

Audit and Governance Committee

**Tuesday, 29 January 2019 at 6.30pm
in the Belle Vue Suite, Belle Vue Offices, Skipton**

The Chairman (Councillor Harbron) and Councillors Barrett, Brockbank, Brown, Hull, Lis, Mercer, Place and Whitaker

Independent Person: Mr G Robinson

AGENDA

- 1. Apologies for Absence**
- 2. Minutes** – To confirm the minutes of the meeting held on 30 October 2018.
- 3. Public Participation** – In the event that any questions/statements are received or members of the public attend, the public participation session will proceed for a period of up to fifteen minutes.
- 4. Declarations of Interest** – All Members are invited to declare at this point any interests they have in items appearing on this agenda, including the nature of those interests.

(Note: Declarations should be in the form of:

a “**disclosable pecuniary interest**” under Appendix A to the Council’s Code of Conduct, or “**other interests**” under Appendix B or under Paragraph 15 where a matter arises at the meeting which relates to a financial interest of a friend, relative or close associate.

A Member of Council who has a disclosable pecuniary interest must leave the room and not take part in the discussion or vote. When declaring interests under Appendix B or Paragraph 15 of the Code, Members must move to the public seating area, not vote, and speak only if members of the public are also allowed to speak at the meeting.)

- 5. External Audit: 2018/19 Audit Progress Report** – Report of the External Auditor

Purpose of report – The External Auditor to update the Committee on progress since the last meeting in October 2018.
- 6. External Audit: 2018/19 Audit Strategy Memorandum** – Report of the External Auditor

Purpose of report – The External Auditor to present the 2018/19 Audit Strategy Memorandum.

- 7. External Audit: 2017/18 Grants Letter** – Report of the External Auditor
Purpose of report – The External Auditor to present the 2017/18 Grants Letter.
- 8. Internal Audit: Progress Report** – Report of the Audit Services Manager
Purpose of report – To present an update on progress made against the 2018/19 Internal Audit plan.
- 9. Internal Audit Report** – Report of the Audit Services Manager
Purpose of report – To present an Audit Services Report in relation to the transparency agenda.
- 10. Internal Audit: Implementation of Recommendations** – Report of the Chief Finance Officer (s151 Officer)
Purpose of report – To present an update on implementation of internal audit recommendations.
- 11. Exemptions granted under Contract Procedure Rules** – Report of the Chief Finance Officer (s151 Officer)
Purpose of report – To report on exemptions granted from the Council's Contract Procedure Rules from 1 July 2018 to 31 December 2018.
- 12. Review of Polling Districts and Polling Places** – Report of the Chief Executive (Returning Officer)
Purpose of report – To review the Polling Districts and Polling Places for the Craven District.
- 13. Renewal of Electricity Supply Agreement** – Report of the Chief Finance Officer (s151 Officer)
Purpose of report – To notify Members of the expiry of the current consortium arrangement for the bulk purchase of electricity, and to request authorisation to renew this agreement for a further four years.
- 14. Any other items** which the Chairman decides are urgent in accordance with Section 100B(4) of the Local Government Act, 1972.

Agenda Contact Officer:

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- (i) the recording being conducted with the full knowledge of the Chairman of the meeting; and
- (ii) compliance with the Council's protocol on audio/visual recording and photography at meetings, a copy of which is available on request. Anyone wishing to record must contact the agenda contact officer (details above) prior to the start of the meeting. Any recording must be conducted openly and not disrupt proceedings.

Emergency Evacuation Procedure

In case of an emergency, or if the alarm sounds, leave the meeting room and exit the building using the main doors onto the Square. If those doors are not available, please use the nearest available door.

The assembly point is in Belle Vue Square at the front of the building, nearest the main road. An officer will take a roll call once everyone is out of the building.

Please do not leave a meeting without telling the Chairman or a representative of Legal and Democratic Services.

Terms of Reference – Audit and Governance Committee

(a) In relation to internal and external audit activities, to:

- draw together the key components of corporate governance in relation to audit; promoting internal control, focusing audit resources and monitoring the management and performance of the providers of Internal Audit Services;
- consider the Annual Report and Opinion from Internal Audit, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements;
- consider summaries of specific internal audit reports focusing on those areas that receive 'limited assurance';
- consider a report from Internal Audit on the implementation status of agreed recommendations;
- consider the External Auditor's Annual Letter, relevant reports, plans, and report to those charged with governance;
- consider specific reports as agreed with the External Auditor;
- comment on the scope and depth of External Audit work and to ensure it gives value for money;
- liaise with the Audit Commission over the appointment of the Council's External Auditor; and
- approve the annual work programmes for Internal and External Audit and, in exceptional cases, to have the ability to commission work directly from audit providers.

