

West Devon Audit Committee



West Devon
Borough
Council

| | |
|--|---|
| Title: | Agenda |
| Date: | Tuesday, 22nd January, 2019 |
| Time: | 2.00 pm |
| Venue: | Chamber - Kilworthy Park |
| Full Members: | <p style="text-align: center;">Chairman Cllr Davies Vice Chairman Cllr Ball</p> <p><i>Members:</i> Cllr Cann OBE Cllr Stephens Cllr Hockridge Cllr Watts Cllr Lamb</p> |
| Interests – Declaration and Restriction on Participation: | Members are reminded of their responsibility to declare any disclosable pecuniary interest not entered in the Authority's register or local non pecuniary interest which they have in any item of business on the agenda (subject to the exception for sensitive information) and to leave the meeting prior to discussion and voting on an item in which they have a disclosable pecuniary interest. |
| Committee administrator: | Member.Services@swdevon.gov.uk |

1. Apologies for absence

2. Declarations of interest

Members are invited to declare any personal or disclosable pecuniary interests, including the nature and extent of such interests they may have in any items to be considered at this meeting.

If Councillors have any questions relating to predetermination, bias or interests in items on this Agenda then please contact the Monitoring Officer in advance of the meeting.

3. Items Requiring Urgent Attention

To consider those items which, in the opinion of the Chairman, should be considered by the Meeting as matters of urgency (if any).

4. Confirmation of Minutes

Meeting held on 9 October 2018

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5. Grant Thornton External Audit Plan

Report of Grant Thornton

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6. West Devon BC - Certificate of Claims and Returns -Annual Report 2017/18

Report from KPMG

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7. Update of Progress on the 2018/19 Internal Audit Plan

Report of the Internal Audit Manager

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8. Treasury Management Mid -Year Review

Report of Finance Business Partner

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9. Pensions Strategy (Triennial Actuarial Revaluation)

Report of the Section 151 Officer

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10. Review of the Council's Constitution:Rules of Procedure and Members' Planning Code of Practice

Report of the Specialist - Democratic Services

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11. Audit Committee Work Programme 2018/19

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PART TWO – ITEMS WHICH MAY BE TAKEN IN THE ABSENCE OF THE PUBLIC AND PRESS ON THE GROUNDS THAT EXEMPT INFORMATION MAY BE DISCLOSED (if any).

The Committee is recommended to pass the following resolution:

“RESOLVED that under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the Meeting on the grounds that exempt information may be disclosed as defined in the paragraph given below in bold type from Part I of Schedule 12(A) to the Act.”

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Agenda Item 4

At a Meeting of the **AUDIT COMMITTEE** held in the Council Chamber, Council Offices, Kilworthy Park, Drake Road, **TAVISTOCK** on **TUESDAY** the **9th** day of **October 2018** at **2.00pm**

Present: Cllr M Davies (Chairman)

Cllr K Ball
Cllr B Lamb

Officers in attendance:

Section 151 Officer
Internal Auditor Manager
Group Manager Business Development
COP Lead Assets
Specialist – Democratic Services

Investment Manager – Peninsula Pensions
Engagement Lead – Grant Thornton
Audit Manager – Grant Thornton

Also in attendance: Cllr C Edmonds (lead Hub Committee Member)

* **AC 13** **APOLOGIES FOR ABSENCE**
Apologies for absence were received from Cllrs W Cann OBE, J Hockridge, B Stephens and L Watts.

* **AC 14** **CONFIRMATION OF MINUTES**
The Minutes of the Committee Meeting held on 24 July 2018 were confirmed and signed by the Chairman as a correct record.

* **AC 15** **PRESENTATION ON THE PENSION FUND ADMINISTERED BY DEVON COUNTY COUNCIL**
The Committee received a presentation from the Investment Manager Peninsula Pensions setting out the latest position of the pension fund.

Following the detailed presentation, the Investment Manager responded to questions and the s151 Officer outlined the background to the current position.

* **AC 16** **KPMG ANNUAL AUDIT LETTER 2017/18**
Members were presented with the Annual Audit Letter 2017/18. The s151 Officer explained that the letter was a shortened version of the final report, and that the letter confirmed that there were no concerns over risks and the Accounts had been completed before the end of July in line with government requirements.

It was then **RESOLVED** that:

The Annual Audit letter 2017/18 be noted.

*** AC 17 KPMG AUDIT CLOSURE LETTER**

The s151 Officer confirmed that the Closure Letter was a procedural matter.

It was then **RESOLVED** that:

The Audit Closure letter be noted.

*** AC 18 GRANT THORNTON – AUDIT PROGRESS REPORT AND SECTOR UPDATE**

The Engagement Lead presented the report, and took Members through each section. She advised Members of her intention to present a report to each Committee meeting. In respect of the Audit Deliverables section, the Fee Letter had been issued in April and would be presented to the next meeting of the Audit Committee. The second part of the report would cover Emerging Issues.

It was then **RESOLVED** that:

The Audit Progress Report and Sector Update be noted.

*** AC 19 INTERNAL AUDIT CHARTER AND STRATEGY 2018/19**

The Internal Audit Manager presented a report, the purpose of which was to allow the Audit Committee to review and comment upon the Internal Audit Charter and Strategy for 2018/19.

Internal audit management was provided by the Devon Audit Partnership via a contracted arrangement. The standards for proper practice for internal audit were contained in the Public Sector Internal Audit Standards. Both the Charter and Strategy complied with the mandatory requirements of the Public Sector Internal Audit Standards.

There being no further comment, it was then **RESOLVED** that the Internal Audit Charter and Strategy 2018/19 be approved.

*** AC 20 UPDATE ON PROGRESS ON THE 2018/19 INTERNAL AUDIT PLAN REVIEW OF FINANCE PROCEDURE RULES**

The Internal Audit Manager presented a report that set out to inform Members of the principle activities and findings of the Council's Internal Audit team for 2018/19 to 14 September 2018 by:

- Showing the progress made by Internal Audit against the 2018/19 annual Internal Audit Plan, as approved by the Audit Committee in March 2018; and
- Highlighting any revisions to the 2018/19 Internal Audit Plan.

It was then **RESOLVED** that the progress made against the 2018/19 Internal Audit Plan, and any key issues arising, be approved.

*** AC 21 SIX MONTHLY UPDATE – STRATEGIC RISK ASSESSMENT**

The Group Manager Business Development presented a report that set out the required six monthly update to Members, including the current corporate strategic risk assessment and a summary of the management and mitigating actions to address the identified risks. Appendix 3 to the report contained a revised Risk and Opportunity Management Strategy 2013. Members were being asked to approve this document.

The Group Manager Business Development responded to questions.

It was then **RESOLVED** that Council be **RECOMMENDED** that:

1. The strategic risks (Appendix 1) had been reviewed and that no further action should be considered;
2. The Risk & Opportunity Management Strategy (Appendix 3) be adopted; and
3. The Joint Management Policy 2012 and the Joint Risk Management Strategy 2013 be rescinded.

*** AC 22 COMMERCIAL INVESTMENT PROPERTY – UPDATE AND MONITORING REPORT**

The COP Lead Assets presented a report that set out the performance and risks associated with the commercial property portfolio, arising from the Commercial Property Acquisition Strategy. The Strategy had envisaged an upper borrowing limit of £75m, but in light of external advice sought by the s151 officer, the Strategy was updated with a capped borrowing limit of £50m made up of a blend of in area development and out of area investments.

The COP Lead Assets updated Members with detail on the purchases made so far, and confirmed that they were a mix of tenants and sectors.

It was then **RESOLVED** that the performance and risks of the commercial property portfolio to date be noted.

*** AC 23 SUNDRY DEBT**

The Lead Member for Performance and Resources presented a report that provided Members with a further update of the position in respect of progress in monitoring and administering the recovery of Sundry Debts.

During discussion, Members agreed that the Lead Member and the debt recovery team should be congratulated on progress.

It was then **RESOLVED** that the progress made in monitoring and administering the recovery of Sundry Debts be noted.

*** AC 24 AUDIT COMMITTEE WORK PROGRAMME 2018/19**

The Chairman confirmed that the External Audit Fee Letter would be added to the agenda for the January 2019 meeting, and noted that the agenda for the March meeting was already full. The External Audit Plan would be presented to the January 2019 meeting rather than March 2019.

(The Meeting terminated at 3.00 pm)

Dated this

Chairman

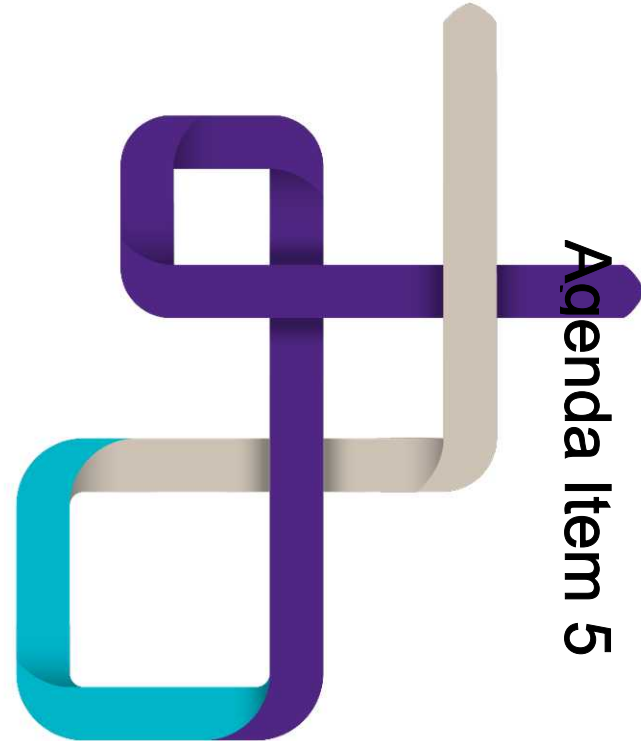
External Audit Plan

Year ending 31 March 2019

West Devon Borough Council

9 January 2019

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Your key Grant Thornton team members are:

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Geraldine Daly
Associate Director
T: 0117 305 7741
E: geri.n.daly@uk.gt.com

Steve Johnson
Audit Manager
M. 07880 456134
E: steve.p.johnson@uk.gt.com

Joanne McCormick
In-charge accountant
T: 0117 305 7849
E: joanne.m.mccormick@uk.gt.com

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction & headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of West Devon Borough Council ('the Council') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed engagement letter. We draw your attention to both of these documents.

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the :

- Council and group's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit committee); and
- Value for Money arrangements in place at the Council for securing economy, efficiency and effectiveness in your use of resources.

The audit of the financial statements does not relieve management or the Audit Committee of your responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Council's business and is risk based. We will be using our new audit methodology and tool, LEAP, for the 2018/19 audit. It will enable us to be more responsive to changes that may occur in your organisation.

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- The revenue cycle includes fraudulent transactions - This risk has now been rebutted
- Management over-ride of controls
- Revaluation of PPE
- Valuation of pension liability

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality to be £604k for the Council, which equates to 1.8% of your prior year gross expenditure for the year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £30k.

Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money have identified the following VFM significant risks:

- Sustainable resource deployment - The Forecast budget gap in 2023/24 is £1.1m, assuming each years gap is not met and savings from the letting of the Waste contract are realised.

Audit logistics

Our interim visit will take place in February and March and our final visit will take place in June and July. Our key deliverables are this Audit Plan and our Audit Findings Report. Our audit approach is detailed in Appendix A.

Our fee for the audit will be £30,335 (PY: £39,396) for the Council, subject to the Council meeting our requirements set out on page 15.

Independence

We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements..

Key matters impacting our audit

Factors

The wider economy and political uncertainty

Local Government funding continues to be stretched with increasing cost pressures and demand from residents.

West Devon Borough Council is currently forecasting a balanced budget for 2019/20 and a £0.5m budget gap by 2020/21. The MTF5 (September 18) assumes that negative RSG will be reduced to zero in 2019/20.

At a national level, the government continues its negotiation with the EU over Brexit, and future arrangements remain clouded in uncertainty (update as appropriate). The Council will need to ensure that it is prepared for all outcomes, including in terms of any impact on contracts, on service delivery and on its support for local people and businesses.

Changes to the CIPFA 2018/19 Accounting Code

The most significant changes relate to the adoption of:

- IFRS 9 Financial Instruments which impacts on the classification and measurement of financial assets and introduces a new impairment model.
- IFRS 15 Revenue from Contracts with customers which introduces a five step approach to revenue recognition.

No significant impact is expected to occur on the accounts from these changes although discussions are ongoing with financial management to monitor the impact.

Future budget proposals

West Devon has continued to work in partnership with South Hams District Council which has allowed West Devon Borough Council to achieve annual savings of £2.2 million and more importantly protect all statutory front line services.

Between both Councils the annual shared services savings being achieved are over £6 million. However, the Councils continue to face considerable financial challenges as a result of uncertainty in the wider economy and constraints on public sector spending.

Our response

- We will consider your arrangements for managing and reporting your financial resources as part of our work in reaching our Value for Money conclusion.
- We will consider whether your financial position leads to material uncertainty about the going concern of the Council and will review related disclosures in the financial statements.

- We will keep you informed of changes to the financial reporting requirements for 2018/19 through on-going discussions and invitations to our technical update workshops.
- As part of our opinion on your financial statements, we will consider whether your financial statements reflect the financial reporting changes in the 2018/19 CIPFA Code.

- We will continue to monitor the progress of the partnership with South Hams DC

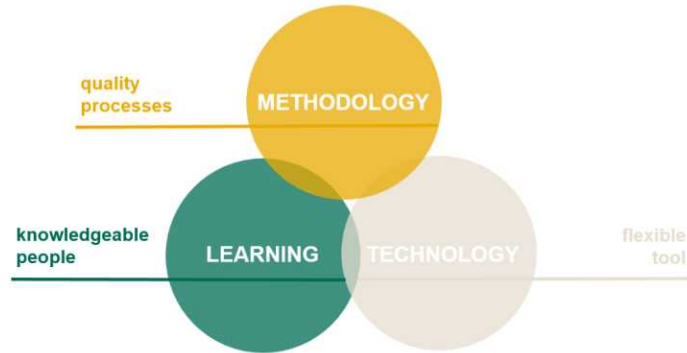
Audit approach

Use of audit, data interrogation and analytics software

LEAP

Audit software

- A globally developed ISA-aligned methodology and software tool that aims to re-engineer our audit approach to fundamentally improve quality and efficiency
- LEAP empowers our engagement teams to deliver even higher quality audits, enables our teams to perform cost effective audits which are scalable to any client, enhances the work experience for our people and develops further insights into our clients' businesses
- A cloud-based industry-leading audit tool developed in partnership with Microsoft



Inflo



Cloud based software which uses data analytics to identify trends and high risk transactions, generating insights to focus audit work and share with clients.



REQUEST & SHARE

- Communicate & transfer documents securely
- Extract data directly from client systems
- Work flow assignment & progress monitoring



ASSESS & SCOPE

- Compare balances & visualise trends
- Understand trends and perform more granular risk assessment



VERIFY & REVIEW

- Automate sampling requests
- Download automated work papers



INTERROGATE & EVALUATE

- Analyse 100% of transactions quickly & easily
- Identify high risk transactions for investigation & testing
- Provide client reports & relevant benchmarking KPIs



FOCUS & ASSURE

- Visualise relationships impacting core business cycles
- Analyse 100% of transactions to focus audit on unusual items
- Combine business process analytics with related testing to provide greater audit and process assurance



INSIGHTS

- Detailed visualisations to add value to meetings and reports
- Demonstrates own performance and benchmark comparisons

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- We use one of the world's leading data interrogation software tools, called 'IDEA' which integrates the latest data analytics techniques into our audit approach
- We have used IDEA since its inception in the 1980's and we were part of the original development team. We still have heavy involvement in both its development and delivery which is further enforced through our chairmanship of the UK IDEA User Group
- In addition to IDEA, we also other tools like ACL and Microsoft SQL server
- Analysing large volumes of data very quickly and easily enables us to identify exceptions which potentially highlight business controls that are not operating effectively

Appian



Business process management

- Clear timeline for account review:
 - disclosure dealing
 - analytical review
- Simple version control
- Allow content team to identify potential risk areas for auditors to focus on

Significant risks identified – Revenue

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

| Risk | Reason for risk identification | Key aspects of our proposed response to the risk |
|---|---|---|
| <p>The revenue cycle includes fraudulent transactions (rebutted)</p> | <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p> <p>We have identified the occurrence and accuracy of Fees, charges & other service income as a significant risk, which was one of the most significant assessed risks of material misstatement and a key audit matter.</p> <p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council, We have rebutted this presumed risk for the other revenue streams of the Council because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of local authorities, including West Devon Borough Council, mean that all forms of fraud are seen as unacceptable | <p>We will:</p> <ul style="list-style-type: none"> • evaluate the Council's accounting policy for recognition of income for appropriateness; • gain an understanding of the Council's system for accounting for income and evaluate the design of the associated controls; • Test, on a sample basis amounts recognised as income from Fees, charges & other service income in the financial statements. |

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Significant risks identified – Management override

| Risk | Reason for risk identification | Key aspects of our proposed response to the risk |
|--|---|--|
| <p>Management over-ride of controls</p> | <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. . The Council faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p> | <p>We will:</p> <ul style="list-style-type: none"> • evaluate the design effectiveness of management controls over journals • analyse the journals listing and determine the criteria for selecting high risk unusual journals • test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration • gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions. |

Significant risks identified – PPE

| Risk | Reason for risk identification | Key aspects of our proposed response to the risk |
|---------------------------------|---|---|
| Valuation of land and buildings | <p>The Council carries out a full revaluation of its land and buildings every five years, the last revaluation in 2013/14. In addition, the more significant assets are revalued on an ad hoc basis</p> <p>The Council's valuer carries out a formal impairment review of the entire holding of assets at the end of each financial year, to ensure the carrying value reflects the fair value at the Balance Sheet date.</p> <p>We therefore identified valuation of land and buildings, particularly the annual review, as a significant risk, which was one of the most significant assessed risks of material misstatement.</p> | <p>We will:</p> <ul style="list-style-type: none"> • evaluate management's processes and assumptions for the annual impairment review. • evaluate the competence, capabilities and objectivity of the valuation expert • write to the valuer to confirm the basis on which the valuation was carried out • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding • test revaluations made during the year to see if they had been input correctly into the Council's asset register • evaluating the challenge and the assumptions made by management for ensuring that the Council has satisfied themselves that these are not materially different to current value at year end. |

Significant risks identified

| Risk | Reason for risk identification | Key aspects of our proposed response to the risk |
|--|--|---|
| Valuation of the pension fund net liability | <p>The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£24.38 million in the Council's balance sheet) and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Council's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.</p> | <p>We will:</p> <ul style="list-style-type: none"> • update our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluate the design of the associated controls; • evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assess the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation; • assess the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability; • test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and • obtain assurances from the auditor of Devon Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements. |

Other risks identified

| Risk | Reason for risk identification | Key aspects of our proposed response to the risk |
|---|--|--|
| Completeness of operating expenses | <p>The Council is under financial pressure to deliver transformational savings targets. Non-pay expenses represent a significant percentage of the Council's overall operating expenses. Management use judgement to estimate accruals of un-invoiced costs.</p> <p>We identified completeness of non-pay expenses as a risk requiring particular audit attention.</p> | <p>We will</p> <ul style="list-style-type: none"> • evaluate the Council's accounting policy for recognition of non-pay expenditure for appropriateness; • gain an understanding of the Council's system for accounting for non-pay expenditure and evaluate the design of the associated controls; • obtain a listing from the cash book of non-employee payments made post year and test a sample to ensure that they have been charged to the appropriate year. • review the year-end Accounts Payable reconciliation and investigate any significant reconciling items |
| Purchase of Investment property | <p>The Council has agreed a commercial property acquisition strategy of up to £37.45m. The accounting treatment and Funding, principally through long term borrowing, will be a material and unusual transaction in the accounts.</p> | <p>We will:</p> <ul style="list-style-type: none"> • Review the Council's reporting of the transactions; • test revaluations made during the year to see if they had been input correctly into the Council's asset register. |
| Allocation of shared costs | <p>The Council operates on a shared service basis with South Hams District Council. Consequently, there are a number of costs borne by each Council that are reallocated as part of process to allocate costs equitably between the two Councils.</p> | <p>We will review:</p> <ul style="list-style-type: none"> • the basis of allocation to ensure that it is reasonable and appropriate; • consider any changes from the prior year basis; and • test the calculation of transferred costs. |

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We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings Report in July 2019.

