implications associated with this report.

6.0 **LEGAL IMPLICATIONS:**

6.1 There are no legal implications associated with the recommendations in the report.

7.0 **EQUALITIES AND DIVERSITY ISSUES:**

7.1 There are no equalities or diversity issues associated with the report.

8.0 **RECOMMENDATIONS:**

8.1 It is recommended Members note the work undertaken by internal audit in the year to date.

LOUISE BRANFORD WHITE  
DIRECTOR OF FINANCE (S151 OFFICER)

**Background papers:** None

**Author ref:** SC

**Contact:** Stuart Cutts; Audit Manager; Veritau North Yorkshire  
[Stuart.Cutts@veritau.co.uk](mailto:Stuart.Cutts@veritau.co.uk)



**Hambleton District Council**  
**Internal Audit Progress Report 2017/18**  
**Period to 29 September 2017**

**Audit Manager:** Stuart Cutts  
**Head of Internal Audit:** Max Thomas

**Circulation List:** Members of the Audit, Governance and Standards Committee  
Head of Service - Finance (s151 Officer)

**Date:** 29 September 2017



## Background

- 1 The work of internal audit is governed by the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards (PSIAS). In accordance with the PSIAS, the Head of Internal Audit is required to report, to 'those charged with governance' progress against the internal audit plan agreed by the Committee and to identify any emerging issues which need to be brought to the attention of the Committee.
- 2 Members of this Committee approved the Internal Audit Plan 2017/18 at their meeting on the 21 March 2017. This report summarises the progress made to date in delivering the agreed programme of work.
- 3 This is the first Internal Audit progress report to be received by the Audit, Governance and Standards Committee in 2017/18. This report updates the Committee on the work completed between 1 April 2016 and 29 September 2017.

## Internal Audit work completed

- 4 In the period between 1 April and 29 September 2017 we have completed one piece of work reviewing financial information on Broadacres Housing Association. Further information on that work is included in paragraph 8. Four further assignments are ongoing and planning work has started for three other audits.
- 5 We have agreed timings with management for all 2017/18 audits. For those audits we have yet to start we have provided proposed start dates in this report. We are on target to deliver the agreed Audit Plan by the end of April 2018.
- 6 Further information is included in **Appendix A**.

## Audit Opinions

- 7 For most reports we provide an overall opinion on the adequacy and effectiveness of the controls under review. The opinion given is based on an assessment of the risks associated with any weaknesses in controls identified. We also apply a priority to all actions agreed with management. Details of the definitions used are included in **Appendix B**.

## Wider Internal Audit work

- 8 In addition to undertaking assurance reviews, Veritau officers are involved in a number of other areas relevant to corporate matters:
  - **Support to the Audit, Governance and Standards Committee;** this is mainly ongoing through our attendance at meetings of the Committee and the provision of advice to Members.
  - **Ongoing support to management and officers;** we meet regularly with management to provide advice on a range of specific business and internal control issues. These relationships help to provide 'real time' feedback on areas of importance to the Council.

- **Financial assessments;** this work involves supporting the assurance process by using financial reports obtained from Experian (Credit Rating Agency) to assess the financial standing of potential contractors. In August and September 2017 we worked alongside the Director of Finance (s151 officer) and the Corporate Finance Manager to appraise the financial and management information of Broadacres Housing Association. This work provided important due diligence information to Management and will be used in future decision making.
- **Follow up of previous audit recommendations;** it is important agreed actions are regularly and formally 'followed up'. This helps to provide assurance to management and Members that control weaknesses have been properly addressed. We have followed up agreed actions either as part of our ongoing audit work, or by separate review. We currently have no matters to report as a result of our follow up work.
- **Risk Management;** Veritau advise on the Council's risk management processes.
- **Investigations;** We perform special or ad-hoc reviews or investigations into specific issues.

### **Minor revisions to the 2017/18 Audit Plan**

- 9 Following the last Audit, Governance and Standards Committee we have agreed some minor revisions to the 2017/18 plan with the Director of Finance (s151 officer). As per the Audit Charter and the audit plan, 'Changes to the plan will be agreed with the Director of Finance (s151 officer) and will be notified to this committee.' Overall there is no change to the total number of audit days.
- 10 We have completed the work referred to in paragraph 8 on Broadacres. We have used 4 days originally allocated for PCIDSS (where we have met with officers, discussed current progress and agreed work is best targeted in 2018/19) and 5 days from project management to complete the requested agreed work.
- 11 Work towards PCIDSS compliance is currently ongoing and being developed. It was agreed that a full review in 2018/19 will be more appropriate and add more value. 10 days for Project Management is suitable as procedures in this area are still being developed. A full review will be carried out in future years once policies and procedures are fully defined.
- 12 The Payment Card Industry Data Security Standard (**PCI DSS**) is a set of security standards designed to ensure that all companies that accept, process, store or transmit credit card information maintain a secure environment

Stuart Cutts  
Audit Manager  
Veritau Ltd

29 September 2017

**Table of 2017/18 audit assignments to 29 September 2017**

**Appendix A**

<b>Audit</b>	<b>Status</b>	<b>Assurance Level / Planned Start date</b>	<b>Audit Committee</b>
<b>Director of Finance (s151 Officer)</b>			
<b>Revenues and Benefits</b>			
Council Tax and NNDR	Planning	-	
Housing Benefits	Not Started	Quarter 3	
<b>Corporate Finance</b>			
Payroll	In Progress	-	
Creditors	Not Started	Quarter 4	
Sundry Debtors	Not Started	Quarter 3	
Income and Receipting	Not Started	Quarter 3	
<b>Performance and Improvement</b>			
Risk Management	Not Started	Quarter 4	
Project Management	Not Started	Quarter 4	
ICT	Not Started	Quarter 3	
<b>Projects</b>			
Purchase to Pay	Planning	-	
Payment Card Industry Data Security Standard (PCI DSS)	Deferred	-	
Financial Appraisals – Broadacres	<b>Completed</b>	<b>No opinion</b>	<b>October 2017</b>
<b>Director of Leisure and Communities</b>			
Emergency Planning, Business Continuity and Disaster Recovery	Not Started	-	
Pre Employment Checks	In Progress	-	
Environmental Health	Not Started	Quarter 4	
<b>Director of Law and Governance</b>			
Procurement	Planning	-	
Contract Management	Not Started	Quarter 4	
Licensing	In Progress	-	
<b>Director of Economy and Planning</b>			
Design and Maintenance	In Progress	-	
Development Management	Not Started	Quarter 4	
<b>Follow-Ups</b>	Ongoing		

### Audit Opinions and Priorities for Actions

#### Audit Opinions

Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit.