(b) In relation to the Council's regulatory framework, to:

- ensure the effective development and operation of corporate governance within the Council and to maintain the Council's Constitution : the Standards Committee to be consulted on the review of any codes and protocols that relate to the ethical framework;
- review issues referred to it by the Chief Executive, Director, Corporate Head or any Council body;
- approve the corporate risk management framework in accordance with the Risk Management Strategy and Policy Statement; and monitor the effective development and operation of the risk management process: make any necessary changes to the process, including any recommendations for changes to the Strategy and Policy Statement;
- monitor Council policies on 'Whistle-blowing' and the Anti-fraud and Anti-corruption strategy;
- monitor progress on implementation of Internal Audit recommendations;
- oversee the production of the authority's Statement on Internal Control and to recommend its adoption to the Policy Committee / Council;
- consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice; and
- consider the Council's compliance with its own and other published standards and controls.
- Monitor the use of the Regulation of Investigatory Powers Act 2000.

(c) In relation to the Council's Financial Statements / Accounts, to:

- review and approve the annual Statement of Accounts, including whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Policy Committee / Council.

- consider the External Auditor's report to those charged with governance on issues arising from the audit of the accounts.

(d) Under Part 4 (Parishes), Chapter 3 (Reorganisation) of the Local Government and Public Health Act 2007 (and any amending legislation):

- to be responsible for conducting community governance reviews within the District.

AUDIT AND GOVERNANCE COMMITTEE

30 October 2018

Present – The Chair (Councillor Harbron) and Councillors Brockbank, Brown, Hull, Lis, Place and Whitaker.

Independent Person – Greg Robinson

Officers – Chief Executive, Chief Finance Officer (s151 Officer), Solicitor to the Council and Monitoring Officer, Planning Manager and Democratic Services Manager.

Apologies for absence were received from Councillors Barrett and Mercer.

Start: 6.30pm

Finish: 7.40pm

The minutes of the meeting held on 4 September 2018 were approved as a correct record and signed by the Chair.

Exclusion of the Public –

Resolved – That, in accordance with the Council's Access to Information Procedure Rules, the public is excluded from the meeting during consideration of Minute AC.328 (b) on the grounds that it is not in the public interest to disclose Category 3 exempt information (financial or business affairs of any particular person including the Council).

Minutes for Report

AC.326

EXTERNAL AUDIT: ANNUAL AUDIT LETTER

A report was submitted by Mazars, which presented the Annual Audit Letter for the year ended 31 March 2018.

The Chair welcomed the following representatives to the meeting:

- Karen Murray, Engagement Lead, Public Services Audit, Mazars
- Daniel Watson, Engagement Manager, Public Services Audit, Mazars.

The Annual Audit Letter summarised the work and findings of the 2017/18 audit and key messages arising from the audit of the Council's financial statements. It was reported that the Council continued to make good progress in addressing the financial challenges from public sector austerity, although it faced further challenges in future years.

Resolved – That the Annual Audit Letter for 2017/18 is received and noted.

AC.327

INTERNAL AUDIT PROGRESS REPORT

The Chief Finance Officer (s151 Officer) submitted a report which presented an update on progress made against the 2018/19 Internal Audit plan up to 30 September 2018. The report also updated Members on recruitment of the Audit Services Manager.

It was advised that the Audit Services Manager post had been vacant since 30 August 2018. Interim arrangements were in place and a permanent post was being advertised shortly.

Resolved – That the contents of the report and appendices is noted.

AC.328

INTERNAL AUDIT

a. **Implementation of Recommendations**

The Chief Finance Officer (s151 Officer) submitted a report which presented an update on implementation of internal audit recommendations. This included Priority One internal audit recommendations outstanding, all those completed in the period and a summary of the recommendations that had not yet been cleared.

Resolved – That the position in respect of implementation of internal audit recommendations is noted.

b. **Audit Services Report**

An Audit Services Report was submitted in relation to Software Asset Management. A good level of assurance was reported.

Resolved – That the outcome of the Audit Services Report in relation to Software Asset Management is noted.