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement to check that they are consistent with the financial statements on which we give an opinion and consistent with our knowledge of the Council.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with the guidance issued by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
 - Giving electors the opportunity to raise questions about your 2018/19 financial statements, consider and decide upon any objections received in relation to the 2018/19 financial statements;
 - issue of a report in the public interest or written recommendations to the Council under section 24 of the Act, copied to the Secretary of State.
 - Application to the court for a declaration that an item of account is contrary to law under Section 28 or for a judicial review under Section 31 of the Act; or
 - Issuing an advisory notice under Section 29 of the Act.
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Going concern

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the Council's ability to continue as a going concern" (ISA (UK) 570). We will review management's assessment of the going concern assumption and evaluate the disclosures in the financial statements.

Materiality

The concept of materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality for planning purposes

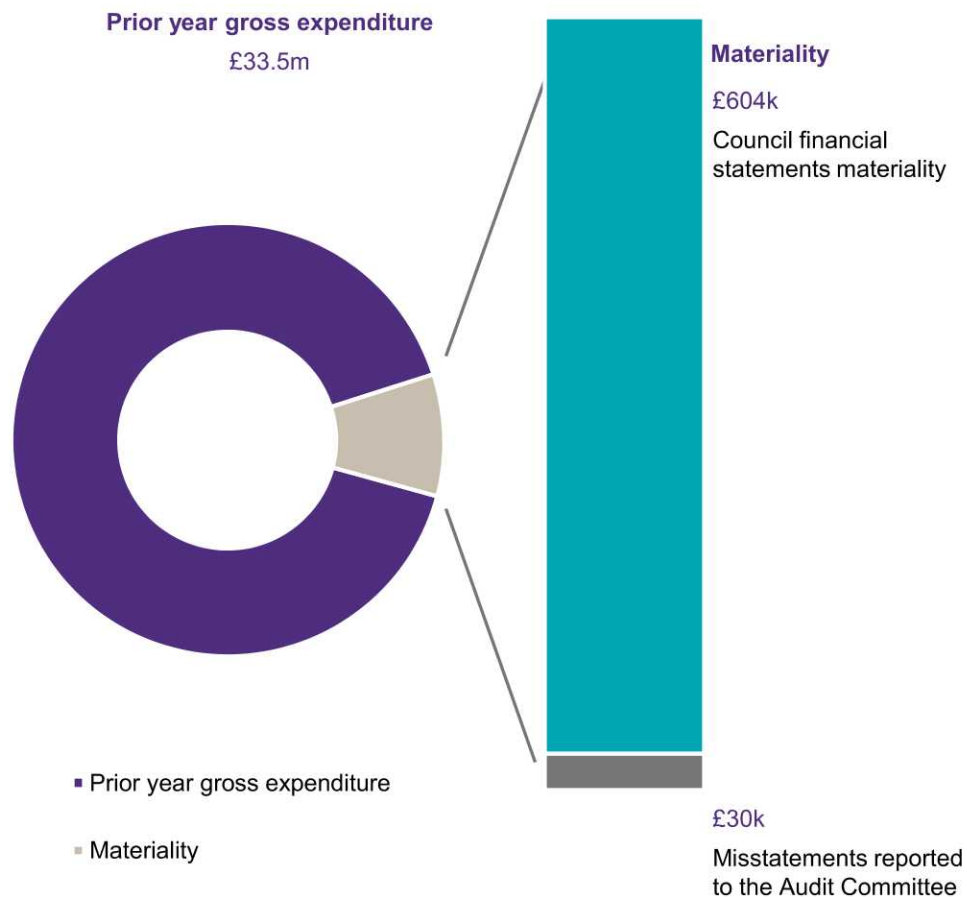
We have determined financial statement materiality based on a proportion of the gross expenditure of the Council for the financial year. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £604k for the Council, which equates to 1.8% of your [forecast/prior year] gross expenditure for the year. We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be £50k for Senior officer remuneration.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Matters we will report to the Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the Council, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £30k.

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit Committee to assist it in fulfilling its governance responsibilities.



Value for Money arrangements

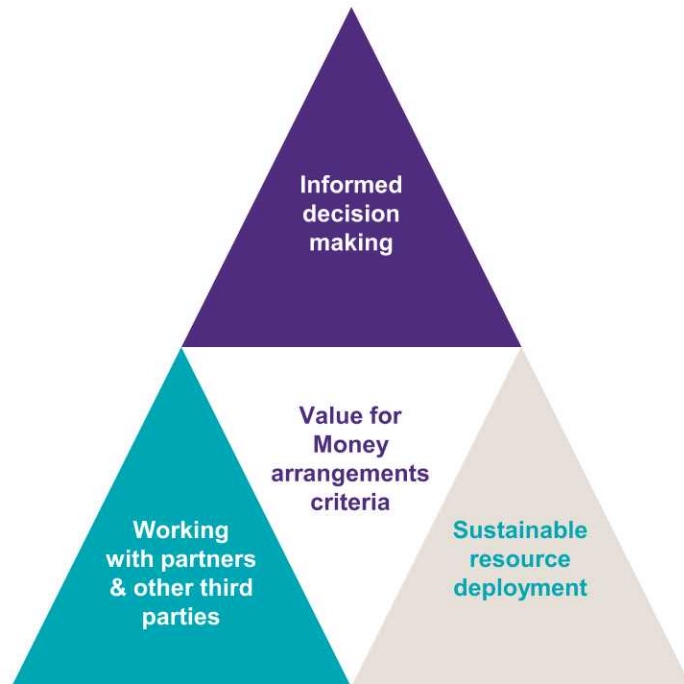
Background to our VFM approach

The NAO issued its guidance for auditors on Value for Money work in November 2017. The guidance states that for Local Government bodies, auditors are required to give a conclusion on whether the Council has proper arrangements in place to secure value for money.

The guidance identifies one single criterion for auditors to evaluate:

“In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.”

This is supported by three sub-criteria, as set out below:



Significant VFM risks

Those risks requiring audit consideration and procedures to address the likelihood that proper arrangements are not in place at the Council to deliver value for money.



Informed decision making

In common with most of Local Government, the Council has identified some financial challenges over the life of its Medium Term Financial Strategy. The Council is currently forecasting a balanced budget for 2019/20 and a £0.5m budget gap by 2020/21. The cumulative deficit of £3million (at September 2018) by 2022/23 is planned to be addressed through a challenging programme that includes:

- Budget delivery and reserves management;
- Waste contract being re-tendered
- Commercialisation and associated borrowing

The Council has identified a key risk that may arise that would affect its achievement. Some of the councils identified savings are part of its joint working with South Hams District Council, e.g. the award of a joint waste collection service and the continuation of joint provision of services.

Response

We will review the Council's approach to:

- Tendering the Waste contract;
- The decision to embark on its commercialisation plans; and
- Setting and Monitoring the delivery of its Medium Term financial strategy.

We will continue to observe the joint working with South Hams DC

Audit logistics, team & fees



Geraldine Daly
Associate Director
T: 0117 305 7741
E: geri.n.daly@uk.gt.com



Steve Johnson
Audit Manager
M. 07880 456134
E: steve.p.johnson@uk.gt.com

Audit fees

The planned audit fees are £30,335 (PY: £39,396) for the financial statements audit completed under the Code, which are inline with the scale fee published by PSAA. There is no non-Code (as defined by PSAA) work planned]. In setting your fee, we have assumed that the scope of the audit, and the Council and its activities, do not significantly change.

Our requirements

To ensure the audit is delivered on time and to avoid any additional fees, we have detailed our expectations and requirements in the following section 'Early Close'. If the requirements detailed overleaf are not met, we reserve the right to postpone our audit visit and charge fees to reimburse us for any additional costs incurred.

Any proposed fee variations will need to be approved by PSAA.

Early close

Meeting the 31 July audit timeframe

In the prior year, the statutory date for publication of audited local government accounts was brought forward to 31 July, across the whole sector. This was a significant challenge for local authorities and auditors alike. For authorities, the time available to prepare the accounts was curtailed, while, as auditors we had a shorter period to complete our work and faced an even more significant peak in our workload than previously.

The council achieved the earlier deadlines in 2017/18, and the opinion was given on 26 July 2018.

We have carefully planned how we can make the best use of the resources available to us during the final accounts period. As well as increasing the overall level of resources available to deliver audits, we have focused on:

- bringing forward as much work as possible to interim audits
- starting work on final accounts audits as early as possible, by agreeing which authorities will have accounts prepared significantly before the end of May
- seeking further efficiencies in the way we carry out our audits
- working with you to agree detailed plans to make the audits run smoothly, including early agreement of audit dates, working paper and data requirements and early discussions on potentially contentious items.

We are satisfied that, if all these plans are implemented, we will be able to complete your audit and those of our other local government clients in sufficient time to meet the earlier deadline.

Client responsibilities

Where individual clients do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other clients. We will therefore conduct audits in line with the timetable set out in audit plans (as detailed on page 14). Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit by the statutory deadline. Such audits are unlikely to be re-started until very close to, or after the statutory deadline. In addition, it is highly likely that these audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit or additional audit fees being incurred, you need to ensure that you:

- produce draft financial statements of good quality by the deadline you have agreed with us, including all notes, the narrative report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

In return, we will ensure that:

- the audit runs smoothly with the minimum disruption to your staff
- you are kept informed of progress through the use of an issues tracker and weekly meetings during the audit
- we are available to discuss issues with you prior to and during your preparation of the financial statements.

Independence & non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in December 2017 and PSAA's Terms of Appointment which set out supplementary guidance on ethical requirements for auditors of local public bodies.

Other services provided by Grant Thornton

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. No other services were identified.

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KPMG LLP
Infrastructure, Government & Healthcare
66 Queen Square
Bristol
BS1 4BE
United Kingdom

Tel +44 (0)117 905 4434

Private & confidential

Lisa Buckle
Finance Community of Practice Lead
West Devon Borough Council
Kilworthy Park
Drake Road
Tavistock
Devon PL19 0BZ

Our ref WDBC/GrantLett/18

Contact Adam Bunting
+44 (0)292 046 8003

13 December 2018

Dear Lisa

West Devon Borough Council - Certification of claims and returns - annual report 2017/18

Public Sector Audit Appointments requires its external auditors to prepare an annual report on the claims and returns certified for each audited body. This letter is our annual report for the certification work we have undertaken for 2017/18.

In 2017/18 we carried out certification work on only one claim or return, the Housing Benefit Subsidy claim. The certified value of the claim was £13.3 million, and we completed our work and certified the claim on 29 November 2018.

Matters arising

Our certification work on Housing Subsidy Benefit claim included:

- agreeing standard rates, such as for allowances and benefit incomes, to the DWP Circular communicating the value of each rate for the year;
- sample testing of benefit claims to confirm that the entitlement had been correctly calculated and was supported by appropriate evidence;
- undertaking an analytical review of the claim form considering year-on-year variances and key ratios;
- confirming that the subsidy claim had been prepared using the correct benefits system version; and
- completing testing in relation to modified schemes payments, uncashed cheques and verifying the accurate completion of the claim form.

Our work did not identify any issues or errors and we certified the claim unqualified without amendment.

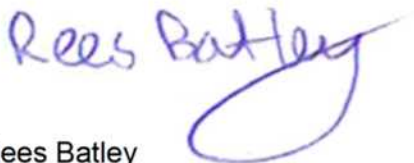
Consequently we have made no recommendations to the Authority to improve its claims completion process. There were no recommendations made last year and there are no further matters to report to you regarding our certification work.

In addition, there were no issues raised in our 2016/17 Certification Annual Report which required follow-up during 2017/18.

Certification work fees

Public Sector Audit Appointments set an indicative fee for our certification work in 2017/18 of £5,630. Our actual fee was the same as the indicative fee, and this compares to the 2016/17 fee for this claim of £5,340. The variance between years reflects the different indicative fees set by Public Sector Audit Appointments for each year.

Yours sincerely



Rees Batley
Director, KPMG LLP

This report is addressed to the Council and has been prepared for the sole use of the Council. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. We draw your attention to the Statement of Responsibilities of auditors and audited bodies, which is available on Public Sector Audit Appointment's website (www.psaa.co.uk).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Rees Batley, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers, by email to andrew.sayers@kpmg.co.uk. After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk, by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

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Agenda Item 7

Report to: **Audit Committee**

Date: **22 January 2019**

Title: **Update on Progress on the 2018-19
Internal Audit Plan**

Portfolio Area: **Support Services – Cllr C Edmonds**

Wards Affected: **All**

Relevant Scrutiny Committee: Overview and Scrutiny Panel

Urgent Decision: **N** Approval and clearance obtained: **Y**

Author: **Dominic Measures** Role: **Audit Manager**
Robert Hutchins **Head of Partnership**

Contact: dominic.measures@swdevon.gov.uk **01803 861375**
Robert.hutchins@swdevon.gov.uk **01392 383000**

Recommendations:

It is recommended that the progress made against the 2018/19 internal audit plan, and any key issues arising are approved.

1. Executive summary

The purpose of this report is to inform members of the principal activities and findings of the Council's Internal Audit team for 2018/19 to 31 December 2018, by:

- Showing the progress made by Internal Audit against the 2018/19 annual internal audit plan, as approved by this Committee in March 2018; and
- Highlighting any revisions to the 2018/19 internal audit plan;

2. Background

The Audit Committee, under its Terms of Reference contained in West Devon Borough Council's Constitution, is required to consider the Chief Internal Auditor's audit reports, to monitor and review the internal audit programme and findings, and to monitor the progress and performance of Internal Audit.

The Accounts and Audit (Amendment) (England) Regulations 2015 require that all Authorities need to carry out an annual review of the effectiveness of their internal audit system, and need to incorporate the results of that review into their Annual Governance Statement (AGS), published with the annual Statement of Accounts.

The Internal Audit plan for 2018/19 was presented to and approved by the Audit Committee in March 2018. A Progress Report for the period from 1 April to 14 September 2018 was presented to the Audit Committee last October and this latest Progress report covers the period up until 31 December 2018. Progress has been in line with expectations. There has been slight impact due to sickness absence totalling 15 days (apportioned WDBC 4 days, SHDC 11 days) in the year to date.

The 2018/19 audit plan currently includes two audits that utilise additional Devon Audit Partnership resources. These are:

- a. Business Continuity within the Supply Chain – this audit fieldwork has been completed and a draft report issued. Responses from management on the recommendations made are awaited.
- b. Cyber Security – this audit is currently in progress.

These audits are to be funded from officer time spent on and claimed against LAG and LEAF administration in this financial year.

3. Outcomes/outputs

In carrying out systems and other reviews, Internal Audit assess whether key, and other controls are operating satisfactorily within the area under review, and an opinion on the adequacy of controls is provided to management as part of the audit report.

All final audit reports include an action plan which identifies responsible officers, and target dates to any address control issues or recommendations for efficiencies identified during each review. Implementation of action plans are reviewed during subsequent audits or as part of a specific follow-up process.

Overall, and based on work performed to date during 2018/19, Internal Audit is able to provide reasonable assurance on the adequacy and effectiveness of the Authority's internal control environment.

The 2018/19 Internal Audit Plan is attached at **Appendix A**. This has been extended to show the position for each audit as at 31 December 2018.

The reporting of individual high and medium priority recommendations is set out at **Appendix B**. This is an ongoing part of the report to advise the Audit Committee, in detail, of significant findings since the last report and confirm that the agreed action has been implemented or what progress has been made.

Appendix C provides a summary of work where the planned work is complete but no audit report produced.

Non Compliance with Contract or Financial Procedure Rules - there are no significant issues to bring to the attention of the Committee so far this year. 3 applications for exemptions to Contract / Financial Procedure Rules have been received in the year to date, all were accepted.

Irregularities

There are no irregularities to report.

4. Options available and consideration of risk

No alternative operation has been considered as the failure to maintain an adequate and effective system of internal audit would contravene the Accounts and Audit Regulations, 2003, 2006, 2011 and 2015.

5. Proposed Way Forward

We continue to be flexible in our approach and with the timetabling of audits to ensure that resources are assigned to specific areas of the plan to enable our work to be delivered at the most effective time for the organisation.

6. Implications

| Implications | Relevant to proposals Y/N | Details and proposed measures to address |
|------------------|---------------------------|---|
| Legal/Governance | Y | The Accounts and Audit Regulations 2015 issued by the Secretary of State require every local authority to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, |

| | | |
|---|---|---|
| | | taking into account public sector internal auditing standards. The work of the internal audit service assists the Council in maintaining high standards of public accountability and probity in the use of public funds. The service has a role in promoting robust service planning, performance monitoring and review throughout the organisation, together with ensuring compliance with the Council's statutory obligations. |
| Financial | Y | There are no additional or new financial implications arising from this report. The cost of the internal audit team is in line with budget expectations. |
| Risk | Y | The work of the internal audit service is an intrinsic element of the Council's overall corporate governance, risk management and internal control framework. |
| Comprehensive Impact Assessment Implications | | |
| Equality and Diversity | N | There are no specific equality and diversity issues arising from this report. |
| Safeguarding | N | There are no specific safeguarding issues arising from this report. |
| Community Safety, Crime and Disorder | N | There are no specific community safety, crime and disorder issues arising from this report. |
| Health, Safety and Wellbeing | N | There are no specific health, safety and wellbeing issues arising from this report. |
| Other implications | N | There are no other specific implications arising from this report. |

Supporting Information

Appendices:

There are no separate appendices to this report.