Our overall audit opinion is based on 5 grades of opinion, as set out below.

Opinion	Assessment of internal control
High Assurance	Overall, very good management of risk. An effective control environment appears to be in operation.
Substantial Assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Reasonable Assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited Assurance	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No Assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

#### Priorities for Actions

Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

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## **HAMBLETON DISTRICT COUNCIL**

**Report To:** Audit, Governance and Standards Committee  
24 October 2017

**From:** Director of Finance (s151 Officer)

**Subject:** **ANNUAL REVIEW OF RISK MANAGEMENT**

All Wards

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### **1.0 PURPOSE AND BACKGROUND:**

- 1.1 The purpose of this report is to provide the Committee with an annual review of the Council's risk management process.
- 1.2 Risk Management is embedded across the council with the risks being examined on a quarterly basis which incorporates an extract of the register with project, strategic and 'high' level operational risks. This is reported to management Team on a quarterly basis where in turn Scrutiny Committee review the project and strategic risks.
- 1.3 The Audit, Governance and Standards Committee have responsibility for the Risk Management Strategy and has delegated to the Scrutiny Committee the oversight of the project and strategic risk register on a quarterly basis. Significant changes to the risk management process are reported to both Committees.
- 1.4 The internal audit of risk management in May 2017 recognised the council's arrangements for managing risk as satisfactory within an acceptable control environment, whilst identifying some areas for improvement. This was also reported in the Corporate Peer Review in June 2017. In light of this, Management Team has agreed a comprehensive review of risk management procedures during the coming year to support the council's drive towards excellent governance and effective internal controls by strengthening the approach to identification and management of risk.
- 1.5 It is proposed to establish a Strategic Risk Management Group to conduct the review and to oversee ongoing risk management across the Council thereby ensuring resilience to factors which could otherwise prevent the council accomplishing its aims. Progress will be reported to Audit, Governance and Standards Committee and Scrutiny Committee in due course.
- 1.6 The Council's strategic risks are attached at Annex A and the Council's project strategic risks are attached at Annex B.

### **2.0 RISK ASSESSMENT:**

- 2.1 There are no risks associated with consideration of this report. However, if this report was not considered then the Committee would not be fulfilling its terms of reference and would not have the opportunity of commenting on the risk management process of the Council.

**3.0 RECOMMENDATION:**

3.1 It is recommended that the Committee note:

- (1) the proposed review and consequent improvements to the Council's risk management; and
- (2) the current strategic and project risks attached at Annex A and B respectively.

LOUISE BRANFORD-WHITE  
HEAD OF FINANCE (S151 OFFICER)

**Background papers:** Hambleton District Council Risk Management Guidance 2016

**Author ref:** LBW

**Contact:** Louise Branford-White  
Director of Finance (Section 151 Officer)  
Direct Line No: 06109 767024

Pam Channer  
Performance & Improvement Officer  
Direct Line No: 06109 767034

**ANNEX A**

**Audit Governance & Standards Committee  
Strategic Risks  
October 2017**

Risk ID	Risk Name	Org Level	Risk Category	Likelihood : Impact	Score	Risk Level	Service	Service Director / Responsible Officer	Risk Manager	Action Plan
<b>DRIVING ECONOMIC VITALITY</b>										
139	Failure of the Safer Hambleton Local Delivery Group leads to non-compliance with statutory regulations	Strat	Legal	2x4	8	Med	Leisure & Communities	Steve Lister	Lisa Wilson	The SHLDP is changing its operating model to Integrated Neighbourhood Management during 2016, this will include a pilot phase from Oct 2016 - Mar 2017, at which point a full review will be undertaken.
<b>ENHANCING HEALTH &amp; WELLBEING</b>										
151	Increased direct fitness competition leading to customer migration resulting in less usage/income.	Strat	Customer / Citizen, Financial	4x3	12	High	Leisure & Communities	Steve Lister	Natalie Curgenven	Improve quality of existing provision, improve gym management & improve quality/quantity of frontline gym fees.
153	Economic downturn leads to fewer customers / memberships and therefore reduced income	Strat	Financial	3x4	12	High	Leisure & Communities	Steve Lister	Natalie Curgenven	Improve value and quality of products / services and alternative offerings
156	An incident resulting in death(s) leads to impact on family/staff & reputational damage resulting in lower usage/income & failure to improve residents health.	Strat	Customer / Citizen, Economic, Environmental,	1x5	5	Med	Leisure & Communities	Steve Lister	David Ashbridge	Adherence to nationally prescribed safety standards, adherence to site specific safe operating practices, competent staff
<b>CARING FOR THE ENVIRONMENT</b>										
No Strategic Risks identified										
<b>A SPECIAL PLACE TO LIVE</b>										
423	Health of local housing market leads to reduced ability to deliver affordable housing through planning, resulting in failure to achieve corporate plan target and to address housing need	Strat	Customer / Citizen, Reputational, Social	3x4	12	High	Strategic Housing	Helen Kemp	Sue Walters-Thompson	Affordable housing targets and thresholds are being reviewed as part of work on new Local Plan and with regard to Government view on Starter Homes and viability considerations. RHE focus on delivery via exception sites that are not reliant on market. Work also underway to promote Community Led Housing Schemes.
<b>CORPORATE</b>										