AC.329

REVIEW OF POLLING DISTRICTS AND POLLING PLACES

The Chief Executive (Returning Officer) submitted a report which presented an update on a Review of Polling Districts and Polling Places for the Craven District.

The Chief Executive (Returning Officer) reported that some representations had been received, which were to be reported back to Audit and Governance Committee as part of the review process.

Resolved – That the contents of the report and appendices be noted.

AC.330

REGULATION OF INVESTIGATORY POWERS ACT 2000

The Solicitor to the Council and Monitoring Officer submitted a report which presented an update on the Council's use of covert surveillance under the Regulation of Investigatory Powers Act 2000. The report also provided an update on a recent desktop inspection undertaken by the Investigatory Powers Commissioner's Office.

Resolved – That the contents of the report and appendices be noted.

Minutes for Decision

AC.331

REVISED PLANNING SCHEME OF DELEGATION

The Solicitor to the Council and Monitoring Officer submitted a report which invited the Committee to consider revisions to the Planning Scheme of Delegation, subject to reference to Full Council for final approval.

The Democratic Services Manager advised that the Planning Committee had initially considered the Revised Planning Scheme of Delegation at its meeting on 29 August 2018. A further report had been submitted to Planning Committee on 24 September 2018, to approve an amendment to the Revised Scheme in relation to Ward Member Referrals. It was advised that as part of the approval process, the Council's Constitution included a requirement that the Revised Scheme was presented to Audit and Governance Committee before reference to Full Council for final approval.

The key areas of discussion were:

- Clarification sought regarding the timescale for Parish Councils to respond to planning applications. The Planning Manager advised that there was a 21 day notification period for Parish Councils to respond. It was acknowledged that there may be occasions when Parish Councils met outside of the notification period. Parish Councils were urged to contact Planning Services if they anticipated an issue with submitting a response.
- Confirmation that Parish Councils were to be notified about the Revised Scheme once it had been approved by Full Council.
- Departure applications and the role of Ward Members in highlighting issues with the Case Officer.

Members were advised there was an opportunity for further consideration and debate of the Revised Scheme at the December Council meeting.

Recommended – That the Committee approves the revised Planning Scheme of Delegation, subject to reference to Full Council for final approval.

(Councillor Brown wished it to be recorded that he abstained from the vote)

Chairman.

External Audit progress report

Craven District Council

January 2019





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- 1. Audit progress**
- 2. Request for information**
- 3. National publications**

This document is to be regarded as confidential to the Craven District Council. It has been prepared for the sole use of the Audit and Governance Committee. No responsibility is accepted to any other person in respect of the whole or part of its contents. Our written consent must first be obtained before this document, or any part of it, is disclosed to a third party.