Background Papers:

Annual Internal Audit Plan 2018/19 as approved by the Audit Committee on 20 March 2018.

Appendix A

| Projects agreed in the Audit Plan | Planned Number of Days | Fieldwork started | Issued in draft | Management comments received | Final | Opinion | | | | Comments |
|--|------------------------|-------------------|-----------------|------------------------------|-------|---------------|---------------|-----------------------|------------------------|--|
| | | | | | | High Standard | Good Standard | Improvements Required | Fundamental Weaknesses | |
| 2017/18 Plan | | | | | | | | | | |
| Housing Benefit | | ■ | ■ | ■ | ■ | | ■ | | | Summary presented to Audit Committee in October 2018 |
| 2018/19 Plan | | | | | | | | | | |
| MAIN FINANCIAL SYSTEMS | | | | | | | | | | |
| Main Accounting System (inc budgetary control) | 20 | | | | | | | | | |
| Creditor (Payments) | 15 | ■ | | | | | | | | |
| Debtors (Income Collection) | 15 | | | | | | | | | |
| Payroll | 15 | | | | | | | | | |
| Business Rates | 15 | ■ | ■ | | | | | ■ | | |
| Council Tax | 15 | ■ | ■ | | | | | ■ | | |
| Housing Benefits | 15 | | | | | | | | | |
| Treasury Management | 10 | ■ | ■ | | | | ■ | | | |
| Main Financial Systems | 120 | | | | | | | | | |

Appendix A

| Projects agreed in the Audit Plan | Planned Number of Days | Fieldwork started | Issued in draft | Management comments received | Final | Opinion | | | | Comments |
|--|------------------------|-------------------|-----------------|------------------------------|-------|---------------|---------------|-----------------------|------------------------|-----------------------------|
| | | | | | | High Standard | Good Standard | Improvements Required | Fundamental Weaknesses | |
| COMMERCIAL SERVICES | | | | | | | | | | |
| Salcombe Harbour (S.Hams) | 10 | ■ | | | | | | | | |
| Dartmouth Lower Ferry (S.Hams) | 8 | | | | | | | | | |
| Environmental Services – Enforcement Process (Fly Tipping, Abandoned Vehicles etc) | 10 | ■ | ■ | ■ | ■ | | ■ | | | Summary in Appendix B below |
| Grounds Maintenance Operations (inc control of bedding plants) | 15 | | | | | | | | | |
| Environmental Services - Coastal Work Follow-Up (S.Hams) | 3 | ■ | ■ | ■ | ■ | | ■ | | | |
| Depots & Stores Follow-Up (S.Hams) | 3 | ■ | ■ | ■ | ■ | | | ■ | | |
| Environmental Services – Beach and Water Safety (S Hams) | 5 | ■ | ■ | ■ | ■ | | ■ | | | |
| Commercial Services | 54 | | | | | | | | | |

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Appendix A

| Projects agreed in the Audit Plan | Planned Number of Days | Fieldwork started | Issued in draft | Management comments received | Final | Opinion | | | | Comments |
|--|------------------------|-------------------|-----------------|------------------------------|-------|---------------|---------------|-----------------------|------------------------|--|
| | | | | | | High Standard | Good Standard | Improvements Required | Fundamental Weaknesses | |
| CUSTOMER FIRST | | | | | | | | | | |
| Planning (Applications) – (Completion of 17/18 audit) | 10 | ■ | ■ | ■ | ■ | | | ■ | | Summary presented to Audit Committee in October 2018 |
| Housing - Homelessness | 10 | ■ | ■ | ■ | ■ | | ■ | | | Summary in Appendix B below |
| Section 106 agreements (follow up) | 5 | ■ | ■ | ■ | ■ | | | ■ | | Summary presented to Audit Committee in October 2018 |
| Environmental Services – Food Safety – Progress with Food Standards Agency Action Plan | 5 | ■ | ■ | ■ | ■ | | ■ | | | Summary in Appendix B below |
| Asset Management (deferred from 17/18) | 5 | | | | | | | | | |
| Customer First | 35 | | | | | | | | | |
| STRATEGY & COMMISSIONING | | | | | | | | | | |
| Performance Management (KPI's & data quality) (deferred from 17/18) | 15 | | | | | | | | | |

Appendix A

| Projects agreed in the Audit Plan | Planned Number of Days | Fieldwork started | Issued in draft | Management comments received | Final | Opinion | | | | Comments |
|---|------------------------|-------------------|-----------------|------------------------------|-------|---------------|---------------|-----------------------|------------------------|--|
| | | | | | | High Standard | Good Standard | Improvements Required | Fundamental Weaknesses | |
| Risk Management Follow-Up (deferred from 17/18) | 10 | | | | | | | | | |
| Administration of Member Expenses (deferred from 17/18) | 6 | ■ | ■ | ■ | ■ | | ■ | | | Summary in Appendix B below |
| Procurement – Waste and Front Line Services | 15 | ■ | | | | | | | | Audit presence during the procurement & mobilisation phases of the Frontline Waste Services contract |
| Commercialisation Strategy | 10 | | | | | | | | | |
| Contract Management Strategy and Process | 10 | ■ | | | | | | | | |
| Contract Management – Leisure Contract | 10 | ■ | ■ | ■ | ■ | | ■ | | | Summary in Appendix B below |
| Business Continuity within the Supply Chain | 8 | ■ | ■ | | | | | ■ | | |
| Health & Safety Further Follow-Up | 3 | ■ | ■ | ■ | ■ | | | ■ | | Summary presented to Audit Committee in October 2018 |
| Strategy and Commissioning | 87 | | | | | | | | | |

Appendix A

| Projects agreed in the Audit Plan | Planned Number of Days | Fieldwork started | Issued in draft | Management comments received | Final | Opinion | | | | Comments |
|--|------------------------|-------------------|-----------------|------------------------------|-------|---------------|---------------|-----------------------|------------------------|---|
| | | | | | | High Standard | Good Standard | Improvements Required | Fundamental Weaknesses | |
| SUPPORT SERVICES | | | | | | | | | | |
| ICT Audit - Incident Management | 25 | ■ | ■ | ■ | ■ | | ■ | | | Summary presented to Audit Committee in October 2018 |
| ICT Audit – Change Management Follow-up | | ■ | ■ | ■ | ■ | | | ■ | | Summary presented to Audit Committee in October 2018 |
| ICT Audit Asset Control | | ■ | ■ | ■ | ■ | | | ■ | | Summary in Appendix B below |
| Corporate Information Management (GDPR compliance) | 10 | | | | | | | | | |
| Cyber Security | 6 | ■ | | | | | | | | |
| Business Continuity Follow-Up (inc BCP exercises) | 5 | | | | | | | | | |
| Comments and Complaints | 10 | ■ | ■ | | | | | | | |
| Review of Financial Regulations | 5 | ■ | ■ | ■ | ■ | | ■ | | | Summary presented to Audit Committee in October 2018. |
| Cash Collection | 3 | | | | | | | | | |
| Support Services | 69 | | | | | | | | | |

Appendix A

| Projects agreed in the Audit Plan | Planned Number of Days | Fieldwork started | Issued in draft | Management comments received | Final | Opinion | | | | Comments |
|--|------------------------|-------------------|-----------------|------------------------------|-------|---------------|---------------|-----------------------|------------------------|--|
| | | | | | | High Standard | Good Standard | Improvements Required | Fundamental Weaknesses | |
| OTHER ESSENTIAL ITEMS | | | | | | | | | | |
| Audit Management including:- - Audit planning, - Monitoring & reporting, - Audit Committee | 28 | ■ | - | - | - | - | - | - | - | Includes attendance at Audit Committee – Annual Report presented to Audit Committee on 21 June 2018, |
| Annual Governance Statement | 2 | - | - | - | - | - | - | - | - | Review of the Code of Corporate Governance presented to June 2018 Audit Committee under separate cover |
| Exemptions from Financial Regulations | 5 | ■ | | | | | | | | |
| Grants - Greater Dartmoor Local Enterprise Action Fund (LEAF) & South Devon Coastal Action Group (LAG) | 20 | ■ | - | - | - | - | - | - | - | 19 days spent on claims to date. Estimate further 7 days required – totalling 26 days in all. |
| Contingency & Advice | 10 | ■ | - | - | - | - | - | - | - | |
| OTHER ESSENTIAL ITEMS | 65 | | | | | | | | | |
| Total Days | 430 | | | | | | | | | |

Planned Audit 2018/19 – Final Reports

As at 31st December 2018, 15 final reports have been issued in respect of 2018/19 work. Eight of these, together with one report finalised in the current year in respect of the 2017/18 audit plan, were reported to the Audit Committee in October. Final reports issued since 14th September 2018 are included below.

| Subject | Audit Findings | Management Response |
|------------------------|---|---|
| Housing - Homelessness | <p>Audit Opinion - Good Standard</p> <p>Conclusions</p> <p>Recent changes to homelessness legislation do not represent a significant change for South Hams or West Devon Councils, as the focus has always been on homelessness prevention due to limited temporary accommodation being available in which to place those whom the Councils have a statutory duty to house.</p> <p>Processes and procedures are in place to manage homelessness applications, as well as the resultant Relief of Prevention Duty, where this is determined as applicable. We confirmed that these are in line with current legislation and best practice.</p> <p>There are also procedures in place to administer the payment of rent on behalf of clients for whom a Relief Duty exists, as well as the recovery of related costs from either the client or via housing benefit as appropriate.</p> <p>However, there are several areas where action could be taken to strengthen controls and gain efficiencies, including:</p> <ol style="list-style-type: none"> 1. Completing the planned review of Homelessness-related policies, to ensure that they reflect current legislation; 2. Reviewing the Risk Assessments, both within “Jigsaw”, the dedicated software used to record and manage homelessness applications and referrals, and within separate referral documents, to ensure that officers do not need to duplicate these; | <ol style="list-style-type: none"> 1. Agreed, existing housing option policies will be reviewed to ensure that the current legislation is adequately reflected. 2. Agreed, Officers now only complete the risk assessment within the “Jigsaw” software and share this with partner organisations, except in those cases where the partner requires that their own version of the risk assessment be completed. 3. Agreed. <ol style="list-style-type: none"> a. All relevant staff have been trained in the completion of the Homelessness Case Level Information Collection (H-CLIC) report fields; b. The Jigsaw checklists have been purged of unnecessary fields and customised; c. The software supplier to remove duplicate fields; d. The first H-CLIC upload, which has a built in check to identify errors, has been completed for each Council and both were error free. e. Statutory letter templates have been improved and the process simplified, so that they are all downloaded and uploaded in the same way. f. All Housing officers have been trained in the completion of statutory letters and as many missing ones as possible have been located and attached to the relevant cases on Jigsaw. |

| Subject | Audit Findings | Management Response |
|---------|---|---|
| | <p>3. Addressing several issues regarding the consistent completion of fields within Jigsaw, which will contribute to both completeness of records and efficiency of processing;</p> <p>4. Review of the recharging of WDBC clients for temporary accommodation costs where appropriate;</p> <p>5. Re-introduction of the review of Deposit Guarantees, in order to monitor the potential liability to the Council; and</p> <p>6. Reviewing how Rent Deposits and Rents in Advance are recorded, to allow the payment and recovery of these to be more readily monitored.</p> | <p>4. Agreed in principle. Systems are now in place which will allow customers to be recharged for the cost of temporary accommodation within West Devon. But, due to limited staff resource, officers are currently considering the balance between the costs of administering such recharges versus the value of contributions received. Following a review of the 2018/19 workload, it may be that recharges are made for that temporary accommodation owned by WDBC (currently one property), with a view to bringing in recharges for privately-owned temporary accommodation used by the Council in the future, as staff resource allows.</p> <p>5. Agreed in principle. However, there is insufficient staff resource to contact landlords to confirm whether or not tenants are still present. The risk to the Council that the total value of DGBs issued at any one time would all be claimed in full in one year is felt to be very low, particularly when compared to the diversion of staff resource which would be required to contact all landlords individually. It is written into the DGB contracts that landlords must advise the Council when a tenant vacates the accommodation. Also they must make any claim against the bond within 21 days of the termination of the tenancy.</p> <p>6. Disagreed. Given the limited staff resource, it is felt more important to successfully prevent homelessness, than to maintain records which duplicate information available from other sources. The majority of Rent in Advance/Rent Deposits are provided as grants and so recovery would not be sought. In the few cases where a loan is made, the Accountants are able to provide Housing staff of the financial position and any debt recovery is carried out by Support Services.</p> |

| Subject | Audit Findings | Management Response |
|---|--|--|
| <p>Environmental Services Food Safety – Progress with Food Standards Agency Action Plan</p> | <p>Audit Opinion - Good Standard</p> <p>Conclusions</p> <p>The Food Safety team have made notable improvements in the delivery of the food safety service since our previous audit of 2015/16. Whilst many of the recommendations we made have been implemented, and most of the recommended actions identified by the FSA in their 2017 audit have been completed, some remain outstanding, largely due to other work pressures. The majority are of relatively low priority, with the most significant being:</p> <ol style="list-style-type: none"> 1. The continued need to monitor the timeliness of food business interventions, to ensure that these are carried out within the target dates, as far as possible; 2. Processes and procedures should continue to be reviewed, in order that the food safety service is not delivered at the expense of other areas of responsibility; 3. The Business Development Team should be reminded of the importance of seeking an acceptable mobile software solution in order to gain efficiencies; and 4. The Database Procedure needs to be formally documented, to include the management of records on Civica APP, and brought to the attention of all relevant staff. | <ol style="list-style-type: none"> 1. Agreed. Efforts are made to ensure that interventions are completed on a timely basis, but, with limited staff resource, it is unlikely that this will be achieved for 100% of the annual programme. There is a need to be pragmatic, and although the team have been asked to clear older cases, there remains a need to prioritise high risk premises. Also, the geography of West Devon in particular, means that there will always be a need to amalgamate visits which are relatively close together, and so some visits will be completed early and others late. Without this approach a disproportionate amount of officer time would be spent travelling, further reducing the time available to be spent on completing interventions. 2. The Food Hygiene Inspection Procedure (FS004) to be updated, to incorporate the currently separate guidance on Emergency Prohibition Notices, Voluntary Closures, Approvals etc, in order that these are all available in a single document; and the Infectious Disease and Foodborne Illness Procedure (FS011) to be updated with reference to Campylobacter and those changes of responsibility under the new Memorandum of Agreement with Public Health England. In addition, Locality Officers are asked to advise the Food Safety team of any food businesses which appear to open, close or change hands, which they may observe in the course of their duties. 3. The Business Development Team has continued to work on a mobile solution and have been liaising with the Senior Specialist – Environmental Health (KP) regarding the population of forms within Civica APP from the mobile devices. Completion has been reliant on ICT and the Business Development Team completing testing and security checks. Trials of the |

| Subject | Audit Findings | Management Response |
|---|--|--|
| | | <p>solution started in December with only limited functionality but this is seen as a big step forward that will increase the speed that visits are put onto the system by case management. Further progress with improving the populating of information from mobile to back office is dependent on ICT resources.</p> <p>4. Agreed. The Database Procedure will include:</p> <ol style="list-style-type: none"> a. Closure of records and how this should be done where a premises has more than one facet associated with it; b. Setting up of new records for each different owner of a premises; and c. How and when “F-codes”, (used to define inspection and visit types), should be removed. <p>A copy of the Database Procedure will be made available to all relevant staff and training provided as necessary.</p> |
| <p>Environmental Services – Enforcement Process (Fly Tipping, Abandoned Vehicles etc)</p> | <p>Audit Opinion - Good Standard</p> <p>Conclusions</p> <p>Using the systems and processes provided, the Councils are undertaking their duties with regard to environmental enforcement. In general our review of records has confirmed that cases are supported by the required information.</p> <p>We have however highlighted that the customer experience on reporting issues online, both at the beginning and end of the process, could be improved to enable better interaction and more efficient direct automated processing and self-service. Weaknesses highlighted with the system included:</p> <ul style="list-style-type: none"> • No recording of data protection requirements for data use; • No online information to users on other reported cases resulting in duplicated reporting; | <ul style="list-style-type: none"> • It is recognised that work needs to be completed on a robust method of informing those who report incidents on how information they provide is used and stored by the Councils, including online forms. • Officers are to discuss improving the customer experience. Reliance is placed on the systems available and development by the software supplier and ICT. This will be raised further with ICT and business development team. Additional information will also be considered for the website. • It is agreed there is a need to review processes and where possible reduce duplication. The Councils are limited by the functionality of W2 and need to complete the supporting records. It will require |

| Subject | Audit Findings | Management Response |
|---------|---|---|
| | <ul style="list-style-type: none"> • No direct self-service system for customers; • Data held in numerous systems, rather than a single database, resulting in incomplete records and a duplication of work; • Reliance on manual data input and handling rather than automated processing; and • Limited automated customer replies and information on progress and closing of cases. <p>Examination of a number of other local authority websites indicated that customers elsewhere have a more interactive, self-serve type connection and that other Councils published more information for customers, for example a comprehensive table of reported issues, such as abandoned cars or lost dogs, and other associated performance information relating to environment enforcement services.</p> <p>One of the authorities' goals is to reduce the number of reported incidents and especially lessen the duplication of reported cases. Currently the software and systems used do not reduce the duplicated reporting and manual input of data.</p> <p>The Councils are committed to reducing the number of reported offences and proactively targeting 'hotspots', where work can be undertaken such as visible patrols. Staff have also suggested that additional training might be appropriate to aid in undertaking more vigorous investigations and related prosecutions.</p> <p>It may be beneficial to include more procedure and legal information for customers, such as how to identify abandoned vehicles, information relating to Council policies and legislation and especially surrounding how the authorities will undertake prosecutions and recovery of debts.</p> <p>The Councils could do more to promote the work they currently do on issues such as fly tipping and dog fouling. The information relating to fly tipping, such as the videos on South Hams website, should also be updated for West Devon. Services should promote and publish data/information on the work they do, such as inspections and patrols undertaken or other related enforcement. There are plans to use the enforcement and locality officers, who will be Accredited officers, to undertake a more formal approach to patrols and enforcement. Where possible information obtained from the various services should be actively shared and the data, such as the number of fines issued or active patrols, made available to the public and members.</p> | <p>significant work to understand the processes and although this is needed, will require additional resources so will have to be done in the new year.</p> <ul style="list-style-type: none"> • There are limited resources available to undertake performance reviews but it is agreed that this should be completed to enable accurate target and performance setting. • There are plans to review the level of investigations undertaken by the Councils as currently there are limited resources within the service and potentially across the authorities. This is a long term plan and so will be scheduled for next year. • The provision of more procedure and legal information for customers will be reviewed and actioned where appropriate. The website information is usually updated by Communications and so enforcement services will liaise with them. The improvements to reporting will be raised with ICT. There is limited information produced on the service performance and this will have to be considered whether appropriate to include as public information given the limited resources available to produce this volume of information. • Agreed, the Councils need to be better at sharing knowledge and resources and this has already been discussed with the Localities Team Leader. Further work will be undertaken in association with Localities when there is the opportunity and resources in the new year. |