## ANNEX A

**Audit Governance & Standards Committee**  
**Strategic Risks**  
**October 2017**

Risk ID	Risk Name	Org Level	Risk Category	Likelihood : Impact	Score	Risk Level	Service	Service Director / Responsible Officer	Risk Manager	Action Plan
227	Unable to access HDC services due to ineffective individual business continuity plans leading to loss of service.	Strat	Partnership/ Contractual, Customer/Citizen, Economic, Environmental, Financial, Health & Safety, Legal, Reputational, Social	4x5	20	High	Corporate	Paul Staines	Paul Staines	Following recent audit and working with Veritau an action plan to refresh the Council's Business Continuity Plan at corporate and service level has been identified. This will include, review and challenge of business continuity plans, including risks and targets; provide training to increase understanding of Business Continuity Plan / Disaster Recover and to clarify responsibilities for Management Team, Heads of Service and Service Managers; produce a schedule for authorising, testing and reviewing Business Continuity Plans and Disaster Recovery. Complete an internal review of services, risks and agree operational importance to inform Business Continuity Plans, updating risk register as appropriate. Review and agree Business Continuity Plan support with NYCC. Timeline for delivery is in development. Responsibility transferred to Leisure & Environment Directorate.
677	Cyber attack facilitated by user error leads to loss of key ICT infrastructure resulting in reduced ability to provide ICT Services	Strat	Reputational	5x3	15	High	ICT (inc. Reprographics)	Helen Kemp	Jenny Pan	Compulsary annual Cyber Security training for all users, Cyber Security Incident Management Plan in place, actively monitor and review ICT security policies, participate in WARP (Warning, Advice and Reporting Point) to share knowledge and information with other Councils, arrange ICT staff training to keep up with the latest development
419	Significant reductions in government grant leading to the inability to sustain council services at the current level.	Strat	Financial, Reputational	3x4	12	High	Corporate Finance	Louise Branford-White	Louise Branford-White	An on-going programme of service delivery and saving reviews that ensures best value is being achieved and income is maximised.
383	Failure to review and update emergency plans leads to inadequate response.	Strat	Customer/Citizen, Environmental, Financial, Reputational	2x4	8	Med	Corporate	Paul Staines	Paul Staines	HDC to maintain review process with NYCC Emergency Team. Responsibility transferred to Leisure & Environment Directorate.
225	Failure to manage Capital Programme leading to inability to deliver Council Services efficiently and effectively	Strat	Financial, Reputational	2x3	6	Med	Corporate Finance	Louise Branford-White	Saskia Calton	Monthly review and management of Capital Programme
226	ICT system(s) failure leads to loss of Council operations & key channels of communication (telephones, email, website, etc.) resulting in inability of the Council to communicate and carry out transactions with Citizens.	Strat	Reputational	1x5	5	Med	ICT (inc. Reprographics)	Helen Kemp	Jenny Pan	ICT to revise, test and maintain a Disaster Recovery plan according to identified business needs
407	Failure to develop and maintain an effective Business Continuity plan leads to lack of resilience or inability to access HDC services resulting in loss of service or failure of service delivery.	Strat	Customer / Citizen	1x5	5	Med	ICT (inc. Reprographics)	Helen Kemp	Jenny Pan	ICT Disaster Recovery Policy procedure is in place and will work with Business Areas to provide resilience in line with the business needs. Emergency Kit is in place, being reviewed and backed up on regular basis
705	Failure to provide timely legal advice and assistance regarding key strategic projects results in delays to the projects with potential adverse partnership effects and reputational damage.	Strat	Partnership/ Contractual, Legal, Reputational	2x2	4	Low	Legal Services	Gary Nelson	Laura Venn	Ensure prioritisation of work and working in project deadlines for the key strategic projects to promote the Council's priorities.
709	Failure to set annual Budget to reflect the Financial Strategy and the budgeted Council Tax.	Strat	Financial	1x3	3	Low	Corporate Finance	Louise Branford-White	Saskia Calton	Complete and challenge the Budget setting process

**Audit Governance & Standards Committee  
Project Strategic Risks  
October 2017**

Risk ID	Risk Name	Project Risk	Org Level	Risk Category	Likelihood : Impact	Score	Risk Level	Service	Service Director / Responsible Officer	Risk Manager	Action Plan
<b>DRIVING ECONOMIC VITALITY</b>											
632	<b>North Northallerton DA</b> North Northallerton Project is delayed or stalls completely, adversely affecting the Council's supply of housing and employment land.	Project	Strat	Economic, Reputational	5x5	25	High	Business & Economy	Helen Kemp	Nicole Patterson & Sam Swinbank	The situation is monitored and regular communication maintained with the developer consortium and stakeholders to ensure delivery of project
<b>Central Northallerton Redevelopment</b> No Project Strategic risks identified											
<b>Dalton Bridge</b> No Project Strategic risks identified											
<b>Sowerby Gateway - Junction</b> No Project Strategic risks identified											
615	<b>Bedale Gateway Car Park</b> Inability to deliver Bedale Gateway Car Park project leads to long-term damage to local economy through loss of visitors and trade.	Project	Strat	Economic, Reputational	3x4	12	High	Design & Maintenance (incl Public Lighting)	Helen Kemp	Clive Thornton	Cabinet report March 2017, outcome - pause on project to allow further options to be considered. Bedale, Aiskew and Leeming Bar relief road now operational. Further work being undertaken to understand economic impact and give cost confidence of project for October 2017 cabinet report.
715	<b>Loan to Broadacres</b> Loan to Broadacres Association fails because the third party no longer requires the loan, or encounters difficulties in their repayments and the income received by the council is reduced	Project	Strat	Financial	3x1	3	Low	Corporate Finance	Louise Branford-White	Louise Branford-White	Ensure other income generating possibilities are being explored to maintain a balanced budget; monitor the third parties financial position to ensure they are in a secure position for the Council to loan the money; maintain good relations with the third party. Also note that the loan is secured with their housing stock
<b>ENHANCING HEALTH &amp; WELLBEING</b>											
699	<b>North Northallerton DA</b> Northallerton Sports Village - Funding Plan cannot be resourced sufficiently to develop the village as intended	Project	Strat	Partnership/ Contractual, Customer/Citizen, Reputational	3x3	9	Med	Leisure & Communities	Paul Staines	Steven Lister	National governing bodies to be consulted with a needs driving community supported proposal. 106 Agreement to be implemented to enable suitable funding
703	<b>Sowerby Gateway - Village</b> Sowerby Sports Village - Funding Plan cannot be resourced sufficiently to develop the village as intended	Project	Strat	Partnership/ Contractual, Customer/Citizen, Reputational	3x3	9	Med	Leisure & Communities	Steve Lister	Lisa Wilson	National governing bodies to be consulted with a needs driven, community supported proposal. 106 Agreement to be implemented to enable suitable funding
<b>CARING FOR THE ENVIRONMENT</b>											
<b>Waste Management Strategy / Review</b> No Project Strategic risks identified											
<b>A SPECIAL PLACE TO LIVE</b>											
<b>Local Plan</b> No Project Strategic risks identified											