1. AUDIT PROGRESS

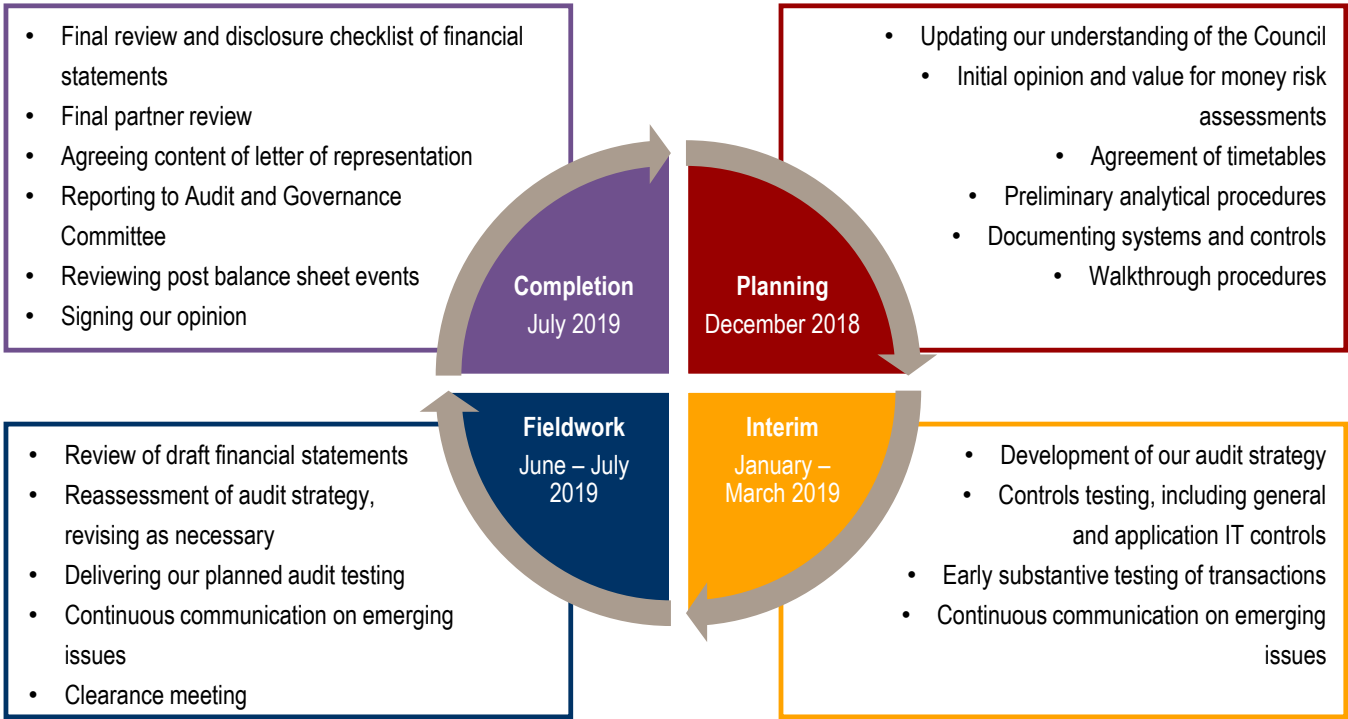
Purpose of this report

This report provides the Audit and Governance Committee with an update on progress in delivering our responsibilities as your external auditor.

Audit progress

Specific work in this period includes our initial audit planning for the 2018/19 audit year. We are pleased to report our Audit Strategy Memorandum alongside this report, which sets out the findings from our audit planning procedures and the risk areas our audit procedures will be focussed on. Our risk assessment remains a continuous process and we will update the Audit and Governance Committee with any changes if they arise.

Our audit work to date has identified one control deficiency in relation to housing benefit expenditure. We set out the deficiency and our recommendation in more detail on the following page. We will follow up the implementation of management's response as part of our year-end audit visit.



Financial Reporting Workshops

Planning of our Local Government Financial Reporting workshops for early in the New Year is well advanced. These workshops provide an update on the latest developments as well as a forum for our clients to discuss emerging issues. Agenda items will include a revisit of 2017/18 issues including early close implications, changes in the 2018/19 Code and a forward look to future regulatory and policy changes. The Leeds event is on Wednesday 30th January 2019 at our new Leeds Office at Wellington Place and we have invited relevant officers from the Council.

1. AUDIT PROGRESS

Internal Control Deficiency

Description of deficiency

Our review of the controls in the Council's housing benefit system confirmed the ongoing programme of internal supervisor checks of the work performed by benefit assessors is not up to date as at December 2018. This is due to staffing changes within the department.

Potential effects

The lack of up-to-date quality assurance checks increases the risk of undetected errors may be posted to the housing benefits system, leading to under or overpayment of benefits to claimants and a potential increase in Local Authority error overpayments

Recommendation

The Council should ensure Quality Assurance checks of housing benefits work is brought up to date and appropriately allocated to a suitable officer.

Management response

The Council are in the process of appointing a team leader to the vacant post whose responsibility this will be. Currently the interim team leader is undertaking these checks, and the plan is to have them all up to date by 31 January.

Housing Benefit Certification 2017/18

During November 2018 we completed our certification work on the Council's 2017/18 Housing Benefit Subsidy claim. We certified the claim without qualification following one amendment arising from the misclassification of overpayments. The results of our work are set out in more detail in our grants letter which is a separate item on this agenda.

2. REQUEST FOR INFORMATION

International Auditing Standards require auditors to enquire about arrangements the entity has put in place:

- to prevent and detect fraud; and
- to comply with applicable law and regulations.

Our request also covers the appropriateness of the going concern assumption.

We list our questions below and would be grateful if the Committee could provide a response by 31 March 2019. Your responses will inform our assessment of the risk of fraud and error within the financial statements, which in turn determines the extent of audit work we need to undertake.

1. How do you exercise oversight of management's processes in relation to:

- undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud or error;
- identifying and responding to risks of fraud in the Trust, please detail any specific risks of fraud which management have identified, and classes of transactions, account balances, or disclosure for which a risk of fraud is likely to exist;
- communicating to employees its view on business practice and ethical behaviour; and
- communicating to you the processes for identifying and responding to fraud or error.