| Subject | Audit Findings | Management Response |
|--|---|---|
| <p>Administration of Member Expenses</p> | <p>Audit Opinion - Good Standard</p> <p>Conclusions</p> <p>We were able to confirm that controls over the payment of Members allowances and travel and subsistence claims are generally in place and operating as expected, subject to a degree of reliance being placed on the record keeping of Councillors with respect to those journeys for which costs are claimed, but where there may be no evidence of the meeting taking place or being attended. However, this is the same principle as applied to officers travel claims.</p> <p>No significant issues were noted, but we made a small number of recommendations of relatively low priority or else offered an opportunity to create efficiencies. These included:</p> <ol style="list-style-type: none"> 1. Aligning records and key documentation across SHDC and WDBC; 2. Ensuring that annual statistics regarding Member attendance at formal meetings and allowance and travel and subsistence payments, are published on a timely basis; and 3. Considering aligning the annual increase in the Basic Allowance with the changes to Special Responsibility Allowances, to be effective from Annual Council each year. | <ol style="list-style-type: none"> 1. Agreed. Members' Allowance Schemes falls in the second part of the Constitution which is currently being reviewed. The two Schemes will be aligned as far as possible in terms of content, look and feel. 2. Agreed. The annual attendance statistics have been collated and just need to be checked prior to publication. Similarly figures on allowance, travel and subsistence payments made to each Member have been collated and require a final check before publication. 3. Agreed. The alignment of the annual amendment to the Basic Allowance and Special Responsibility Allowances will be introduced in 2019/20, from the May 2019 Annual Council meeting. |

| Subject | Audit Findings | Management Response |
|---|---|--|
| <p>Contract Management – Leisure Contract</p> | <p>Audit Opinion - Good Standard</p> <p>Conclusions</p> <p>Using the systems and processes provided, the Councils are undertaking their duties with regard to managing the leisure facilities through the Design, Build, Operate and Maintain (DBOM) Contract. However, our review of records has confirmed that there are gaps in the evidence to support this management and that there are potential issues to consider in future contractual payments.</p> <p>Weaknesses highlighted during the audit review are summarised below;</p> <p>Collateral Warranties</p> <p>As part of the building works undertaken at the facilities, the Council should ensure that the following conditions are met;</p> <ul style="list-style-type: none"> • That signed Collateral Warranties are received from the Building Contractor; • That the financial considerations are paid to execute the Building Contract Warranty; • That the correct insurances are in place from the Building Contractor to cover the period of works and for 12 years after service availability; and • The Council holds copies of the building contract should this be needed in the future to act upon any Warranties. <p>Insurance</p> <p>The Contractor is responsible for insuring and operating the facilities and with additional cover from the Councils. We had noticed weaknesses in managing this and these included;</p> <ul style="list-style-type: none"> • Obtaining confirmation from the Contractor that valid insurances were in place; • That the insurances obtained agreed to the Contract requirements; • That a process be in place to manage the review of Base Insurance costs by the contractor and any changes to them. Under Clause 62, such reviews are due every two years and may result in a Joint Insurance Cost Report that the | <p>Collateral Warranties</p> <ol style="list-style-type: none"> 1. Officers will ensure that copies of the Collateral Warranties were signed and held by the Contractor. 2. The Specialist Assets will check with Legal whether payments are required to approve the Warranties. Although most of the building works have now been completed. 3. The principal contractor is Fusion and therefore the Councils need to confirm annually that their insurance is sufficient and this will be added to the yearly checklist. 4. Officers have copies of the building contracts and these will be checked and included in the leisure file. <p>Insurance</p> <p>Agreed, the Councils have confirmed that Fusion have provided the insurance certificates for the current year. Officers will also ensure that this is obtained from the Contractor annually and form part of the annual review checklist.</p> <p>The insurance levels as required under Schedule 14 of the contract will be confirmed with Legal.</p> |

| Subject | Audit Findings | Management Response |
|---------|--|--|
| | <p>Councils must agree within 15 working days; and</p> <ul style="list-style-type: none"> The lack of a Joint Insurance Account being set up as stipulated in the contract. <p>Performance Bond</p> <p>The current Performance Bond available expired on 30/04/18. The Council has not received evidence of its renewal or of a new Bond being put in place. In addition, there is the ongoing risk that reliance is placed on the Contractor being able to obtain a Bond.</p> <p>The Councils will need a business continuity plan should the contract need to be terminated or there is a failing in the Contractors performance.</p> <p>Income and Payments</p> <p>The Contractor is due to pay a Capital Finance Fee, to repay the Capital Loan of £7.8m, (£1.5m West Devon), an on-going Management Fee and potentially a share of any operating surplus, based on the agreed Contract Schedules and Payment and Performance Monitoring System. These will require varying amounts of understanding of the Contract, technical knowledge and input from relevant Council officers to ensure that the payment mechanism has been correctly applied by the contractor.</p> | <p>An assessment is being undertaken of the requirements of the Contract and insurers on what should be insured in terms of fixture and fittings and plant. This will be confirmed with all parties by the end of the financial year.</p> <p>Clause 62 will be reviewed with assistance from the Specialist Accountant and actioned should the Councils receive a Joint Insurance Cost Report.</p> <p>The Councils will confirm with the Contractor the requirements of maintaining the joint account and this will be reviewed annually.</p> <p>Performance Bond</p> <p>Officers are currently following up the renewal of the current Performance Bond with the Contractor and this issue will also be included in the annual review checklist.</p> <p>Agreed, there will be a workshop to assess the business continuity risks in the event of contractor failure or under performance.</p> <p>Income and Payments</p> <p>Officers have the knowledge and capacity to calculate the contractor payments. The various expected payments will be added to the checklist and confirm this to the Contract Schedules.</p> |

| Subject | Audit Findings | Management Response |
|----------------|-----------------------|----------------------------|
| | | |

| Subject | Audit Findings | Management Response |
|--|---|---|
| <p>ICT Audit Asset Control (Follow-Up)</p> | <p>Audit Opinion – Improvements Required</p> <p>Updated Audit Opinion – Improvements Required</p> <p>Conclusions</p> <p>Following the completion of our follow up work our audit opinion remains as Improvements Required. There has been some work to improve the recording and management of IT assets since last year, but a number of recommendations in our 2017/18 audit have not been implemented, or in some cases, were actioned, but revised procedures have not been wholly effective and require further consideration.</p> <p>It is acknowledged that for part of the intervening period, there were resource issues within the Service Desk team, due to long term sickness.</p> <p>Some of our more significant findings include:</p> <ol style="list-style-type: none"> 1. A failure of both the HR Leavers process and the more recently introduced ICT Leavers process, to routinely inform the Service Desk when an officer is leaving the Councils; 2. Inaccuracies in the IT hardware asset register; 3. The IT hardware asset register does not record data to contribute to the management of insurance cover for IT assets. | <ol style="list-style-type: none"> 1. HR will send an e-mail to all line managers reminding them and team leaders that whenever a Council employee, for whom they are responsible, leaves, they must complete a HR Leavers Form (Parts1 & 2) as well as an ICT Leavers Form for any individual who has been issued with IT equipment or who has access to the Councils' IT systems. 2. The Service Desk team have been reminded of the correct procedures for updating the asset register with updates to be made at the time an asset is issued or received. A document has been drawn up, recording how items should be added/edited/decommissioned on the asset register, and this has been saved to the Service Desk procedures area. This has been brought to the attention of the Service Desk team and raised at a recent team meeting. As far as an ongoing review of the asset register, it would be too time consuming to carry out a single exercise to review the entire asset register and so this is to be done over a period of time as staff have cause to seek assistance from the Service Desk and as items are brought in or issued. 3. Disagreed. The recording of purchase value against each item in the IT asset register is felt to be of limited benefit. Many individual items, such as laptops, are of lesser value than the insurance excess and so would not be claimed for in any case. Should there be a more significant loss, for example due to fire, then purchase records would be used to identify the value of any equipment to be claimed on the insurance. |

Definitions of Audit Assurance Opinion Levels

High Standard

The system and controls in place adequately mitigate exposure to the risks identified. The system is being adhered to and substantial reliance can be placed upon the procedures in place. We have made only minor recommendations aimed at further enhancing already sound procedures.

Good Standard

The systems and controls generally mitigate the risk identified but a few weaknesses have been identified and / or mitigating controls may not be fully applied. There are no significant matters arising from the audit and the recommendations made serve to strengthen what are mainly reliable procedures.

Improvements Required

In our opinion there are a number of instances where controls and procedures do not adequately mitigate the risks identified. Existing procedures need to be improved in order to ensure that they are fully reliable. Recommendations have been made to ensure that organisational objectives are not put at risk.

Fundamental Weaknesses Identified

The risks identified are not being controlled and there is an increased likelihood that risks could occur. The matters arising from the audit are sufficiently significant to place doubt on the reliability of the procedures reviewed, to an extent that the objectives and / or resources of the Council may be at risk, and the ability to deliver the service may be adversely affected. Implementation of the recommendations made is a priority.

Planned Audit 2018/19 – Work Complete (No Audit Report)

| Subject | Comments |
|---|--|
| <p>Waste Collection and Front Line Services Procurement</p> | <p>Internal Audit have provided support and challenge to the project team established to oversee the selection of a suitable contractor to undertake waste collection, street cleansing and the cleaning of public conveniences.</p> <p>Audit have attended regular Project Team meetings, was present at the receipt and opening of Detailed Solutions & Final Tenders from bidders as well as the subsequent moderation of evaluators scores. In addition, Audit has taken part in “dialogue sessions” with bidders which form part of the “Competitive Dialogue” procurement process. Audit will continue its role during the mobilisation phase until the start of the contract in April 2019.</p> |
| <p>System of Internal Control (SIC), and Annual Governance Statement (AGS)</p> | <p>Included within the Internal Audit Annual Report presented to the June Audit Committee was the internal audit opinion providing assurance that the Council's systems contain a satisfactory level of internal control.</p> <p>In addition, there is a requirement for the Council to prepare an AGS statement. Internal Audit provided support and challenge, as appropriate, to the Senior Leadership Team as they drafted the statement in respect of the 2017/18 financial year. The S151 Officer presented the 2017/18 AGS to the Audit Committee on 19 June 2018.</p> |
| <p>Exemptions to Financial Procedure Rules</p> | <p>3 applications for Contract / Financial Procedure Rules have been received in the year to date, all were accepted.</p> |

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Agenda Item 8

Report to: **Audit Committee**
Date: **22 January 2019**
Title: **Treasury Management Mid-Year Review**
Portfolio Area: **Performance & Resources – Cllr C Edmonds**
Wards Affected: **ALL**
Relevant Scrutiny Committee:

Urgent Decision: **N** Approval and clearance obtained: **Y**

Author: Alex Walker Role: **Finance Business Partner**

Contact: **Email alexandra.walker@swdevon.gov.uk 01803 861345**

| |
|---|
| <p>Recommendations: That the contents of the report are endorsed.</p> |
|---|

1. Executive summary

To date, the Council has outperformed the industry benchmark by 0.06%. The Council has achieved a rate of return of 0.65%, against the 7 day LIBID bid rate (LIBID) of 0.59%. The Council's budget for investment interest of £90,321 for 2018/19 is expected to be below target by £10,000 due to the need to keep investments short-term in order to meet cash flow requirements.

2. Background

The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering maximising investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses.

In December 2017, the Council approved an amendment to the Property Acquisition Strategy, which enables the Council to borrow up to £37.45 million (for a £35 million portfolio plus acquisition costs of 7%).

At Council in February 2017, it was approved (Minute CM54 and HC50) that a sum of £500,000 be used to invest in CCLA's (CCLA Investment Management Limited) Local Authorities Property Fund, with the investment being placed in April 2017.

Treasury management is defined as:

"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

The Council's Finance Procedure Rules require that a report be taken to the Audit Committee three times a year on Treasury Management. The specific reporting requirements are:

- An annual treasury strategy in advance of the year (Council 27/03/2018 – CM70)
- A mid-year (minimum) treasury update report (This report)
- An annual review following the end of the year describing the activity compared to the strategy

The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management recommends that Members be updated on treasury management activities regularly (i.e. Treasury Management Strategy Statement (TMSS), annual and midyear reports). This report therefore ensures this Council is implementing best practice in accordance with the Code.

Economic Background

The first half of 2018/19 has seen UK **economic growth** post a modest performance, but sufficiently robust for the Monetary Policy Committee, (MPC), to unanimously (9-0) vote to increase **Bank Rate** on 2nd August from 0.5% to 0.75%. Although growth looks as if it will only be modest at around 1.5% in 2018, the Bank of England's August Quarterly Inflation Report forecast that growth will pick up to 1.8% in 2019, albeit there were several caveats – mainly related to whether or not the UK achieves an orderly withdrawal from the European Union in March 2019.

Some MPC members have expressed concerns about a build-up of **inflationary pressures**, particularly with the pound falling in value again against both the US dollar and the Euro. The Consumer Price Index (CPI) measure of inflation rose unexpectedly from 2.4% in June to 2.7% in August due to increases in volatile components, but is expected to fall back to the 2% inflation target over the next two years given a scenario of minimal increases in Bank Rate. The MPC has indicated Bank Rate would need to be in the region of 1.5% by March 2021 for inflation to stay on track. Financial markets are currently pricing in the next increase in Bank Rate for the second half of 2019. However, the MPC will need to tread cautiously before increasing Bank Rate again, especially given all the uncertainties around Brexit.

Interest Rate Forecast

The Council's treasury advisor, Link Asset Services, has provided the following forecast:

| Link Asset Services Interest Rate View | | | | | | | | | | | |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | Sep-18 | Dec-18 | Mar-19 | Jun-19 | Sep-19 | Dec-19 | Mar-20 | Jun-20 | Sep-20 | Dec-20 | Mar-21 |
| Bank Rate View | 0.75% | 0.75% | 0.75% | 0.75% | 1.00% | 1.00% | 1.00% | 1.25% | 1.25% | 1.50% | 1.50% |
| 3 Month LIBID | 0.75% | 0.80% | 0.80% | 0.90% | 1.10% | 1.10% | 1.20% | 1.40% | 1.50% | 1.60% | 1.60% |
| 6 Month LIBID | 0.85% | 0.90% | 0.90% | 1.00% | 1.20% | 1.20% | 1.30% | 1.50% | 1.60% | 1.70% | 1.70% |
| 12 Month LIBID | 1.00% | 1.00% | 1.00% | 1.10% | 1.30% | 1.30% | 1.40% | 1.60% | 1.70% | 1.80% | 1.80% |
| 5yr PWLB Rate | 2.00% | 2.00% | 2.10% | 2.20% | 2.20% | 2.30% | 2.30% | 2.40% | 2.50% | 2.50% | 2.60% |
| 10yr PWLB Rate | 2.40% | 2.50% | 2.50% | 2.60% | 2.70% | 2.70% | 2.80% | 2.90% | 2.90% | 3.00% | 3.10% |
| 25yr PWLB Rate | 2.80% | 2.90% | 3.00% | 3.10% | 3.10% | 3.20% | 3.30% | 3.30% | 3.40% | 3.50% | 3.50% |
| 50yr PWLB Rate | 2.60% | 2.70% | 2.80% | 2.90% | 2.90% | 3.00% | 3.10% | 3.10% | 3.20% | 3.30% | 3.30% |

The flow of generally positive economic statistics after the end of the quarter ended 30 June meant that it came as no surprise that the MPC came to a decision on 2 August to make the first increase in Bank Rate above 0.5% since the financial crash, to 0.75%. However, the MPC emphasised again, that future Bank Rate increases would be gradual and would rise to a much lower equilibrium rate, (where monetary policy is neither expansionary or contractionary), than before the crash; indeed they gave a figure for this of around 2.5% in ten years' time but they declined to give a medium term forecast. We do not think that the MPC will increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. We also feel that the MPC is more likely to wait until August 2019, than May 2019, before the next increase, to be followed by further increases of 0.25% in May and November 2020 to reach 1.5%. However, the cautious pace of even these limited increases is dependent on a reasonably orderly Brexit.

Annual Investment Strategy

The Treasury Management Strategy Statement (TMSS) for 2018/19, which includes the Annual Investment Strategy, was approved by the Council on 27/03/18 – CM70 (and Audit Committee 20/03/2018 – AC34). It sets out the Council's investment priorities as being:

- Security of capital;
- Liquidity; and
- Yield.

The Council will also aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity. In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with highly credit rated financial institutions, using our suggested creditworthiness approach, including a minimum sovereign credit rating, and Credit Default Swap (CDS) overlay information.

Debt and Investment Position

A summary of the Council's debt and investment position as at 30 September 2018 (including forecast as at 31 March 2019) compared with 31 March 2018 is shown in the table below.

| Debt & Investments | 31 March 2018 | | 30 September 2018 | | 31 March 2019 | |
|-------------------------------|----------------|--------|-------------------|--------|---------------|--------|
| | Actual | | Actual | | Forecast | |
| | £'000 | Rate % | £'000 | Rate % | £'000 | Rate % |
| Long Term Debt: | | | | | | |
| PWLB | 2,100 | 4.55 | 2,100 | 4.55 | 2,100 | 4.55 |
| PWLB | 2,650 | 1.92 | 2,514 | 1.92 | 2,378 | 1.92 |
| PWLB | - | - | 12,690 | 2.65 | 12,628 | 2.65 |
| PWLB | - | - | 3,600 | 2.6 | 3,582 | 2.6 |
| PWLB | - | - | 3,592 | 2.54* | 3,592 | 2.54* |
| Total Debt | 4,750 | | 24,496 | | 24,280 | |
| Investments: | | | | | | |
| Short term - fixed | 3,000 | 0.59 | - | | 3,000 | 0.65 |
| Money Market Funds | 3,200 | 0.25 | 10,500 | 0.52 | 4,000 | 0.52 |
| Property Funds | 500 | 4.6 | 500 | 4.6 | 500 | 4.6 |
| Total Investments | 6,700 | | 11,000 | | 7,500 | |
| Net Borrowing Position | (1,950) | | 13,496 | | 16,780 | |

*Average interest rate

Treasury Position at 30 September 2018

Money Market Funds

| Amount | Investment | Interest rate* |
|------------|------------------------------|----------------|
| £3,000,000 | Ignis Sterling Liquidity | 0.52% |
| £3,000,000 | BlackRock ICS-Inst GBP | 0.54% |
| £3,000,000 | LGIM Sterling Liquidity Fund | 0.55% |
| £1,500,000 | Deutsche Asset Management | 0.46% |

*Interest rate is variable

The Council currently has four Money Market Funds. The money market funds allow immediate access to the Council's funds and spreads risk as it is pooled with investments by other organisations and invested across a wide range of financial institutions.

Fixed Term Deposits - Current

There were no fixed term deposits as at 30th September.