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## **HAMBLETON DISTRICT COUNCIL**

**Report To:** Audit, Governance and Standards Committee  
24 October 2017

**From:** Director of Finance (s151 Officer)

**Subject:** **STATUTORY AUDITOR – ANNUAL AUDIT LETTER 2016/17**

All Wards

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### **1.0 PURPOSE AND BACKGROUND:**

- 1.1 The purpose of this report is to present to Members the External Auditor's Annual Audit Letter on the 2016/17 Audit which is attached at Annex 'A'.
- 1.2 The Annual Audit Letter on the 2016/17 Audit summarises the conclusions and any significant issues arising from the External Auditor's audit and inspection work for the financial year 2016/17. A member from EY will be in attendance to present the letter and answer questions.
- 1.3 At the Audit, Governance and Standards Committee on 25 July 2017, Ernst & Young LLP as part of their 2016/17 audit work commented on the Pay Policy in reference to redundancy payments. The paragraphs below clarify the position as to how the Pay Policy will be utilised in future.
- 1.4 With regards to 'approval of Severance payments in excess of £100,000', if this situation arises all cabinet reports will clearly set out the components of the relevant package, including salary paid in lieu, redundancy compensation, pension entitlements, holiday pay and any bonuses, fees or allowances to be paid.
- 1.5 For any future redundancy payments reported to Cabinet, the amount in the Cabinet report will be the amount that is paid out. If the amount reported to cabinet changes due to timing differences then a further report will be taken to Cabinet for approval.
- 1.6 There are no changes to the Pay Policy which is currently published.

### **2.0 DECISIONS SOUGHT:**

- 2.1 Members are asked to consider the External Auditor's report and comment on it as appropriate.

### **3.0 RISK ANALYSIS:**

- 3.1 There are no risks associated with consideration of this report. However, if this report was not considered the Committee would not be fulfilling its terms of reference and would not have the opportunity of commenting on the External Auditor's work in respect of 2016/17.

**4.0 RECOMMENDATION:**

4.1 It is recommended that Members receive the External Auditor's Annual Audit Letter on the 2016/17 Audit.

LOUISE BRANFORD-WHITE  
DIRECTOR OF FINANCE (S151 Officer)

**Background papers:** None

**Author ref:** LBW

**Contact:** Louise Branford-White  
Director of Finance  
Direct Line No: 01609 767024

# Hambleton District Council

Annual Audit Letter for the year ended 31 March 2017

October 2017

Ernst & Young LLP

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Public Sector Audit Appointments Ltd (“PSAA”) have issued a “Statement of responsibilities of auditors and audited bodies”. It is available from the Chief Executive of each audited body and via the PSAA website ([www.psa.co.uk](http://www.psa.co.uk)).

The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The “Terms of Appointment (updated 23 February 2017)” issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (“the Code”) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Annual Audit Letter is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

# Executive Summary

## Executive Summary

We are required to issue an annual audit letter to Hambleton District Council (“the Council”) following completion of our audit procedures for the year ended 31 March 2017.

Below are the results and conclusions on the significant areas of the audit process.

Area of Work	Conclusion
Opinion on the Council's: ▶ Financial statements	Unqualified – the financial statements give a true and fair view of the financial position of the Council as at 31 March 2017 and of its expenditure and income for the year then ended.
▶ Consistency of other information published with the financial statements	Other information published with the financial statements was consistent with the annual accounts.
Concluding on the Council's arrangements for securing economy, efficiency and effectiveness	We concluded that you have put in place proper arrangements to secure value for money in your use of resources.

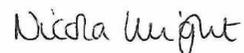
Area of Work	Conclusion
Reports by exception: ▶ Consistency of Governance Statement	The Governance Statement was consistent with our understanding of the Council.
▶ Public interest report	We had no matters to report in the public interest.
▶ Written recommendations to the Council, which should be copied to the Secretary of State	We had no matters to report.
▶ Other actions taken in relation to our responsibilities under the Local Audit and Accountability Act 2014	We had no matters to report.

Area of Work	Conclusion
Reporting to the National Audit Office ("NAO") on our review of the Council's Whole of Government Accounts return ("WGA")	We had no matters to report.

As a result of the above we have also:

Area of Work	Conclusion
Issued a report to those charged with governance of the Council communicating significant findings resulting from our audit	Our Audit Results Report was issued on 25 July 2017.
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2015 Code of Audit Practice.	Our certificate was issued on 26 September 2017.

In December 2017, we plan to issue a report to those charged with governance of the Council summarising the certification work we have undertaken.



Nicola Wright  
Associate Partner  
For and on behalf of Ernst & Young LLP

Purpose



## Purpose

### The Purpose of this Letter

The purpose of this annual audit letter is to communicate to Members and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to the attention of the Council.

We have already reported the detailed findings from our audit work in our 2016/17 Audit Results Report to the 25 July 2017 Audit, Governance and Standards Committee, representing those charged with governance. We do not repeat those detailed findings in this letter. The matters reported here are the most significant for the Council.



# Responsibilities

## Responsibilities

### Responsibilities of the Appointed Auditor

Our 2016/17 audit work has been undertaken in accordance with the Audit Plan that we issued on 21 March 2017 and is conducted in accordance with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office.

As auditors we are responsible for:

- ▶ Expressing an opinion:
  - ▶ On the 2016/17 financial statements; and
  - ▶ On the consistency of other information published with the financial statements.
- ▶ Forming a conclusion on the arrangements the Council has to secure economy, efficiency and effectiveness in its use of resources.
- ▶ Reporting by exception:
  - ▶ If the Annual Governance Statement is misleading or not consistent with our understanding of the Council;
  - ▶ Any significant matters that are in the public interest;
  - ▶ Any written recommendations to the Council, which should be copied to the Secretary of State; and
  - ▶ If we have discharged our duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

Alongside our work on the financial statements, we also review and report to the National Audit Office ("NAO") on your Whole of Government Accounts return. The Council is below the specified audit threshold of £350 million, therefore we did not perform any audit procedures on the return.