Fixed Term Deposits – Forward Deals

| Amount | Investment | Interest rate | Date Invested | No of Days |
|------------|-----------------|---------------|---------------|------------|
| £2,000,000 | Lloyds Bank Plc | 0.92% | 06/12/2018 | 101 |

The Council's Investments mid way through the year are always higher than at the end of the year (at 31st March) due to the cashflow advantage that the Council benefits from part way through the year.

This is, in part, due to the timing differences between the Council collecting council tax income and paying this over to major precepting authorities such as Devon County Council, the Police and the Fire Authority

The Council's current counterparty limit is £3 million (£4 million for Lloyds plc).

Property Funds

| Amount | Investment | Dividend Yield |
|----------|----------------------|----------------|
| £500,000 | CCLA – Property Fund | 4.60% |

Performance Assessment and Proposed Way Forward

The Council's budget for investment interest of £90,321 for 2018/19 is expected to be below target by £10,000. Following a review of the Treasury Management Strategy, the Council agreed to widen the Counterparty list for investments and it was expected that extra income would be generated. However, this is looking unachievable in 2018/19 due to the need to keep investments short-term in order to meet cash flow requirements. This target could be achieved in the future due to receipt of rental income from the new commercial property.

Industry performance is judged and monitored by reference to a standard benchmark; this is the 7 day London Interbank Bid Rate (LIBID). The average weighted LIBID rate at the end of September was 0.59% which is 0.06% lower than our average return of 0.65% as at 30 September 2018.

The Treasury Management Strategy is risk averse with no investments allowed for a period of more than a year and very high credit rating is required together with a limit of £3m per counterparty. This has resulted in only a small number of institutions in which we can invest (see Appendix A).

Compliance with Treasury Limits and Prudential Indicators

During the financial year the Council has operated within the treasury limits and Prudential Indicators set out in the Council's Treasury Policy Statement and annual Treasury Strategy Statement. The Council's Prudential Indicators for 2018/19 are detailed and shown in Appendix B.

3. Outcomes/outputs

In the last 2 years the interest achieved has been above the industry benchmark due to better use of fixed term investments and Money Market Funds. The budget for investment income for 2018/19 has been set at £90,321. This is £20,000 higher than in 2017/18, due to the expected rental income from new commercial property.

4. Implications

| Implications | Relevant to proposals Y/N | Details and proposed measures to address |
|------------------|---------------------------|--|
| Legal/Governance | Y | Statutory powers are provided by the Local Government Act 1972 Section 151 and the Local Government Act 2003 |
| Financial | Y | To date, the Council has outperformed the industry benchmark by 0.06%. The Council has achieved a rate of return of 0.65%, against the 7 day LIBID bid rate (LIBID) of 0.59%. The Council's investment |

| | | |
|--|---|--|
| | | income target of £90,321 for 2018/19 is expected to be below target by £10,000. |
| Risk | Y | <p>The security risk is the risk of failure of a counterparty. The liquidity risk is that there are liquidity constraints that affect the interest rate performance. The yield risk is regarding the volatility of interest rates/inflation.</p> <p>The Council has adopted the CIPFA Code Of Practice for Treasury Management and produces an Annual Treasury Management Strategy and Investment Strategy in accordance with CIPFA guidelines.</p> <p>The Council engages a Treasury Management advisor and a prudent view is always taken regarding future interest rate movements. Investment interest income is reported quarterly to SLT and the Audit Committee.</p> |
| Comprehensive Impact Assessment Implications | | |
| Equality and Diversity | N | N/A |
| Safeguarding | N | N/A |
| Community Safety, Crime and Disorder | N | N/A |
| Health, Safety and Wellbeing | N | N/A |
| Other implications | N | None |

Supporting Information

Appendices:

Appendix A – Lending list as at 30 September 2018

Appendix B – Prudential and Treasury Indicators 2018/19

Background Papers:

Annual treasury strategy in advance of the year (Audit 27/03/18 – CM70)

APPENDIX A

| Counterparty as at 28th September 2018 | | Fitch Rating | | | | Moody's Ratings | | | | S&P Ratings | | Suggested Duration | |
|---|--|--------------|------------|-----------|---------|-----------------|------------|-----------|------------|-------------|------|--------------------|--------------|
| | | Long Term | Short Term | Viability | Support | Long Term | Short Term | Long Term | Short Term | | | | |
| United Kingdom | | | | | | | | | | | | Y - 60 mths | |
| | Collateralised LA Deposit* | | | | | | | | | | | Y - 60 mths | |
| | Debt Management Office | | | | | | | | | | | Y - 60 mths | |
| | Multilateral Development Banks | | | | | | | | | | | Y - 60 mths | |
| | Supranationals | | | | | | | | | | | Y - 60 mths | |
| | UK Gilts | | | | | | | | | | | Y - 60 mths | |
| Banks | | | | | | | | | | | | | |
| | Abbey National Treasury Services PLC | SB | A | F1 | | 1 | SB | Aa3 | P-1 | | | R - 6 mths | |
| | Bank of Scotland PLC (RFB) | SB | A+ | F1 | a | 5 | SB | Aa3 | P-1 | SB | A+ | A-1 | O - 12 mths |
| | Barclays Bank PLC (NRFB) | PW | A | F1 | a | 5 | SB | A2 | P-1 | SB | A | A-1 | R - 6 mths |
| | Barclays Bank UK PLC (RFB) | PW | A | F1 | a | 1 | SB | A1 | P-1 | SB | A | A-1 | R - 6 mths |
| | Close Brothers Ltd | SB | A | F1 | a | 5 | SB | Aa3 | P-1 | | | | R - 6 mths |
| | Goldman Sachs International Bank | SB | A | F1 | | 1 | NO | A1 | P-1 | SB | A+ | A-1 | R - 6 mths |
| | HSBC Bank PLC (NRFB) | SB | AA- | F1+ | a+ | 1 | SB | Aa3 | P-1 | SB | AA- | A-1+ | O - 12 mths |
| | HSBC UK Bank PLC (RFB) | SB | AA- | F1+ | a | 1 | | | | SB | AA- | A-1+ | O - 12 mths |
| | Lloyds Bank Corporate Markets Plc (NRFB) | SB | A | F1 | | 1 | SB | A1 | P-1 | SB | A | A-1 | R - 6 mths |
| | Lloyds Bank Plc (RFB) | SB | A+ | F1 | a | 5 | SB | Aa3 | P-1 | SB | A+ | A-1 | O - 12 mths |
| | Santander UK PLC | PW | A | F1 | a | 2 | SB | Aa3 | P-1 | SB | A | A-1 | R - 6 mths |
| | Standard Chartered Bank | SB | A+ | F1 | a | 5 | SB | A1 | P-1 | SB | A | A-1 | R - 6 mths |
| | Sumitomo Mitsui Banking Corporation Europe Ltd | SB | A | F1 | | 1 | SB | A1 | P-1 | PO | A | A-1 | R - 6 mths |
| | UBS Ltd. | SB | AA- | F1+ | | 1 | SB | Aa3 | P-1 | SB | A+ | A-1 | O - 12 mths |
| Building Societies | | | | | | | | | | | | | |
| | Coventry Building Society | SB | A | F1 | a | 5 | SB | A2 | P-1 | | | | R - 6 mths |
| | Leeds Building Society | SB | A- | F1 | a- | 5 | SB | A3 | P-2 | | | | G - 100 days |
| | Nationwide Building Society | SB | A | F1 | a | 5 | SB | Aa3 | P-1 | PO | A | A-1 | R - 6 mths |
| | Skipton Building Society | SB | A- | F1 | a- | 5 | PO | Baa1 | P-2 | | | | G - 100 days |
| | Yorkshire Building Society | SB | A- | F1 | a- | 5 | SB | A3 | P-2 | | | | G - 100 days |
| Nationalised and Part Nationalised Banks | | | | | | | | | | | | | |
| | National Westminster Bank PLC | PO | A- | F2 | bbb+ | 5 | PO | A1 | P-1 | PO | A- | A-2 | B - 12 mths |
| | Royal Bank of Scotland Group Plc | PO | BBB+ | F2 | bbb+ | 5 | PO | Baa2 | P-2 | PO | BBB- | A-3 | B - 12 mths |
| | The Royal Bank of Scotland Plc | PO | A- | F2 | bbb+ | 5 | PO | A1 | P-1 | PO | A- | A-2 | B - 12 mths |

| Key | |
|----------------------|----------------------|
| Watches and Outlooks | Duration |
| SB Stable Outlook | Yellow - Y 60 Months |
| NO Negative Outlook | Blue - B 12 Months |
| NW Negative Watch | Orange - O 12 Months |
| PO Positive Outlook | Red - R 6 Months |
| PW Positive Watch | Green - G 100 Days |
| EO Evolving Outlook | |
| EW Evolving Watch | |

APPENDIX B

PRUDENTIAL INDICATORS

THE CAPITAL PRUDENTIAL INDICATORS

The Council's capital expenditure plans are the key driver of treasury management activity. The outputs of the capital expenditure plans are reflected in prudential indicators, which are designed to assist members to overview and confirm capital expenditure plans.

Capital Expenditure.

This prudential Indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle.

| Capital Expenditure | 2017/18 | 2018/19 | 2018/19 |
|---------------------|----------------|------------------------------|-----------------------------|
| | Actual £000 | Original Estimate £000 | Revised Estimate £000 |
| Total | 3,214 | 38,398 | 21,091 |

The table below summarises the above capital expenditure plans and how these plans are being financed. Any shortfall of resources results in a funding need (borrowing).

| Capital Expenditure | 2017/18 | 2018/19 | 2018/19 |
|--|----------------|------------------------------|-----------------------------|
| | Actual £000 | Original Estimate £000 | Revised Estimate £000 |
| Total | 3,214 | 38,398 | 21,091 |
| Financed by: | | | |
| Capital receipts | 126 | 0 | 0 |
| Capital grants | 291 | 450 | 450 |
| Reserves | 191 | 0 | 59 |
| New Homes Bonus | 40 | 65 | 65 |
| Net financing need for the year | 2,566 | 37,883 | 20,517 |

Nb. Please note that the original estimate for 2018-19 represents the approved capital programme for that year. However, the revised estimate includes not only expenditure on projects within that capital programme, but also expenditure on schemes carried forward from previous capital programmes.

The Capital expenditure estimate for 2018/19 includes £37.45 million to reflect the recommendations within the commercial property acquisition strategy. Note: The Council has purchased three commercial properties at the time of writing this report.

The Council’s Borrowing Need (the Capital Financing Requirement)

The second prudential indicator is the Council’s Capital Financing Requirement (CFR). It is essentially a measure of the Council’s underlying need to borrow if the figure is greater than zero.

The Capital Financing Requirement has increased to reflect the recommendations within the commercial property acquisition strategy. Note: The Council has purchased three commercial properties at the time of writing this report.

The Capital Financing Requirement also includes the capital cost of the new waste fleet and leisure investment.

| | 2018/19 | 2018/19 |
|-------------------------------------|---------------------------|--------------------------|
| | Original Estimate £000 | Revised Estimate £000 |
| Total CFR | 42,754 | 24,343 |
| Movement in CFR | 37,513 | 20,103 |
| Explained by: | | |
| Minimum Revenue Provision | (370) | (414) |
| Change in underlying need to borrow | 37,883 | 20,517 |

Minimum Revenue Provision (MRP)

The MRP Policy Statement aims to ensure that the provision for the repayment of borrowing which financed the acquisition of an asset should be made over a period bearing some relation to that over which the asset continues to provide a service.

The MRP policy adopted is as below:-

| Borrowing | MRP Methodology |
|---|--|
| Commercial Property acquisition (Borrowing of up to £37.45 million) Residential Property Purchase | <p>Annuity Method (over the 50 years)</p> <p>Under this calculation, the revenue budget bears an equal annual charge (for principal and interest) over the life of the asset by taking into account the time value of money. Since MRP only relates to the 'principal' element, the amount of provision made annually gradually increases during the life of the asset. The interest rate used in annuity calculations will be referenced to prevailing average PWLB rates. Under this example, the MRP charge in Year 1 on a £37.45 million borrowing would be £367,000, this rises to £377,000 in Year 2 etc.</p> |
| Waste Fleet, Leisure Investment and Kilworthy Park | <p>Asset Life Method</p> <p>MRP is charged using the Asset Life method – based on the estimated life of the asset.</p> <p>This option provides for a reduction in the borrowing need over approximately the asset's life.</p> |

Debt Rescheduling

The Council has not undertaken any debt rescheduling during the first six months of 2018/19 and there are no current opportunities for debt rescheduling.

AFFORDABILITY PRUDENTIAL INDICATORS

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances.

Ratio of financing costs to net revenue stream

This indicator identifies the trend in the receipt of net investment income against the net revenue stream. It is calculated by dividing investment income and interest received by the Council's Net Budget Requirement.

The financing costs were increased in the 2018/19 original estimate to reflect the proposals within the commercial property acquisition strategy. These proposal have increased this indicator in 2018/19.

| | 2017/18 | 2018/19 | 2018/19 |
|---|---------|-------------------|------------------|
| | Actual | Original Estimate | Revised Estimate |
| Ratio of net investment income to net revenue stream. (Surplus) | 1.1% | 20.3% | 10.1% |

TREASURY INDICATORS: LIMITS TO BORROWING ACTIVITY

The Operational Boundary – This is the limit beyond which external debt is not normally expected to exceed. This is the maximum level of external debt for cash flow purposes.

| Operational Boundary | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
|-----------------------------|------------|------------|------------|------------|
| | £ | £ | £ | £ |
| Borrowing | 10,000,000 | 47,500,000 | 47,500,000 | 47,500,000 |
| Other long term liabilities | - | - | - | - |
| Total | 10,000,000 | 47,500,000 | 47,500,000 | 47,500,000 |

The Authorised Limit for External Debt – A further key prudential indicator represents a control on the overall level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by Full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

This provides headroom over and above the operational boundary for unusual cash movements. This is the maximum amount of money that the Council could afford to borrow.

This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although no control has yet been exercised.

| Authorised limit | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
|-----------------------------|------------|------------|------------|------------|
| | £ | £ | £ | £ |
| Borrowing | 12,000,000 | 50,500,000 | 50,500,000 | 50,500,000 |
| Other long term liabilities | - | - | - | - |
| Total | 12,000,000 | 50,500,000 | 50,500,000 | 50,500,000 |

The Authorised Limit has been increased in 2018/19 to reflect the recommendations within the commercial property acquisition strategy. Note: The Council has purchased three commercial properties (£19.88 million) at the time of writing this report, but the table reflects the approved strategy.

West Devon Borough Council's current level of external borrowing is £24.5 million.

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NOT FOR PUBLICATION

Appendix A to this report is considered exempt under paragraph 3 of schedule 12A of the Local Government Act 1972 in that it concerns the financial or business affairs of the Council.

Report to: **Audit Committee**
Date: **22 January 2019**
Title: **Pensions Strategy
(Triennial Actuarial Revaluation)**
Portfolio Area: **Support Services – Councillor C Edmonds**
Wards Affected: **ALL**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Author: Lisa Buckle Role: **Strategic Finance Lead
(S151 Officer)**

Contact: Email lisa.buckle@swdevon.gov.uk
01803 861413

Recommendations:

That the Audit Committee notes the contents of Appendix A and instructs officers to engage in early dialogue with the Devon Pension Fund and the actuaries (Barnett Waddingham), ahead of the next Triennial Pension Revaluation in 2019, to further assess the Council's options.

1 Executive summary

- 1.1 The Medium Term Financial Strategy approved at Council in September 2018 was the starting point for developing a meaningful five year strategy that has set out the strategic intention for all of the different strands of funding available to the Council. The Council is now able to rely on this to inform future decisions.

1.2 The Medium Term Financial Strategy for 2019/20 to 2023/24 was approved by Council on 25th September 2018. Below is a copy of the relevant Minute (CM33). As part of this minute, it was **RESOLVED** that:

1. the Council takes specialist pension advice on the options for the Council's Pension position (informing the actuarial valuation) with the aim of reducing the current deficit contributions, increasing affordability, whilst best managing the pension deficit. Also, the Council recognises the need to have early dialogue with Devon County Council and the actuaries with regard to the Council having an input into the actuarial assumptions used for the 2019 Actuarial Valuation. (NB. options will be presented to the Audit Committee meeting on 22 January 2019 to consider);

1.3 Exempt Appendix A attached sets out the specialist pensions advice which has been received. This report presents options to the Council's Audit Committee to consider.

1.4 It is recommended that the Audit Committee notes the contents of Appendix A and instructs officers to engage in early dialogue with the Devon Pension Fund and the actuaries (Barnett Waddingham), ahead of the next Triennial Pension Revaluation in 2019, to further assess the Council's options.

2. Background

- 2.1 The Triennial Pension Revaluation informs the Council's employer pension contributions on a three yearly cycle and takes into account the assumptions used within the Triennial Revaluation e.g. life expectancy and mortality assumptions and financial assumptions such as RPI increases, CPI increases and the Discount rate.
- 2.2 Assets and liabilities are assessed by Barnett Waddingham, an independent firm of actuaries. As required under IAS (International Accounting Standard) 19, they use the projected unit method of valuation to calculate the service cost. To assess the value of the Employer's liabilities at 31 March 2018, the actuaries roll forward the value of the Employer's liabilities calculated for the funding valuation as at 31 March 2016, using financial assumptions that comply with IAS19.
- 2.3 The liabilities and assets for each employer are valued and funding rates are determined in line with the Fund's Funding Strategy Statement (FSS), which is set by Devon County Council, with advice from Barnett Waddingham (actuaries) and in consultation with employers (West Devon Borough Council).
- 2.4 The year end pensions position of the Council is reflected within the Council's Final Accounts, which are approved annually by the Audit Committee, as set out within the Council's Constitution.

3. Implications

| Implications | Relevant to proposals Y/N | Details and proposed measures to address |
|---|---------------------------|--|
| Legal/Governance | Y | <p>The Triennial Pension Revaluation informs the Council's employer pension contributions on a three yearly cycle.</p> <p>The year end pensions position of the Council is reflected within the Council's Final Accounts, which are approved annually by the Audit Committee, as set out within the Council's Constitution.</p> <p>The advice states that the report is for the benefit of the client (West Devon Borough Council) only.</p> <p>Appendix A to this report is considered exempt under paragraph 3 of schedule 12A of the Local Government Act 1972 in that it concerns the financial or business affairs of the Council. The public interest has been assessed and it is considered that, the public interest is better served by non-disclosure to the press and public.</p> |
| Financial | Y | <p>The Council has taken specialist pension advice on the options for the Council's Pension position (informing the actuarial valuation), with the aim of reducing the current deficit contributions, increasing affordability, whilst best managing the pension deficit.</p> <p>This report presents options to the Council's Audit Committee to consider.</p> |
| Risk | Y | Risk is considered within each of the options evaluated, as set out in Exempt Appendix A. |
| Comprehensive Impact Assessment Implications | | |
| Equality and Diversity | N | N/a |
| Safeguarding | N | N/a |
| Community Safety, Crime and Disorder | N | N/a |
| Health, Safety and Wellbeing | N | N/a |
| Other implications | N | none |

Appendices

Exempt Appendix A – Specialist Pensions advice

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Report to: **Audit Committee**

Date: **22 January 2019**

Title: **Review of the Council's Constitution: Rules of Procedure and Members' Planning Code of Practice**

Portfolio Area: **Resources and Performance (Cllr Edmonds)**

Wards Affected: **All**

Urgent Decision: **N** Approval and clearance obtained: **N/A**

Date next steps can be taken: **The Committee recommendations will be presented to the Council meeting on 12 February 2019**

Author: **Kathy Trant** Role: **Specialist – Democratic Services**

Contact: kathryn.trant@swdevon.gov.uk

RECOMMENDATION

That the Audit Committee RECOMMEND to Council that:

- 1. the amendments to Part 4 (Rules of Procedure) of the West Devon Borough Council Constitution (as summarised in paragraph 2.5 of the report and fully outlined at Appendix A) be approved and formally adopted; and**
- 2. the draft Members' Code of Good Practice - Planning (as attached at Appendix B) be adopted.**

1. Executive summary

1.1 The Council is required to formally adopt its Constitution.

1.2 The Audit Committee is responsible for '*maintaining an overview of the Council's Constitution*' and for making any necessary recommendations to the Council.

1.3 This report seeks to ensure that Part 4: 'Rules of Procedure' of the Constitution is amended to reflect the changes that have either occurred in the Council over the previous year, or to implement any necessary changes to ensure that it is up to date, lawful and reflects the Council's current practices and priorities.

1.4 This report also presents a draft Members' Code of Good Practice - Planning (Appendix B refers) for the consideration of the Committee.

2. Background

2.1 In order that the Audit Committee can make informed recommendations to the Council on the adoption of the Constitution, the Committee is required to undertake regular reviews;

2.2 Changes to the Constitution are made throughout the year by the Council and through its consideration of recommendations arising from Committee minutes and are effective from the date of approval (unless otherwise agreed by Council). Examples over the past year include:

- Revisions to the Development Management and Licensing Public Participation Scheme;
- Adoption of the Discretionary Powers contained within the Animal Welfare Act 2006 and the Animal Welfare (Licensing of Activities Involving Animals) (England) Regulations 2018;
- Approval of a revised Planning Scheme of Delegation; and
- The establishment and appointment of additional Member Bodies (e.g. the Tavistock BID).

2.3 In addition, the Monitoring Officer has delegated authority to make minor (or legal) amendments to the Constitution during the course of the year. The changes that have been made under these powers this year mainly relate to minor amendments to officer job titles and format and style;

2.4 Members will recall that the first part of the Review was undertaken last year and this report presents the second part of the Review that focuses on Part 4 (Rules of Procedure) and the establishment of a Members' Planning Code of Practice. The intention is for the Committee to review the Rules of Procedure and the Code of Practice before then making its recommendations to the Council.

2.5 Whilst the proposed changes are not extensive (and are fully outlined at Appendix A), the key amendments to the Rules of Procedure are summarised as follows:-

- The creation of a standalone set of Procedure Rules for the Hub Committee;

- The inclusion of a separate set of Procedure Rules for 'Other Bodies' that includes the Audit Committee; Development Management & Licensing Committee; and Council Tax Setting Panel;
- In line with the recent DM Peer Review, to make it a constitutional requirement whereby the role of the Chairman of the Development Management and Licensing Committee cannot be held by the Leader of the Council (NB. if approved by the Council, it is recommended that this amendment does not come into effect until the 2019/20 Municipal Year); and
- Changes to the Access to Information Procedure Rules to reflect the fact that the Council membership now operates a 'paperless agenda' way of working.

Since there are no proposed revisions to the Council Procedure Rules, these have not been appended to this report.

Members' Code of Good Practice - Planning

- 2.6 At its meeting on 24 July 2018, the Council approved the formation of a Members' Planning Code of Practice Working Group (Minute CM 26 refers) and appointed Cllrs Cheadle, Lamb, Mott, Parker, Pearce and Roberts to serve on this Group;
- 2.7 The primary purpose of the Working Group was to develop a draft Members' Code of Good Practice - Planning for the ultimate adoption of Council;
- 2.8 The Group has since met formally on two separate occasions. During the meetings, the Group considered example Codes of Practice and took into account the 'Probity in Planning' guidance issued by the Local Government Association. At its last meeting, the Group recommended approval of a draft Code (as attached at Appendix B).

3. Outcomes/outputs

- 3.1 The Council is required to have an up to date Constitution which reflects the law, its working practices together with best practice to ensure that it delivers efficient services and lawful decisions. The Constitution is a living document and changes are made throughout the year when necessary.

4. Options available and consideration of risk

- 4.1 The options are limited as the Council has a statutory duty to adopt its Constitution annually and to review that document to ensure that it is fit for purpose and reflects both statutory requirements and the Council's working practices;
- 4.2 If the Council does not review the Constitution there is a risk that the Council may make unlawful decisions with a consequent risk of challenge;
- 4.3 Senior Officers have been consulted on the Constitution and any necessary amendments incorporated.

5. Proposed Way Forward

5.1 The Audit Committee is asked to review these parts of the Constitution and make any necessary recommendations to Council in order that the Constitution can be adopted in time for the May 2019 local elections.

6. Implications

| Implications | Relevant to proposals Y/N | Details and proposed measures to address |
|---|---------------------------|---|
| Legal/Governance | Y | The Local Government Act 2000 requires the Council to have (and to maintain) a Constitution. The Monitoring Officer must review the Constitution annually and make recommendations to the Audit Committee, who in turn must recommend its adoption to full Council. Only the Council can approve and adopt the Council's Constitution. |
| Financial | N | There are no financial implications to this report |
| Risk | Y | There is a risk arising from a failure to review the Constitution and approve the necessary changes because it may lead to unlawful decisions being taken by the Council. By undertaking an annual review of the Constitution the Council mitigates this risk by ensuring that the Constitution is up to date and reflects current practice and law. |
| Comprehensive Impact Assessment Implications | | |
| Equality and Diversity | | None arising from this report |
| Safeguarding | | n/a |
| Community Safety, Crime and Disorder | | n/a |
| Health, Safety and Wellbeing | | n/a |
| Other implications | | n/a |

Supporting Information

Appendices:

A: Revised Draft Procedure Rules; and

B: Draft Members' Planning Code of Practice.

Background Documents:
Constitution Reviews 2017 and 2018 (Part 1).

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Access to Information Procedure Rules

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Access to Information Procedure Rules

1. **Scope**

These rules apply to all meetings of the Council and its Committees.

2. **Rights to attend meetings**

Members of the public may attend all meetings subject only to the exceptions in these rules.

3. **Notices of meeting**

The Council will give at least **five clear** days notice of any meeting by posting details of the meeting ~~at West Devon Borough Council offices (Kilworthy Park, Drake Road, Tavistock, Devon, PL19 0BZ) and~~ on its website (www.westdevon.gov.uk).

4. **Access to Agenda and reports before the meeting**

The Council will make copies of the agenda and reports open to the public available

for inspection at the designated offices at least **five clear days** before the meeting. If

an item is added to the agenda later, ~~the revised agenda will be open to inspection~~

~~from the time the item was added to the agenda. Where reports are prepared after~~

~~the agenda has been sent out,~~ the Head of Paid Service shall make each such report

available to the public as soon as the report is completed by uploading onto the Council website and sent to Councillors.

5. **Supply of copies**

The Council will supply copies of:

(a) any agenda and reports which are open to public inspection;

~~(b) any further statements or particulars necessary to indicate the nature of the items in the agenda; and~~

(c) any other documents supplied to Councillors in connection with an item, if the Head of Paid Service or Monitoring Officer thinks fit, on payment of a charge for postage and any other costs.

6 **Access to Minutes etc after the meeting**

The Council will make available copies of the following for six

years after a meeting:

- (a) the minutes of the meeting excluding any part of the minutes of proceedings when the meeting was not open to the public or which disclose exempt or confidential information;
- (b) a summary of any proceedings not open to the public where the minutes open to inspection would not provide a reasonably fair and coherent record;
- (c) the agenda for the meeting; and
- (d) reports relating to items when the meeting was open to the public.

7. Background Papers

7.1 List of Background Papers

The ~~relevant report author-Head of Paid Service~~ will set out in every report a list of those documents (called background papers) relating to the subject matter of the report which in his/her opinion:

- (a) disclose any facts or matters on which the report or an important part of the report is based; and
- (b) which have been relied on to a material extent in preparing the report.

This list does not include published works or those which disclose exempt or confidential information (as defined in Rule 9).

7.2 Public Inspection of Background Papers

The Council will make available for public inspection for six years after the date of the meeting one copy of each of the documents on the list of background papers.

~~8. The Constitution~~

~~A copy of this Constitution shall be kept available to the public at the Council Offices, Kilworthy Park, Drake Road, Tavistock, Devon PL19 0BZ and available on the Council's website at www.westdevon.gov.uk~~

9. Exclusion of access by the public to meetings

9.1 Confidential Information - Requirement to Exclude Public

The public **must** be excluded from meetings whenever it is likely in view of the nature of the business to be transacted or the nature of the proceedings that confidential information would be disclosed.

9.2 **Meaning of Confidential Information**

Confidential information means information given to the Council by a Government Department on terms which forbid its public disclosure or information which cannot be publicly disclosed by Court Order.

9.3 **Exempt Information - Discretion to Exclude Public**

The public **may** be excluded from meetings whenever it is likely in view of the nature of the business to be transacted or the nature of the proceedings that exempt information would be disclosed.

Where the meeting will determine any person's civil rights or obligations, or adversely affect their possessions, Article 6 of the Human Rights Act 1998 establishes a presumption that the meeting will be held in public unless a private hearing is necessary for one of the reasons specified in Article 6 of the Human Rights Act 1998.

9.4 **Meaning of Exempt Information**

Exempt information means information falling within the following 10 categories (subject to any conditions):

Table of the exempt categories in Schedule 12A

| Description of exempt information | Condition |
|--|---|
| 1. Information relating to any individual. | Information relating to individuals is covered by the Data Protection Act 1998. |
| 2. Information which is likely to reveal the identity of an individual. | |
| 3. Information relating to the financial or business affairs of any particular person (including the authority holding that information). | "Financial or business affairs" includes contemplated as well as past or current activities. |
| 4. Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matters arising between the authority or a Minister of the Crown and employees of, or office-holders under the authority. | "Labour relations matters" are as specified in paragraph (a) to (g) of section 29(1) of the trade Unions and Labour Relations Act 1974, i.e. matters which may be the subject of a trade dispute. |

| | |
|--|--|
| 5. Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings. | |
| 6. Information which reveals that the authority proposes: (a) to give under any enactment a notice under or by virtue of which requirements are imposed on a person; or (b) to make an order or direction under any enactment | |
| 7. Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime. | |
| | |
| Qualifications | |
| 8. Information falling within paragraph 3 is not exempt if it must be registered under the Companies Act, Friendly Societies Acts, Industrial and Provident Societies Acts, the Building Societies Act or the Charities Act. | |
| 9. Information is not exempt if it relates to proposed development for which the local planning authority may grant itself planning permission pursuant to regulation 3 of the Town and Country Planning General Regulations 1992. | |
| 10. Information which: <ul style="list-style-type: none"> • falls within paragraphs 1 to 7 and • is not prevented from being exempt by virtue of paragraphs 8 and 9 <p>is exempt information if and so long as, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p> | |

10. **Exclusion of access by the public to reports**

If the Head of Paid Service thinks fit, the Council may exclude access by the public to reports which in his or her opinion relate to items during which, in accordance with Rule 9, the meeting is likely not to be open to the public. Such reports will be marked "Not for Publication" together with the category of information likely to be disclosed.

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Hub Committee Procedure Rules

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Hub Committee Procedure Rules

1. HOW DOES THE HUB COMMITTEE OPERATE?

1.1 Who may make Hub Committee decisions?

1.1.1 The role, form, and composition of the Hub Committee are as laid out in

Article 6 of the Council's Constitution.

1.1.2 Hub Committee functions may be discharged by:

- i) the Hub Committee as a whole;
- iii) a committee of the Hub Committee;
- iv) an officer; or
- v) another local authority, whether under joint arrangements or otherwise.

1.5 Conflicts of Interest

1.5.1 Where the Leader of the Council has a conflict of interest this should be dealt with as set out in the Council's Members' Code of Conduct in Part 5 of this Constitution.

1.5.2 If every Member of the Hub Committee has a conflict of interest this should be dealt with as set out in the Council's Members' Code of Conduct in Part 5 of this Constitution.

1.5.3 If the exercise of an Hub Committee function has been delegated to a committee of the Hub Committee, an individual member or an officer, and should a conflict of interest arise, then the function will be exercised in the first instance by the Hub Committee and otherwise as set out in the Council's Members' Code of Conduct in Part 5 of this Constitution.

1.6 Hub Committee meetings

- 1.6.1 The Hub Committee will meet at least 8 times per year.
- 1.6.2 The Head of Paid Service may also call for additional meetings at his or her discretion.
- 1.6.3 The Monitoring Officer and/or the Section 151 Officer may call an additional meeting if either believes it is necessary so to do in order to fulfil their statutory duties.
- 1.6.4 In other circumstances where any of the Head of Paid Service, Section 151 Officer and Monitoring Officer are of the opinion that a meeting of the Hub Committee needs to be called to consider a matter that requires a decision he/she will have the right to call such a meeting.
- 1.6.5 The Hub Committee shall meet at the Council's main offices or another location to be agreed by the Leader of the Council.

1.7 Public or private meetings of the Hub Committee?

- 1.7.1 The Hub Committee will normally meet in public in line with the principles set out in Article 11. The exception will be when considering exempt or confidential items.
- 1.7.2 It may also choose to meet on occasion in informal sessions and those sessions may be in private.

1.8 Quorum

- 1.8.1 The number of Members of the Hub Committee shall be nine including the Leader of the Council and Deputy Leader of the Council.
- 1.8.2 The quorum for a meeting of the Hub Committee shall be four.
- 1.8.3 In the event that both the Leader and the Deputy Leader of the Council are prevented from attending a meeting of the Hub Committee, in circumstances which any two of the statutory officers consider to be exceptional, the quorum at a meeting of the Hub Committee will be 50% plus one of the Hub Committee membership.
- 1.8.4 The quorum at a meeting of a sub committee of the Hub Committee shall be two members.

1.9 How are decisions to be taken by the Hub Committee?

- 1.9.1 Hub Committee decisions which are to be taken by the Hub Committee as a whole will be taken at a meeting convened in accordance with the Access to Information Rules in Part 4 of the Constitution.
- 1.9.2 Where decisions are taken by a Committee of the Hub Committee, the rules applying to Hub Committee decisions taken by them, shall be the same as those applying to those taken by the Hub Committee as a whole.
- 1.9.4 Where a decision relates to an Hub Committee Members local ward, that Member may take part in the discussion, but will abstain from any vote on the **item**.

Commented [KT1]: Should this apply?

2. HOW ARE HUB COMMITTEE MEETINGS CONDUCTED?

2.1 Who presides?

If the Leader of the Council is present he/she will preside. In his/her absence, then the Deputy Leader of the Council shall preside. In the exceptional circumstances contemplated in paragraph 1.8 (Quorum) then a person appointed to do so by those present at the meeting will preside.

2.2 Who may attend?

- 2.2.1 All borough councillors can attend meetings of the Hub Committee or a committee of the Hub Committee.
- 2.2.2 The press and public can attend meetings of the Hub Committee or a committee of the Hub Committee subject to the Access to Information Procedure Rules.
- 2.2.3 On occasion the Hub Committee may wish to meet informally for discussion purposes only and those informal sessions will be held in private. Informal sessions will not constitute meetings of the Hub Committee.
- 2.2.4 The Hub Committee will actively encourage wherever possible the involvement of the specific expertise or knowledge of other borough councillors as part of the deliberations of the Hub Committee whether those deliberations are at meetings of the Hub Committee or a committee of the Hub Committee or at informal sessions.

2.3 Who may speak and vote?

2.3.1 All borough councillors can attend and speak, subject to adherence to the Council Rules of Debate. Only Hub Committee Members may vote.

2.3.2 Members of the public may speak only to ask questions at the start of the meeting in accordance with Article 3 of the Council's Constitution and the guidance currently in place.

2.4 What business?

At each meeting of the Hub Committee, the following business will be conducted:

- i) consideration of the minutes of the last meeting;
- ii) declarations of interest, if any;
- iii) public questions;
- iv) the Hub Committee Forward Plan
- v) matters referred to the Hub Committee (whether by Scrutiny or by the Council) for reconsideration by the Hub Committee in accordance with the provisions contained in the Overview and Scrutiny Procedure Rules or the Budget and Policy Framework Procedure Rules set out in Part 4 of this Constitution;
- vi) consideration of reports from any non-Hub Committee body of the Council; and
- vii) matters set out in the agenda for the meeting.

Commented [KT2]: This will be included on future Hub Committee agendas

2.5 Consultation

2.5.1 All reports to the Hub Committee from any Member of the Hub Committee or an officer on proposals relating to the budget and policy framework must contain details of the nature and extent of consultation with stakeholders and relevant non-Hub Committee bodies of the Council, and the outcome of that consultation. Reports about other matters will set out the details and outcome of consultation as appropriate. The level of consultation required will be appropriate to the nature of the matter under consideration.

2.6 Who can put items on the Hub Committee agenda?

2.6.1 The Leader of the Council will decide upon the schedule for the meetings of the Hub Committee. He/she may put on the agenda of any Hub Committee meeting any matter which he/she wishes, whether or not authority has been delegated to the Hub Committee, or officer or another local authority in respect of that matter. The Monitoring Officer will comply with the Leader of the Council's requests in this respect.

2.6 Who can put items on the Hub Committee agenda? (cont'd)

- 2.6.2 Any Member of the Hub Committee may require the Monitoring Officer to make sure that an item is placed on the agenda of the next available meeting of the Hub Committee for consideration. If he/she receives such a request the Monitoring Officer will comply.
- 2.6.3 Full Council may require any item to be placed on the agenda of the next reasonably available meeting of the Hub Committee.
- 2.6.5 Any Member of the Council may ask the Leader of the Council to put an item on the agenda of an Hub Committee meeting for consideration, and if the Leader of the Council agrees the item will be considered at the next reasonably available meeting of the Hub Committee. The notice of the meeting will give the name of the Councillor who asked for the item to be considered.
- 2.6.6 The Head of Paid Service, or any Senior Officer may include an item for consideration on the agenda of an Hub Committee meeting. In addition, the Monitoring Officer and the Section 151 Officer may put an item on the agenda if either believes it is necessary to do so to carry out his or her statutory duties.