## Responsibilities of the Council

The Council is responsible for preparing and publishing its statement of accounts accompanied by an Annual Governance Statement ("AGS"). In the AGS, the Council reports publicly each year on how far it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in year, and any changes planned in the coming period.

The Council is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

# Financial Statement Audit

## Financial Statement Audit

### Key Issues

The Council's Statement of Accounts is an important tool for the Council to show how it has used public money and how it can demonstrate its financial management and financial health.

We audited the Council's Statement of Accounts in line with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office and issued an unqualified audit report on 26 September 2017.

Our detailed findings were reported to the 25 July 2017 Audit, Governance and Standards Committee.

The key issues identified as part of our audit were as follows:

Significant Risks	Conclusion
<p>Revenue and expenditure recognition</p> <p>Under International Standard on Auditing (UK &amp; Ireland) 240, there is a presumed risk that revenue may be misstated due to improper recognition. In the public sector this requirement is modified by Practice Note 10, issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by manipulating expenditure recognition.</p>	<p>We have completed the following work in this area:</p> <ul style="list-style-type: none"><li>• We have reviewed and tested revenue and expenditure recognition policies as part of our review of accounting policies;</li><li>• We reviewed and substantively tested accounting estimates for evidence of management bias, including;<ul style="list-style-type: none"><li>○ Year-end accruals;</li><li>○ Depreciation and impairment;</li><li>○ Valuations; and</li><li>○ Provisions;</li></ul></li><li>• We tested material expenditure streams, including testing revenue and capital expenditure to ensure it has been correctly classified; and</li><li>• We tested revenue and expenditure cut-off before and after 31 March 2017.</li></ul> <p>No significant issues have been identified as part of this work.</p>

Significant Risks (continued)	Conclusion
<p>Management override of controls</p> <p>As identified in International Standard on Auditing (UK &amp; Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and to prepare fraudulent financial statements by overriding controls that otherwise seem to be operating effectively. We identify and respond to this fraud risk on every audit engagement.</p>	<p>We have completed the following work in this area:</p> <ul style="list-style-type: none"> <li>• We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;</li> <li>• We reviewed accounting estimates for evidence of management bias (as noted above relating to revenue and expenditure recognition); and</li> <li>• We evaluated the business rationale for any significant unusual transactions.</li> </ul> <p>No significant issues have been identified as part of this work.</p>

Other Key Findings	Conclusion
Annual Governance Statement	The draft Annual Governance Statement (“AGS”) should be published with the draft financial statements for inspection, in line with the requirements of the Accounts and Audit Regulations 2015. We noted that the draft AGS was not included within the draft financial statements published by the Council for inspection.
Exit packages	<p>The Council agreed four exit packages during the year. We reviewed the process that was followed to approve these payments and noted the following areas for consideration:</p> <ul style="list-style-type: none"> <li>• The Pay Policy requires severance payments to be reported to Cabinet and full Council by component (salary paid in lieu, redundancy compensation, pension entitlements, holiday pay and any bonuses, fees or allowances), however the reports we reviewed only included a total figure and not the components; and</li> <li>• The total figure reported in the papers approved by Council differed from the actual payment. Although we have been able to verify the reason for the differences, the Pay Policy is silent as to whether variances from the approved amount need to be reconsidered by Council (or if there is a threshold below which no further approval is needed).</li> </ul>

## Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	Thresholds applied
Planning materiality	We determined planning materiality to be £920,000 (2015/16: £808,000), which is 2% of gross expenditure reported in the accounts. We consider gross expenditure to be one of the principal considerations for stakeholders in assessing the financial performance of the Council.
Reporting threshold	We agreed with the Audit, Governance and Standards Committee that we would report to the Committee all audit differences in excess of £46,000 (2016: £40,000).

A close-up, shallow depth-of-field photograph of a stack of coins. The coins are stacked vertically, with the edges of several coins visible. The lighting is warm, highlighting the metallic texture and the ridges on the edges. A bright yellow rectangular box is overlaid on the left side of the image, containing the text 'Value for Money'.