4 (4)

Overview and Scrutiny Procedure Rules

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Overview and Scrutiny Procedure Rules

~~The Council Procedure Rules as set out in Part 4(1) of this Constitution shall apply to the Overview & Scrutiny Committees and sub-committees unless otherwise specified by these Rules.~~

1. Overview and Scrutiny Committee

1.1 The Council will appoint ~~one~~**two** Overview & Scrutiny Committee as set out in Article ~~xs~~ as set out in the terms of reference in Part 3.

2. Terms of Reference

~~2.1 The terms of reference of the Overview & Scrutiny Committees shall be:~~

2.2 The performance of all overview and scrutiny functions on behalf of the Council are specified in including those functions specified in the terms of reference set in the Part 3 of this Constitution.

3. Membership and Composition

3.1 **Number:** ~~The~~**Each** Committee shall consist of ~~fifteen~~**eleven** Members of the Council appointed in accordance with Council Procedure Rule 7.

3.2 **Eligibility:** All Members of the Council, with the **exception** of Members of the Hub Committee and Audit Committee will~~shall be eligible to~~ be members of the Overview & Scrutiny Committees. However, no Member shall be involved in scrutinising a decision taken by a committee of which, at the time of the decision, s/he is a voting member.

3.3 **Chairman:** The Chairmen and Vice Chairmen shall be appointed by Council in accordance with the Council Procedure Rules in Part 4 of the Constitution. The Chairmen of the Overview & Scrutiny Committees cannot also be the Chairman of the Audit Committee.

3.4 **Co-optees:** The Committee shall be entitled to recommend to the Council the appointment of co-opted members (including members of the public).

7. Meetings

7.1 **Frequency:** There shall be at least **five meetings** of the Committee in each year. In addition, other meetings may be called in accordance with the Council's Procedure Rules as set out in Part 4 of this Constitution.

7.2 **Quorum:** The quorum for the Committee shall be ~~seven~~**four** members.

7.3 **Substitution** is not permitted on the Overview & Scrutiny Committees (see Procedure Rule 10).

8.03 Annual report

The Overview & Scrutiny Committees shall report annually to Council on their workings and make evidence based recommendations for future work programmes and amended working methods if appropriate.

1. Powers and Duties

- 4.1 **Sub-Committees:** The Overview and Scrutiny Committee shall have the power to appoint such sub-committees as it considers appropriate to discharge its functions. These Procedure Rules, including those on eligibility for membership, shall apply to any such sub-committee.
- 4.2 **Task and Finish Groups:** The Committees shall have the power to appoint and discontinue Task and Finish Groups.
 - 4.2.1 The Task and Finish Groups shall be appointed to undertake such work and within such time-scales as may be specified by the Committees.
 - 4.2.2 All Members of the Council are eligible for membership of the Task and Finish Groups.
 - 4.2.3 The Committees ~~(in consultation with leaders of the political groups)~~ shall establish the membership of the Task and Finish Groups.
 - 4.2.4 A Task and Finish Group shall report to the Overview & Scrutiny Committee which appointed it.
- 4.3 **Work programmes:** ~~Each~~ Overview & Scrutiny Committee shall be responsible for setting its own work programme.
- ~~4.5 The Committees may call that a joint meeting is held to discuss the Work Programme~~
- 4.6 **Agenda Items:** Any member of the Committees shall be entitled to give notice to the Chairman that s/he wishes an item to be included on the next appropriate agenda and the Chairman shall arrange for this to be done.
- 4.7 **Consideration of Overview and Scrutiny Reports:** The Head of Paid Service

will ensure that reports of the Overview & Scrutiny Committee are placed on the agenda for the appropriate committee or Council Summons if appropriate for consideration, ~~and in the case of a joint committee referred to that committee.~~

- 4.8 Members or Officers may propose that Overview & Scrutiny consider a particular matter by completing a Scrutiny Proposal Form (which can be obtained from member.services.Darryl.White@swdevon.gov.uk). See below for rules on Public Forum

5. Overview

~~5.1 The terms of reference in relation to overview functions are set out in the terms of reference in Part 3.~~

5.2 **Policy Review/Development:** In relation to the review or development of Council policies, the Overview & Scrutiny Committees may make proposals for consideration by the relevant committees, joint committees or Council if appropriate.

5.3 The Overview & Scrutiny Committees may receive requests from the Council and committees to review particular areas of Council activity. The Committees, having regard to their work programme, shall consider and respond to such requests.

5.4 The Overview & Scrutiny Committees may hold inquiries and investigate the available options for future direction in policy development and may appoint advisers and assessors to assist it in this process. They may go on site visits, conduct public surveys, hold public meetings, commission research and do all other things that they reasonably consider necessary to inform their deliberations.

6. Scrutiny

~~6.1 The terms of reference in relation to scrutiny functions are set out in the terms of reference in Part 3.~~

~~6.2 **Proposed decisions:** To assist with the function of scrutiny, members of the Overview & Scrutiny Committees shall be sent copies of the Council Summons and agenda of all committees.~~

6.3 **Call-in of decisions:** Call-in should only be used in exceptional circumstances, e.g. where members of the Overview & Scrutiny Committees have evidence which suggests that the Hub Committee did not take the decision in accordance

with the principles set out in Article 6 (Decision Making). Call-in may be exercised only by the Committee who remit covers the decision in question.

6.3.1 Call-in will **not apply** to decisions of individual applications under development control, licensing, standards, registration, consents or other permissions where there is a statutory right of appeal.

6.3.2 Within **two days** (where reasonably practicable) of a meeting of the Hub Committee:

- the minutes of that meeting shall be published on the council website and Members advised ~~(where possible by electronic means) and shall be available at the main offices of the Council~~
- ~~copies of the minutes will be sent to all Members.~~

6.3.3 The minutes (as referred to in 6.3.2) will specify that any decision will come into force (and may then be implemented) on the **expiry of three working days** after the publication of the minutes, **unless** ~~the~~ Overview & Scrutiny Committee calls it in.

6.3.4 Before the **expiry of the three working days**, the Head of Paid Service shall call-in a decision for scrutiny by an Overview & Scrutiny Committee if so requested by the Chairman or any three members of the relevant Overview & Scrutiny Committee. The Head of Paid Service will notify all Members of the call-in of the decision.

6.3.5 The Head of Paid Service shall call a meeting of the relevant Overview & Scrutiny Committee on such date as he may determine (where possible after agreement with the Chairman of the Committee) and in any case within **five working days** of the decision to call-in.

6.3.6 If, having considered the decision, the Overview & Scrutiny Committee remains concerned about it then the Committee may set out in writing the nature of its concerns and:

- refer the decision back to the relevant committee for re-consideration, or
- refer the matter to Council for determination.

If the matter is referred back to a Committee or Council, that body shall determine at the earliest practicable opportunity whether or not to amend the decision.

6.3.7 If, following a call-in of a decision, the Overview & Scrutiny Committee:

- does not meet in the period set out above, or

- does meet but does not refer the matter back to the relevant Committee or to Council)

the decision shall take effect on the date of the Overview & Scrutiny meeting or the expiry of that further five working day period, whichever is the earlier.

- 6.4 **Urgency:** The call-in procedure set out above shall not apply where the decision being taken by a committee is urgent. A decision will be urgent if any delay likely to be caused by the call-in process would seriously prejudice the Council's or the public's interest. Where the record of the decision, and notice by which it is made public, states that in the opinion of the Head of Paid Service the decision is an urgent one, it will not be subject to the call-in process.

~~7. Meetings~~

~~7.1 **Frequency:** There shall be at least five meetings of the Committee in each year. In addition, other meetings may be called in accordance with the Council's Procedure Rules as set out in Part 4 of this Constitution.~~

~~7.2 **Quorum:** The quorum for the Committee shall be four members.~~

~~7.3 **Substitution** is not permitted on the Overview & Scrutiny Committees (see Procedure Rule 10).~~

7.4 **Attendance by Others:** ~~Each~~ Overview & Scrutiny Committee may:

- (i) require Hub Members, members and Senior Officers of the Council to attend a meeting to answer questions and it is the duty of those persons to attend if so requested;
- (ii) request, but not compel, officers from partnership organisations to attend if so required;
- (iii) invite any person to attend to address the Committee or to discuss issues of local concern and/or to answer questions;
- ~~(iv) pay any person attending a reasonable fee and expenses for doing so.~~

7.5 **Party Whip:** When considering any matter in respect of which a member of the Committee is subject to a party whip, the member must declare the existence of the whip and the nature of it before the commencement of the Committee's deliberations on the matter. The declaration, and the detail of the whipping arrangements, shall be recorded in the minutes of the meeting.

7.6 **Procedure:** Each Overview & Scrutiny Committees shall consider the following business:

- (i) minutes of the last meeting;
- (ii) declarations of interest (including whipping declaration);
- (iii) the Hub Forward Plan
- (iv) consideration of any matter referred to the Committee for a decision in relation to the calling in of a decision;
- (v) responses of the committees to reports of the Overview & Scrutiny Committee; and
- (vi) the business otherwise set out on the agenda for the meeting.

Reports on policy proposals or investigations

7.6.1 The Committee may adopt its own procedures as it so chooses when carrying out a review or conducting an investigation.

7.6.2 Following any investigation or review, the Committee shall prepare a report, for submission to the relevant committee, joint committee and/or Council as appropriate.

8. Public Forum Procedures

a) General

Members of the public may raise issues and ask questions at meetings of the Overview and Scrutiny Committee. This session will last for up to fifteen minutes at the beginning of each meeting.

(b) Notice of Questions

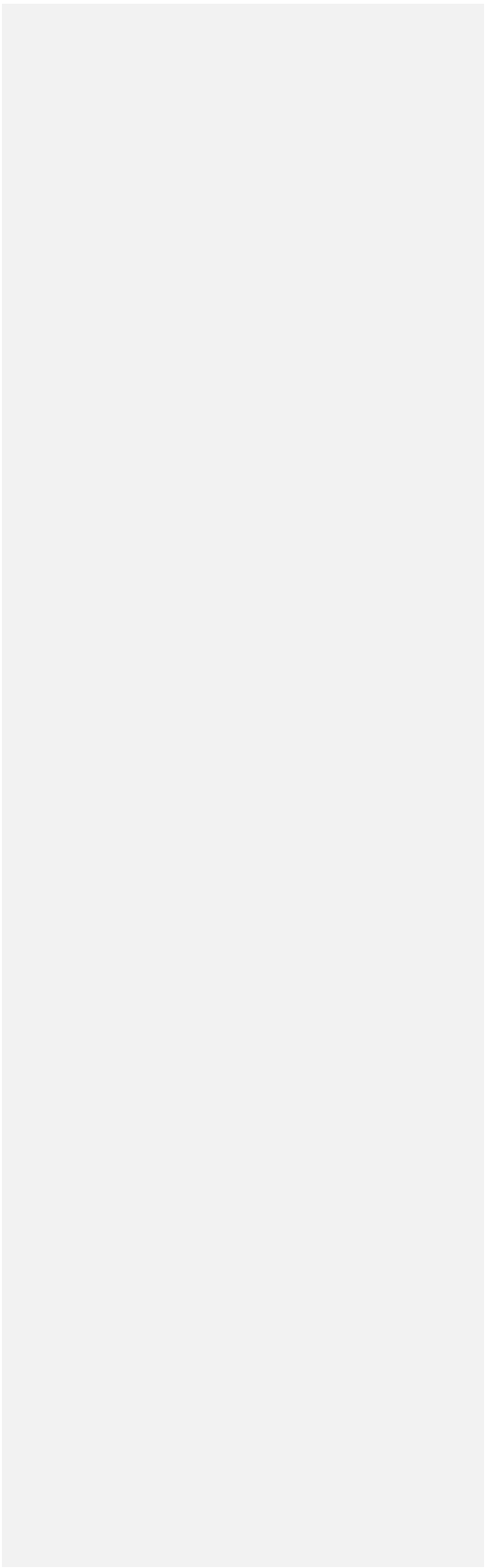
An issue or question may only be raised by a member of the public provided that they have given written notice (which may be by electronic mail) to ~~Darryl White~~ (member.servicedarryl.white@swdevon.gov.uk) by 5.00pm on the Thursday, prior to the relevant meeting.

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(c) Scope of Questions

An issue may be rejected by the Monitoring Officer if:

- it relates to a matter within the functions of the Planning & Licensing Committee;
- it is not about a matter for which the local authority has a responsibility or which affects the district
- it is offensive, frivolous or defamatory;
- it is substantially the same as a question which has previously been put in the past six months; or
- it requires the disclosure of confidential or exempt information.



Part 4
Rules for Other Bodies of
the Council

Rules for other Bodies of the Council

1. AUDIT COMMITTEE

1.1 Membership

The Audit Committee shall have seven Councillors.

1.2 Quorum

The Quorum shall be three Councillors.

1.3 Meetings

The Committee shall normally meet at least four times per year.

2. DEVELOPMENT MANAGEMENT AND LICENSING COMMITTEE

DEVELOPMENT MANAGEMENT

2.1 Membership

The Development Management and Licensing Committee shall have ten Councillors.

2.2 Training

- a. All Members will be expected to attend planning and licensing training refresher sessions as and when they are provided;
- b. Newly elected Members will have to attend appropriate induction Planning and Licensing Training before they can take part in the decision making process;
- c. Repeat sessions will be held in conjunction with South Hams District Council to provide additional opportunities for Members to meet the requirement to attend the induction training;
- d. If they so wish, re-elected Members will be welcome to attend the induction sessions.

2.3 Quorum

The Quorum shall be four councillors adjusted annually if necessary.

Commented [KT1]: Should we include a note about training here too, as for DM? s151 Officer does arrange TM specific training sessions and annual Audit Cttee workshops

2. DEVELOPMENT MANAGEMENT AND LICENSING COMMITTEE (cont'd)

2.4 Rules of Debate

The Rules of Debate, as outlined under Council Procedure Rule XX, apply with one exception. The exception is as follows:-

In the event of a Member wishing to propose a motion which is contrary to the case officer recommendation, the Member must give their reasons for this proposal at the time of making it.

2.5 Voting

In view of the quasi – judicial nature of much of the business of the Committee there is a general obligation for Councillors to remain for the whole of the debate or to have participated in any previous consideration on any particular application and certainly to refrain from voting if either of these essential requirements have not been achieved.

2.6 Meetings

The Development Management and Licensing Committee shall normally meet every four weeks.

Eligibility

Every Member of Council is eligible to be a Member of the Development Management and Licensing Committee. The Leader of Council cannot be Chairman of Development and Licensing Committee.

4. LICENSING SUB-COMMITTEES

Licensing Sub Committees will be convened to hear licensing applications in accordance with the Delegation Scheme and the Rules as set out below. Members of the Development Management and Licensing Committee will include substitute Members of that committee who will have undertaken the same training as full Committee Members.

1. Licensing Sub-Committees shall be established to hear applications under the Licensing Act 2003.

4.1 Membership

Each Licensing Sub-Committee shall have three councillors, drawn from the Development Management & Licensing Committee. Local Members will not be appointed onto a sub- committee to consider any applications which are located within their local ward.

4.2 **Quorum**

The Quorum shall be three councillors.

4.3 **Meetings**

The Licensing Sub-Committees meet as required.

2. Licensing Sub-Committees shall be established to hear applications under the Gambling Act 2005.

4.1 **Membership**

Each Licensing Sub-Committee shall have three councillors, drawn from the Development Management & Licensing Committee. Local Members will not be appointed onto a sub-committee to consider any applications which are located within their local ward.

4.2 **Quorum**

The Quorum shall be three councillors.

4.3 **Meetings**

The Licensing Sub-Committees meet as required.

3. Licensing Sub-Committees shall be established to hear applications under the Taxi Licensing Legislation.

4.1 **Membership**

Each Licensing Sub-Committee shall have three councillors, drawn from the Development Management & Licensing Committee.

4.2 **Quorum**

The Quorum shall be three councillors.

4.3 **Meetings**

The Licensing Sub-Committees meet as required.

5. **COUNCIL TAX SETTING PANEL**

5.1 **Membership**

The Council Tax Setting Panel shall consist of four Members and comprises:-

- Leader of Council
- Deputy Leader of the Council
- Mayor of Council

Leader of the Independent Group

5.2 Meetings

The Council Tax Setting Panel shall meet annually, following the Council's agreement of the budget for the forthcoming municipal year and notification from Devon County Council, the Devon and Cornwall Police Authority, Devon and Somerset Fire and Rescue Service, the Dartmoor National Park Authority and each Parish/Town Council of their individual precepting requirements.

6. STANDARDS COMMITTEE

The Standards Committee will have a specific role in the determination of Member Code of Conduct Complaints (including Town and Parish Council Members) in accordance with the Council's adopted procedure for dealing with Code of Conduct complaints.

4.1 Membership

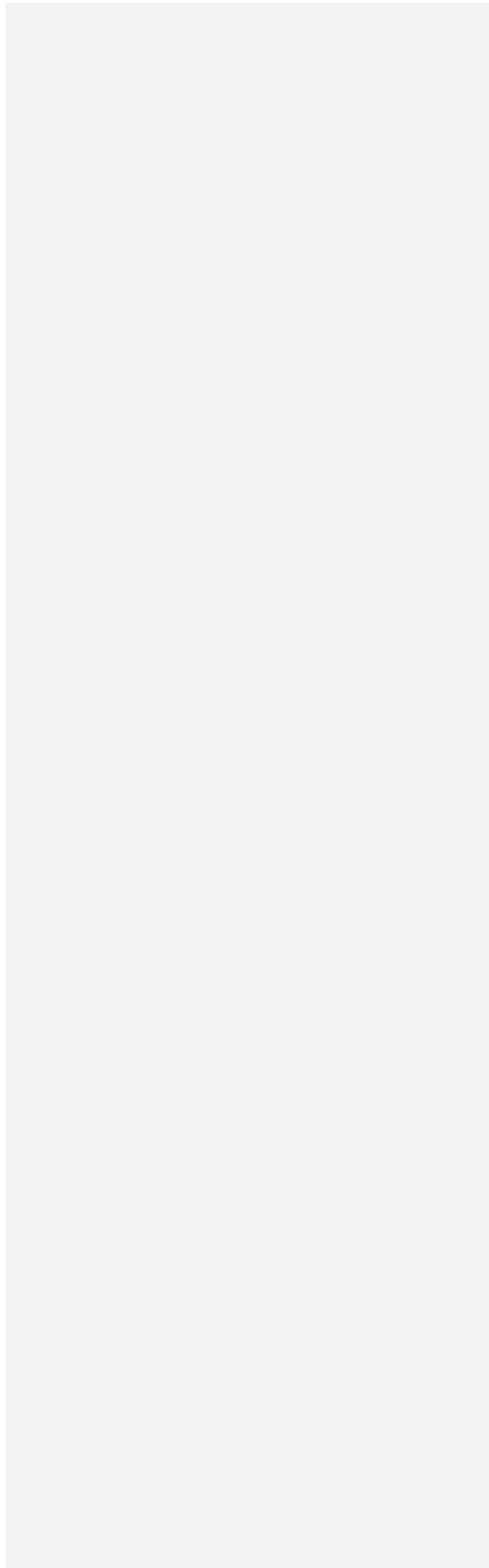
The Standards Committee shall have five councillors.