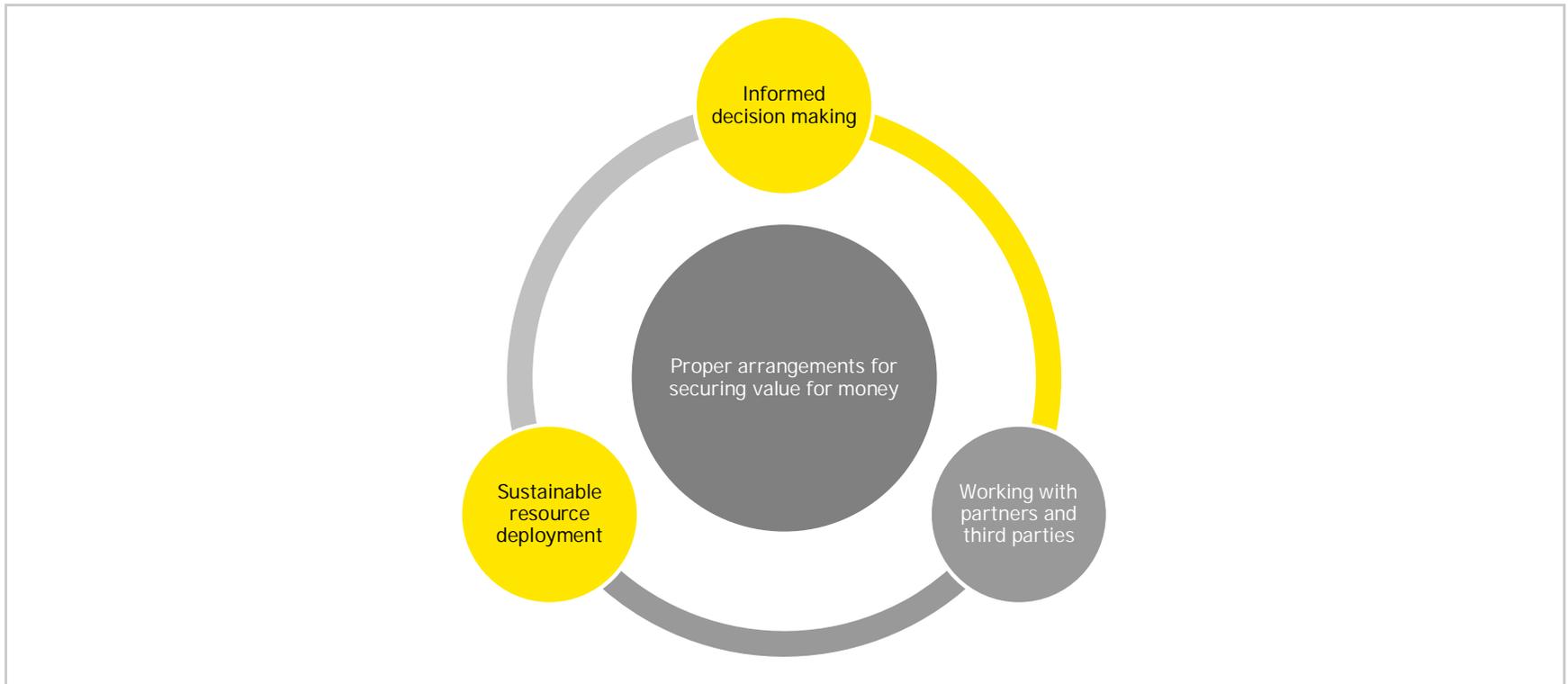
## Value for Money

## Value for Money

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness in its use of resources. This is known as our value for money conclusion.

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.



We did not identify any significant risks in relation to these criteria.

We have performed the procedures outlined in our audit plan. We did not identify any significant weaknesses in the Council's arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

We therefore issued an unqualified value for money conclusion on 26 September 2017.

## Other Reporting Issues

## Other Reporting Issues

### Whole of Government Accounts

We performed the procedures required by the National Audit Office on the accuracy of the consolidation pack prepared by the Council for Whole of Government Accounts purposes. We had no issues to report.

The Council is below the specified audit threshold of £350 million, therefore we did not perform any audit procedures on the consolidation pack.

### Annual Governance Statement

We are required to consider the completeness of disclosures in the Council's Annual Governance Statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it is misleading.

We completed this work and did not identify any areas of concern.

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Council or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

### Written Recommendations

We have a duty under the Local Audit and Accountability Act 2014 to designate any audit recommendation as one that requires the Council to consider it at a public meeting and to decide what action to take in response.

We did not identify any issues which required us to issue a written recommendation.

### Objections Received

We did not receive any objections to the 2016/17 financial statements from members of the public.

### Other Powers and Duties

We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.

## Independence

We communicated our assessment of independence in our Audit Results Report to the Audit, Governance and Standards Committee on 25 July 2017. In our professional judgement, the firm is independent and the objectivity of the audit engagement associate partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.

## Control Themes and Observations

As part of our work, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control identified during our audit.

We have adopted a fully substantive approach and have therefore not tested the operation of controls.

Our audit did not identify any control issues to bring to the attention of the Audit, Governance and Standards Committee.

A close-up photograph of a person's face as they look through a pair of black binoculars. The person's eyes are focused on the lenses, and their hands are visible holding the device. A bright yellow rectangular box is overlaid on the left side of the image, containing the text 'Focused on your future'. The background is a soft, out-of-focus white.

Focused on your  
future

## Focused on your future

Area	Issue	Impact
Early Close	The main area for change in the Audit and Accounts Regulations 2015 is the requirement for Councils to approve and publish their accounts by 31 May and 31 July respectively (currently 30 June and 30 September).	<p>It is imperative that there is early dialogue between the Council and your audit team to agree a planned approach to support you in achieving the challenges of early close. This dialogue will result in new ways of working, which could include:</p> <ul style="list-style-type: none"> <li>• Increased focus on data quality to minimise reworking and adjustments at year-end;</li> <li>• A clear understanding of what information will help your audit team complete their year-end audit visit, for example a detailed client assistant schedule;</li> <li>• Consideration of what areas of the final accounts process can be delivered early and can be audited before the year-end, for example property valuations, material provisions and accruals, group boundary assessments and accounting policies;</li> <li>• Review of the Council's accounting policies to assist the early close process, for example a de-minimis accruals policy; and</li> <li>• Consideration of 'soft closes' at key points during the year, for example month 6 and 9, to enable interim audits prior to year-end therefore spreading the work through the year and reducing the workload at year-end.</li> </ul>

Appendix A

## Audit Fees



## Appendix A    Audit Fees

As part of our reporting on our independence, we set out below a summary of the fees paid for the year ended 31 March 2017. We confirm that we have undertaken non-audit work outside the PSAA Code requirements in relation to tax services relating to the redevelopment of the former prison site in Northallerton. Non-audit work is work not carried out under the Code. We have adopted the necessary safeguards in completing this work and complied with Auditor Guidance Note 1 issued by the NAO in December 2016.

	Final Fee 2015/16 £	Planned Fee 2016/17 £	Scale Fee 2016/17 £	Final Fee 2016/17 £
Total Audit Fee - Code Work	40,754	40,754	40,754	40,754
Non-audit work - Housing Benefit Subsidy Claim	11,286	11,228	11,228	TBC
Non-audit work - Tax Services	0	N/A	N/A	8,000

EY | Assurance | Tax | Transactions | Advisory

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ED None

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## **HAMBLETON DISTRICT COUNCIL**

**Report To:** Audit, Governance and Standards Committee  
24 October 2017

**From:** Director of Finance (s151 Officer)

**Subject:** **ANNUAL REVIEW OF COMMITTEE TERMS OF REFERENCE**

All Wards

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### **1.0 PURPOSE AND BACKGROUND:**

- 1.1 The purpose of this report is to present to Members the results of a review of this Committee's terms of reference.
- 1.2 The current terms of reference are reproduced at Annex A. These are based upon the model terms of reference recommended by the Chartered Institute of Public Finance (CIPFA) in its publication entitled Audit Committees – Practical Guidance for Local Authorities. They also include terms of reference relating to Standards.
- 1.3 It is considered good practice for the Committee's terms of reference to be reviewed at least annually.
- 1.4 The review has established that the existing terms of reference reflect the Committee's work and are still relevant.