4.2 Quorum

The Quorum shall be three councillors.

4.3 Meetings

The Standards Committee must meet at least once each year.



WEST DEVON BOROUGH COUNCIL

Members' Code of Good Practice - Planning

Introduction

- 1. Relationship to the Members' Code of Conduct**
- 2. Development Proposals and Interests under the Members' Code of Conduct**
- 3. Fettering Discretion in the Planning Process**
- 4. Contact with Applicants, Developers and Objectors**
- 5. Lobbying of Councillors**
- 6. Lobbying by Councillors**
- 7. Site Visits**
- 8. Public Speaking at Meetings**
- 9. Officers**
- 10. Decision Making**
- 11. Training**

WEST DEVON BOROUGH COUNCIL

Members' Planning Code of Good Practice

Introduction

The aim of this Code is to promote good practice: to ensure that in the planning process there are no grounds for suggesting that a decision has been biased, partial or not well founded in any way, and to set out the standards of conduct required of all Members in dealing with planning matters including applications, policy development and enforcement.

Your role as a Member of the Local Planning Authority: to make planning decisions openly, impartially, with a sound judgement and for justifiable reasons. You are also a democratically accountable decision taker who had been elected to provide and pursue policies. You are entitled to be predisposed to make planning decisions provided that you have considered all material considerations and have given fair consideration to relevant points raised.

When the Code of Good Practice applies: this Code applies to Members at all times when involving themselves in the planning process. (This includes, where applicable, when part of decision making meetings of the Council in exercising the functions of the Planning Authority or when involved on less formal occasions, such as meetings with officers or the public and consultative meetings). It applies as equally to planning enforcement matters or site specific policy issues as it does to planning applications.

If you have any doubts about the application of this Code to your own circumstances you should seek advice early, from the Monitoring Officer or one of his or her staff, and preferably well before any meeting takes place.

1. Relationship to the Members' Code of Conduct

- 1.1 **You should** apply the rules in the adopted Members' Code of Conduct first, which must always be complied with.
- 1.2 **You should** then apply the rules in this Planning Code of Good Practice, which seek to explain and supplement the Members' Code of Conduct for the purposes of planning. If you do not abide by this Code of Good Practice, you may put:
 - the Council at risk of legal challenge ; and
 - yourself at risk of either being named in a Code of Conduct Complaint and report made to the Standards Committee or Council, or if the failure is also likely to be a breach of the interest provisions of Localism Act 2011, a complaint being made to the police to consider criminal proceedings.

2. Development Proposals and Interests under the Members' Code

- 2.1 **You should** disclose the existence and nature of your interest as required by the Authority's Code of Conduct, at any relevant meeting, including in informal meetings or discussions with officers and other Members, so that everyone taking part in the meeting, whether it is formal or informal, is aware of your interest. Disclose your interest at the beginning of the meeting.
- 2.2 **You should not** seek or accept any preferential treatment, or place yourself in a position that could lead the public to think that you are receiving preferential treatment, because of your position as an elected Member. (This would include, where you have a personal or Disclosable Pecuniary Interest (DPI) in a proposal, using your position to discuss that proposal with officers or fellow Members when other members of the public would not have the same opportunity to do so).
- 2.3 **You should** be aware that, whilst you are not prevented from seeking to explain and justify a proposal in which you have a personal or DP Interest to an appropriate officer, in person or in writing, the Code places greater limitations on you in representing that proposal than would apply to a normal member of the public. (For example, where you have a DPI in a proposal to be put before a meeting, you will have to withdraw from the room or Chamber whilst the meeting considers it, whereas an ordinary member of the public would be able to make use of the Council's public participation scheme to address the meeting in either objection or support of the proposal and observe the meeting's consideration of it from the public gallery).
- 2.4 **You should** notify the Monitoring Officer in writing where it is clear to you that you have a DPI or personal conflict of interest, by application or objection, or for any other reason, and note that:
- You should send the notification no later than submission of that application where you can
 - **On** your own applications note that:
 - Any proposal made by or on behalf of any Member of Council will always be reported to the Committee as a main item and not dealt with by officers under delegated powers;
 - you must not get involved in the processing of the application; and
 - it is advisable that you employ an agent to act on your behalf on the proposal in dealing with officers and any public speaking at Committee.

3. Fettering Discretion in the Planning Process

- 3.1 Fettering your discretion is a specific term that means you are not approaching the decision with an open mind. You should participate in planning decision making at this Council with an open mind, and should not appear to have already made up your mind (particularly in relation to an external interest or lobby group), on how you will vote on any planning matter prior to formal consideration of the matter at the meeting of the planning authority and of your hearing the officer's presentation and evidence and arguments on both sides.

- 3.2 You should be aware that in your role as an elected Member you are entitled, and are often expected, to have expressed views on planning issues and that these comments have an added measure of protection under the Localism Act 2011.
- 3.3 You should keep at the front of your mind that when you come to make the decision, you:
- ❑ Have a duty, under planning legislation, to apply the policies of the Development Plan unless material considerations indicate otherwise;
 - ❑ Are entitled to have and to have expressed your own views on the matter, provided you are prepared to reconsider your position in the light of all the evidence and arguments;
 - ❑ Must keep an open mind and hear all of the evidence before you, both the officers presentation of the facts and their advice as well as the arguments from all sides;
 - ❑ Are not required to cast aside views on planning policy you held when seeking election or otherwise acting as a members, in giving fair consideration to points raised; and
 - ❑ Are to come to a decision after giving what you feel is the right weight to the Development Plan and relevant material considerations
- 3.4 **You should** be aware that you are likely to have ‘fettered your discretion’ where the Council is the landowner, developer or applicant and you have acted as, or could be perceived as being, a chief or major advocate for the proposal. (NB: This is more than a matter of membership of both the proposing committee and the Development Management and Licensing committee, but that through your significant personal involvement in preparing or advocating the proposal you will be, or perceived by the public as being, no longer able to act impartially or to determine the proposal purely on its planning merits)
- 3.5 **You** will be able to take part in the debate at a meeting of the Council on a proposal when acting as part of a consultee body (where you are also a member of the town or parish council, for example) provided:
- ❑ the proposal does not substantially affect the well being or financial standing of the consultee body;
 - ❑ you make it clear to the consultee body that:
 - your views are expressed only on the limited information before you at that time;
 - you can reserve judgement and the independence to make up your own mind on each separate proposal, based on your overriding duty to the whole community and not just to the people in that area, ward or parish, as and when it comes before a Committee and you hear all of the relevant information; and
 - you will not in any way commit yourself as to how you or others may vote when the proposal comes before the meeting; and
 - ❑ you disclose the personal interest regarding your membership or role when the meeting comes to consider the proposal.
- 3.6 **You should not** speak and vote on a proposal where you do not have an open mind. You do not also have to withdraw, but you may prefer to do so for the sake of appearances or abstain from voting

3.7 **You should** explain that you do not intend to speak and vote because you have or you could reasonably be perceived as having judged (or reserve the right to judge) the matter elsewhere, so that this may be recorded in the minutes.

3.8 **You should** take the opportunity to exercise your separate speaking rights as a Ward/Local Member (*where this has granted by the authority's standing orders or by the consent of the Chairman and Committee*) where you have represented your views or those of local electors and 'fettered your discretion', but do not have a personal and disclosable pecuniary interest. Where you do:

- advise the proper officer or Chairman that you wish to speak in this capacity before commencement of the item; and
- remove yourself from the room for the duration of that item; and ensure that your actions are recorded in the published minutes of that meeting.

4. **Contact with Applicants, Developers and Objectors**

4.1 **You should** refer those who approach you for planning, procedural or technical advice to officers.

4.2 **You should not** agree to any formal meeting with applicants, developers or groups of objectors without first discussing with the planning case officer and agreeing a course of action in writing.

Where you feel that a formal meeting would be useful in clarifying the issues, unless agreed otherwise with the officer, you should not seek to arrange that meeting yourself but should request the **Planning Case Officer** to organise it. The officer(s) will then ensure that those present at the meeting are advised from the start that the discussions will not bind the authority to any particular course of action, that the meeting is properly recorded on the application file and the record of the meeting is disclosed when the application is considered by the Committee.

4.3 **You should** otherwise:

- follow the rules on lobbying (section 5);
- always make notes when contacted; and
- report in writing to the **Head of Development Management Practice** any significant contact with the applicant and other parties, explaining the nature and purpose of the contacts and your involvement in them, and ensure that this is recorded on the planning file.

In addition in respect of presentations by applicants/developers:

4.4 You are able to attend a planning presentation at a town or parish council meeting, or a public meeting. When attending public meetings, including town and parish council meetings, Councillors should take great care to maintain their impartial role as a Councillor, listen to all the points of view expressed by the speaker and public and not state a conclusive decision on any pre-application proposals and submitted planning applications.

- 4.5 **You should** ask relevant questions for the purposes of clarifying your understanding of the proposals.
- 4.6 **You should** remember that the presentation is not part of the formal process of debate and determination of any subsequent application, this will be carried out by the appropriate Committee.
- 4.7 **You should** be aware that a presentation is a form of lobbying and you must not express any strong view or indicate how you or other Members might vote.

5. Lobbying of Councillors

- 5.1 **You should** explain to those lobbying or attempting to lobby you that, whilst you can listen to what is said, to express an intention to vote one way or another, or such a firm point of view that it amounts to the same thing, prejudices your impartiality and therefore your ability to participate in the Committee's decision making.
- 5.2 **You should** remember that your overriding duty is to the whole community not just to the people in your ward/local area and, taking account of the need to make decisions impartially, that you should not improperly favour, or appear to improperly favour, any person, company, group or locality.
- 5.3 **You should not** accept gifts or hospitality from any person involved in or affected by a planning proposal.
- 5.4 **You should** copy or pass on any lobbying correspondence you receive to the **Planning Case Officer** at the earliest opportunity
- 5.5 **You should** inform the Monitoring Officer where you feel you have been exposed to undue or excessive lobbying or approaches (including inappropriate offers of gifts or hospitality), who will in turn advise the appropriate officers to follow the matter up.
- 5.6 **You should** note that, unless you have a DPI, you will not have breached this Planning Code of Good Practice through:
- ❑ listening or receiving viewpoints from residents or other interested parties;
 - ❑ making comments to residents, interested parties, other Members or appropriate officers, provided they do not consist of or amount to pre-judging the issue and you make clear you are keeping an open mind;
 - ❑ seeking information through appropriate channels; or
 - ❑ being a vehicle for the expression of opinion or speaking at the meeting as a Ward/Local Member, provided you explain your actions at the start of the meeting or item and make it clear that, having expressed the opinion or ward/local view, you have not committed yourself to vote in accordance with those views and will make up your own mind having heard all the facts and listened to the debate.

6. Lobbying by Councillors

- 6.1 **You should not** become a member of, lead or represent an organisation whose primary purpose is to lobby to promote or oppose planning proposals. If you do, you will have fettered your discretion and are likely to have a personal and disclosable pecuniary interest and have to withdraw.

- 6.2 **You can** join general interest groups which reflect your areas of interest and which concentrate on issues beyond particular planning proposals, such as the Victorian Society, Ramblers Association or a local civic society, but disclose a personal interest where that organisation has made representations on a particular proposal and make it clear to that organisation and the Committee that you have reserved judgement and the independence to make up your own mind on each separate proposal.
- 6.3 **You should not** lobby fellow councillors regarding your concerns or views nor attempt to persuade them that they should decide how to vote in advance of the meeting at which any planning decision is to be taken
- 6.4 **You should not** decide or discuss how to vote on any application at any sort of political group meeting, or lobby any other Member to do so. Political Group Meetings should never dictate how Members should vote on a planning issue.

7. Site Visits

- 7.1 Do try to attend site visits organised by the Council where possible. The Site Inspection Protocol is attached at Appendix A.
- 7.2 **You should not** enter a site which is subject to a proposal other than as part of an official site visit (either a Borough council site visit or a town/parish council site visit), even in response to an invitation, as this may give the impression of bias **unless**:
- ❑ you feel it is essential for you to visit the site other than through attending the official site visit,
 - ❑ you have first spoken to the **Head of Development Management Practice** about your intention to do so and why (which will be recorded on the file) and
 - ❑ you can ensure you will comply with these good practice rules on site visits.
- 7.3 **You should not** request a site visit unless you feel it is strictly necessary because:
- ❑ particular site factors are significant in terms of the weight attached to them relative to other factors, or the difficulty of their assessment in the absence of a site inspection; or
 - ❑ there are significant policy or precedent implications and specific site factors need to be carefully addressed.

8. Public Speaking at Meetings

- 8.1 **You should not** allow members of the public to communicate with Committee Members during the Committee's proceedings (orally or in writing) other than through the scheme for public speaking, as this may give the appearance of bias.
- 8.2 **You should** ensure that you comply with the Council's procedures in respect of public speaking at the Development Management and Licensing Committee.

9. Officers

- 9.1 **You should not** put pressure on officers to put forward a particular recommendation. (This does not prevent you from asking questions or submitting views to the **Head of Development Management Practice**, which may be incorporated into any committee report).
- 9.2 **You should** recognise that officers are part of a management structure and only discuss a proposal, outside of any arranged meeting, with the **Head of Development Management Practice** or those officers who are authorised to deal with the proposal at a Member level, ie. the appropriate **Planning Case Officer**.
- 9.3 **You should** recognise and respect that officers involved in the processing and determination of planning matters must act in accordance with the Council's Code of Conduct for Officers and their professional codes of conduct, primarily the Royal Town Planning Institute's Code of Professional Conduct. As a result, planning officers' views, opinions and recommendations will be presented on the basis of their overriding obligation of professional independence, which may on occasion be at odds with the views, opinions or decisions of the Committee or its Members.

10. Decision Making

- 10.1 **You should** ensure that, if you request a proposal to go before the Committee rather than be determined through officer delegation, that your reasons are recorded, and repeated in the report to Committee.
- 10.2 In the event of a Member referring an application to Committee, there will be an expectation for that Member (unless in exceptional circumstances) to attend the relevant Committee meeting and explain the **material planning reasons** behind their referral. This requirement applies to all Members irrespective of whether or not they are Members of the Committee.
- 10.3 **You should** come to meetings with an open mind and demonstrate that you are open-minded.
- 10.4 **You should** comply with Section 38(6) of the Planning & Compulsory Purchase Act 2004 and make decisions in accordance with the Development Plan unless material considerations indicate otherwise.
- 10.5 **You should** come to your decision only after due consideration of all of the information reasonably required upon which to base a decision. If you feel there is insufficient time to digest new information or that there is simply insufficient information before you, request that further information. If necessary, defer.
- 10.6 **You should not** vote or take part in the meeting's discussion on a proposal unless you have been present to hear the entire debate, including the officers' introduction to the matter.
- 10.7 **You should** make sure that if you are proposing, seconding or supporting a decision contrary to officer recommendations or the development plan that you clearly identify and understand the **material planning reasons** leading to this conclusion/decision. These reasons must be given prior to the vote and be recorded. Be aware that the Council may have to justify the resulting decision in the event of any challenge.
- 10.8 When taking part as a substitute at the DM&L Committee, you are entitled to come to your own view on an application, and are not bound to reflect the views of the Committee Member that you are replacing.

11. Training

- 11.1 **You will not be able to** participate in decision making at meetings dealing with planning matters if you have not attended all mandatory planning training sessions prescribed by the Council.
- 11.2 **You should** endeavour to attend any other specialised training sessions provided, since these will be designed to extend your knowledge of planning law, regulations, procedures, Codes of Practice and the Development Plans beyond the minimum referred to above and thus assist you in carrying out your role properly and effectively.
- 11.3 **You should** participate in annual refresher training and periodic reviews of samples of planning decisions and appeals to ensure that judgements have been based on proper planning considerations and sound decision making.

SITE INSPECTION PROTOCOL

DECEMBER 2016

Purpose:

The purpose of site visits is to enable Members to view particular aspects of an application in context. No decision is reached on site and there is no debate as to outcome at the site meeting.

Attendees:

In addition to the Council's officers and advisors (eg. County Highways), those who are entitled to attend and take part and who make up the Site Inspection Panel are:

- a. All Planning and Licensing Committee Members, and
- b. The WDBC Member(s) representing the Ward in which the site is located

The applicant/agent may attend the site meeting but not participate, however, they will be expected to 'peg out' the proposed development.

Representatives of the respective Parish/Town Council may attend the site meeting but not participate.

At the discretion of the Chairman, the applicant or agent, and one representative from the Parish/Town Council, may be allowed to answer questions of clarity. Specific requests to view the proposal from a particular place (e.g. objector's home) may be accommodated at the Chairman's discretion.

Procedure on Site:

1. The site inspection will be chaired by the Chairman (or in his absence, the Vice Chairman) who will formally open the site inspection with introductions and then invite the Planning Officer to describe the application
2. The Planning Officer then describes the proposal and relevant site specific considerations, and guides the Members to appropriate vantage points which may be within and/or outside the site
3. The Chairman will invite questions from Members to seek clarification but not opinion from the Planning Officer and advisors. At the Chairman's discretion, and in exceptional circumstances, questions may be asked of the applicant/agent or one of the representatives of the Parish/Town Council

4. Any questions that the Case Officer is unable to answer will be listed and a full response given by the Case Officer at the Committee meeting the following week
5. Chairman formally closes the meeting

To request a site inspection:

The Scheme of Delegation sets out the circumstances when a Member can call an application to Committee. At that point, if the Member feels a site inspection should take place, the request should be made in writing to Head of Development Management Practice giving material planning reasons

At the P&L Briefing meeting held the week prior to the publication of the agenda, which is attended by the Chairman, Vice Chairman, Head of Development Management Practice and Specialist Democratic Services, the Chairman and Vice Chairman will discuss with the Head of Development Management Practice which applications should be referred for site inspection

The site inspection itinerary will be prepared by the Specialist Democratic Services and circulated one week prior to the site inspections taking place. The itinerary will be included as part of the agenda

The site inspection will take place on the Thursday prior to the Committee date, and will receive their agenda papers prior to the site inspection taking place

| Committee Meeting | Proposed workplan / timetable for Audit Committee 2018/19 |
|---------------------------|--|
| 12 March 2019 (2.00pm) | <ul style="list-style-type: none"> i) Grant Thornton – Interim Audit Report 2018/19 ii) Grant Thornton Regular Update iii) Devon Audit Partnership arrangements iv) Treasury Management update (for information) v) 2019/20 Internal Audit Plan vi) Draft Budget Book 2019/20 vii) Cost Methodology for Shared Services 2018/19 viii) Update on Progress on the 2018/19 Internal Audit Plan ix) Six monthly update – Strategic Risk Assessment x) Monitoring report on Commercial Property Portfolio xi) Six monthly update – Strategic Debt review |

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