### **2.0 RISK ANALYSIS:**

- 2.1 There are no major risks associated with the recommendation in this report.

### **3.0 RECOMMENDATIONS:**

- 3.1 It is recommended to Council that:-
  - 1) the annual review of the Audit, Governance and Standards Committee's terms of reference is noted; and
  - 2) the terms of reference for the Audit, Governance and Standards Committee as set out in Annex A be approved.

LOUISE BRANFORD-WHITE

**Background papers:** None

**Author ref:** LBW

**Contact:** Louise Branford-White  
Director of Finance (s151 Officer)  
Direct Line No: 767024

**AUDIT, GOVERNANCE AND STANDARDS COMMITTEE AND  
THE STANDARDS HEARINGS PANEL**

**Terms of Reference**

Matters which may be determined by the Committee:

Audit & Governance

- Reviewing and approval of the annual statement of accounts. Specifically to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
- All aspects of internal audit including:-
  - consideration of the Veritau annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements;
  - consideration of summaries of specific internal audit reports as requested;
  - approval and monitoring of the annual Audit Plan;
  - consideration of reports dealing with the management and performance of the providers of internal audit services;
  - consideration of reports from Veritau on agreed recommendations not implemented within a reasonable timescale;
  - the commissioning of work from Veritau;
- all aspects of external audit, including:-
  - consideration of the external auditor's annual letter, relevant reports and the report to those charged with governance;
  - consideration of specific reports as agreed with the external auditor;
  - commenting on the scope and depth of external audit work and to ensure that it gives value for money;
  - liaison with the Audit Commission over the appointment of the Council's external auditor;
  - the commissioning of work from external audit;
  - consideration of the external auditor's report to those charged with governance on issues arising from the audit of accounts;
- Support effective relationships between external audit and internal audit, inspection agencies and other relevant bodies, and encourage the active promotion of the value of the audit process.

- The review of any issue referred to it by the Chief Executive or an Executive Director, or any Council body.
- Consider the effectiveness of the authority's risk management arrangements and the control environment. Review the risk profile of the organisation and assurances that action is being taken on risk-related issues, including partnerships with other organisations.
- Monitor the effectiveness of the control environment, including arrangements for ensuring value for money and for managing the authority's exposure to the risks of fraud and corruption.
- All aspects of counter fraud and anti-corruption, including:-
  - monitoring of Council policies on "Raising Concerns at Work" and the anti-fraud and anti-corruption strategy and the Council's complaints process.
  - Overseeing the production of the Authority's Annual Governance Statement to recommend its adoption.
  - Consideration of the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.
- All matters related to the Regulation of Investigatory Powers Act 2000.

#### Standards:

- To promote and maintain high standards of conduct by Members of the Council.
- To assist Members and co-opted Members of the Council to observe the Council's Code of Conduct.
- To monitor the operation of the Council's Member Code of Conduct and Planning Code.
- To advise, train or arrange training for Members and co-opted Members of the Council on matters relating to the Council's Member Code of Conduct and Planning Code.
- To formulate advice to Members and Officers on declarations of gifts and hospitality. To monitor and keep under review the arrangements for recording interests, gifts and hospitality.
- To review arrangements for designating politically restricted posts.
- To review the operation of the Council's complaints procedures.
- To carry out all of the Council's functions under the Local Government Act 2000 in connection with Parish and Town Councils.

#### Matters for determination by Cabinet:

#### Audit and Governance:

- Report to Cabinet as it deems necessary on matters of concern.

Matters for determination by Council:

Audit and Governance:

- All aspects of Corporate Governance, including:-
  - reviewing and making recommendations on changes to the Code of Corporate Governance;
  - monitoring compliance with the Code of Corporate Governance;
  - maintaining an overview of the Council's Constitution including those in respect of procurement procedure rules and financial regulations.
- The review and scrutiny of recommendations made by Cabinet to Council in respect of the Council's Annual Treasury Management Policy including the Annual Investment Strategy.

Standards:

- To advise the Council on the adoption or revision of a Code of Member Conduct and Planning Code.
- To formulate and recommend Codes of Conduct for Officers and keep them under review.
- To recommend protocols on Member/employee relations and to review its operation.

**STANDARDS HEARINGS PANEL**

Matters which may be determined by the Panel:

- Investigation and determination in respect of allegations under Codes of Member Conduct for the District Council and (where requested) Parish/Town Councils.

Matters which may be determined by Cabinet:

To make recommendations to Cabinet in respect of any matters relating to Council practice and procedures arising out of Panel determinations and which cannot appropriately be dealt with by Officers.

## HAMBLETON DISTRICT COUNCIL

**Report To:** Audit Governance and Standards Committee  
27 September 2017

**From:** Director of Environment and Planning

**Subject:** **BROWNFIELD LAND REGISTER AND PERMISSION IN PRINCIPLE**

**All Wards**  
**Portfolio Holder for Planning: Councillor D Webster**

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### **1.0 PURPOSE AND BACKGROUND:**

- 1.1 In March 2017 the Town and Country Planning (Brownfield Land Register) Regulations and Town and Country Planning (Permission in Principle) Orders 2017 were laid before Parliament. The regulations require local authorities to prepare and maintain registers of brownfield land that is suitable for residential development. The Government believes that Brownfield Land Registers will provide better information for developers and communities about brownfield land suitable for housing and so may help boost the delivery of new housing.
- 1.2 The Brownfield Land Register is in two parts. Part 1 of the Register is a list of all the brownfield sites in a local area that are considered suitable for housing, irrespective of their planning status. Part 2 of the Register is a list of sites that additionally are granted Permission in Principle.
- 1.3 Local authorities are required to compile and publish their Part 1 Registers by 31<sup>st</sup> December 2017; the list must then be reviewed at least annually. Sites which are entered onto the Brownfield Land Register must meet the following criteria:-
- The land has an area of at least 0.25 hectares or is capable of supporting at least 5 dwellings (there is discretion to enter smaller sites if all the other criteria are met);
  - The land is suitable for residential development;
  - The land is available for residential development; and
  - Residential development of the land is achievable.

Further guidance is provided on the definitions of “achievable” and “available” land, which require landowner and/or developer commitment and expected delivery of housing on the site within 15 years. Indicators that a site is “suitable” may include a previous grant of planning permission, allocation in the LDF or may be the opinion of the Local Authority.

- 1.4 Although the Regulations do not require consultation prior to sites being included within Part 1 of the Register they do specify that Local Planning Authorities should take account of any representations received. For this reason it is considered appropriate to publicise the draft Part 1 Register prior to its publication in December. Through the Local Plan Call for Sites exercise there are a number of sites which are considered to meet the criteria for inclusion on Part 1; however consultation may result in the submission of further appropriate sites. Thereafter it is considered appropriate to carry out notification and consultation for sites that either do not already have planning permission for housing or are not already allocated for housing.

- 1.5 Local Planning Authorities must publish a Part 2 of the Register even if there are no entries. Part 2 is a subset of Part 1 and will include only those sites for which Permission in Principle has been granted. Permission in Principle, along with a supplementary Technical Details Consent, is an alternative route to full planning permission and reduces the risk for small developers. The Regulations already require consultation on the sites proposed for Permission in Principle which includes the use of site notices in a prescribed form, advertisement on the authority website and consultation with neighbourhood plan groups and statutory consultees. The notification and consultation arrangements would therefore be the same as for a planning application. Further guidance is still awaited on Permission in Principle by application and within local plans.
- 1.6 Once a site has Permission in Principle there is a requirement to obtain Technical Details Consent before building. Although there is no fee for entry onto the Register normal planning application fees apply at the technical details stage.

### Decision Making

- 1.7 The new Regulations have also introduced changes to those impacting the functions and responsibilities of Local Authorities, which means that the decision to include a site in Part 2, i.e. grant Permission in Principle, cannot be made by the authority's Cabinet. The following arrangements are suggested for determining whether a site meeting the statutory criteria should be included in Part 1 of the Register:
- If the site has planning permission for housing or is allocated for housing in the development plan – officer authority.
  - If the site does not have planning permission for housing or is not allocated for housing in the development plan – Planning Committee.
- 1.8 It is suggested that determination of applications seeking Permission in Principle and Technical Details Consent are made in the same way as applications for outline planning permission and approval of reserved matters, i.e. by Planning Committee or under officer authority subject to the call-in procedures set out in the Local Code of Conduct for Members and Officers Dealing with Planning Matters. However, where the Council initiates a proposal for Permission in Principle, this should always be decided by the Planning Committee.
- 1.9 Appropriate changes will need to be made to the Constitution in order to administer the arrangements suggested in paragraph 1.7. The arrangements suggested in paragraph 1.8 are considered to fall within the definition of “functions relating to development control” already set out within the Constitution.

### **2.0 LINK TO COUNCIL PRIORITIES:**

- 2.1 These new measure are intended to facilitate increased supply of new housing and therefore match the Council's priority of Providing a Special Place to Live.

### **3.0 RISK ASSESSMENT:**

- 3.2 **The key risk is in not approving the recommendation(s) as shown below:-**

<b>Risk</b>	<b>Implication</b>	<b>Prob*</b>	<b>Imp*</b>	<b>Total</b>	<b>Preventative action</b>
The Council is not meeting the requirement of the Regulations to prepare and maintain a register	The Council is not fulfilling a statutory Government requirement.	5	5	25	Publish and maintain a Brownfield Land Register.

of brownfield land which is suitable for residential development.					
---	--	--	--	--	--

Prob = Probability, Imp = Impact, Score range is Low = 1, High = 5

- 3.3 Overall the risk of agreeing with the recommendations outweighs the risks of not agreeing them and is considered acceptable.

#### **4.0 FINANCIAL IMPLICATIONS:**

- 4.1 The Council has received £14,645 New Burdens Funding for the Brownfield Register and Permission in Principle.

Overall the revenue effects of the Brownfield Land Register will be as follows:-

<b>Revenue Effects</b>	<b>2017/18 £</b>	<b>2018/19 £</b>	<b>2019/20 £</b>	<b>2020/2021 £</b>
<b>Cost:</b> Technical Officer for 12 months	£7,595	£7,670	£0	£0
<b>Financed by:</b> Additional Burdens Funding Current Budget	£7,323 £272	£7,322 £348	£0 £0	£0 £0
	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>

#### **5.0 LEGAL IMPLICATIONS:**

- 5.1 The recommended actions would enable the Council to respond to a statutory responsibility in accordance with its constitution.

#### **6.0 EQUALITY/DIVERSITY ISSUES**

- 6.1 Equality and Diversity Issues and have been considered however there are no issues associated with this report.

#### **7.0 RECOMMENDATION(S):**

- 7.1 That the Committee recommends to Council that:-

- (1) it be noted that Council will consult on and publish Part 1 of the Brownfield Land Register by 31<sup>st</sup> December 2017;
- (2) in consequence of (1) above, Council amends the Responsibility for Council Functions and the Scheme of Officer Delegation within the Constitution to:
  - (i) Authorise the Executive Director to place sites that meet the relevant statutory criteria and have planning permission for housing, or are allocated for housing in the development plan on Part 1 of the Brownfield Land Register;

- (ii) Authorise the Planning Committee to place sites that meet the relevant statutory criteria but do not have planning permission for housing or are not allocated for housing in the development plan on Part 1 of the Brownfield Land Register;
  - (iii) Authorise the Executive Director to place any site with Permission in Principle on Part 2 of the Brownfield Land Register; and
  - (iv) Authorise the Executive Director to remove sites that are considered to no longer meet the relevant statutory criteria or on expiry of Permission in Principle from the Brownfield Land Register.
- (3) Authority be given to the Director of Law and Governance to make any further consequential amendments to the Constitution.

HELEN KEMP  
DIRECTOR OF ECONOMY AND PLANNING

**Background papers:**

**Author ref:** CS

**Contact:** Caroline Skelly  
Planning Policy and Conservation Team Leader