2. How do you oversee management processes for identifying and responding to possible breaches of internal control? Are you aware of any significant breaches of internal control during 2018/19?

3. How do you gain assurance that all relevant laws and regulations have been complied with? Are you aware of any instances of significant non-compliance during 2018/19?

4. Are you aware of any actual or potential litigation or claims that would affect the financial statements?

5. Have you carried out a preliminary assessment of the going concern assumption and if so have you identified any events which may cast significant doubt on the Council's ability to continue as a going concern?

3. NATIONAL PUBLICATIONS

Publication / update	
National Audit Office (NAO)	
1.	Departmental overview – Department of Education 2017-18
2.	Departmental overview – Ministry of Housing, Communities and Local Government
3.	Financial sustainability of local authorities 2018 visualisation
Chartered Institute of Public Finance and Accountancy (CIPFA)	
4.	Code of Practice on Local Authority Accounting / supporting guidance notes for practitioners – 2018/19 Accounts
5.	Implementation date for IFRS 16 Leases

1. Departmental overview – Department of Education 2017-18, National Audit Office

The NAO has published an Overview of the Department of Education which summarises the structure of the Department, how it spends its money, commitments for the future years, key developments including Exiting the European Union and findings from recent NAO reports.

The report also focuses on five areas of importance to the Department which also include findings from NAO reports: academies, teachers, access to higher education and skills development, student loans and oversight and inspection.

<https://www.nao.org.uk/report/departmental-overview-department-for-education-2017-2018/>

2. Departmental overview: Ministry of Housing, Communities and Local Government (MHCLG), National Audit Office

The Departmental Overview is designed to provide a quick and accessible overview of the Department and its performance over the last year. The report focuses on the Department's responsibilities setting out how it is structured, how it spends its money, and its major programmes. It also covers key developments in its areas of work, including exiting the European Union, and findings from recent NAO reports.

The main body of the report focuses on three key areas: financial sustainability; housing and homelessness; and devolution and reorganisation. The report concludes by setting out future developments, risks and challenges impacting on MHCLG. The report also includes a section on the Department for Exiting the EU (pdf page 8).

<https://www.nao.org.uk/report/departmental-overview-ministry-of-housing-communities-and-local-government-2017-18/>

3. Financial sustainability of local authorities 2018 visualisation, National Audit Office

The NAO have published interactive visualisations that describe the changes in the local authorities' financial circumstances from 2010-11 to 2016-17.

The data presented shows changes in income and spending along with an analysis of factors such as budget overspends and use of reserves. These figures vary for a range of reasons such as local political priorities, changes in local demand and changes in government policy and priorities. The report warns that any comparison between places need to be undertaken with caution. The complexity of factors underlying the data means that differences in figures presented should not be viewed as indicative of the current 'performance' of an authority. Any differences between authorities is an opportunity to ask further questions to gain a better understanding of what is happening locally.

Council's can use these visualisations to explore the broad trends identified in the NAO report Financial sustainability of local authorities 2018 (July 2018) in order to increase their understanding of individual local authorities.

<https://www.nao.org.uk/highlights/financial-sustainability-of-local-authorities-2018-visualisation/>

1. Audit progress

2. Request for information

3. National publications

3. NATIONAL PUBLICATIONS

4. Code of Practice on Local Authority Accounting in the United Kingdom and supporting guidance notes for practitioners for the 2018-19 Accounts, CIPFA, December 2018

CIPFA has published the Code of Practice on Local Authority Accounting in the United Kingdom and supporting guidance notes for practitioners for the 2018-19 Accounts. The guidance notes detail key accounting changes introduced by the 2018-19 accounting code and provide practical support for the preparation of the year-end accounts.

Other recent and related publications from CIPFA which Council's may wish to be aware of include:

- Code of Practice on Local Authority Accounting in the United Kingdom: Disclosure Checklist for 2018-19 Accounts;
- Service Reporting Code of Practice for Local Authorities 2019-20;
- The Prudential Code for Capital Finance in Local Authorities: Guidance Notes for Practitioners (2018 edition);
- Treasury Management in the Public Services: Guidance Notes for Local Authorities including Police and Fire Authorities (2018); and
- LGPS Fund Accounts 2018-19: Example Accounts and Disclosure Checklist.

<https://www.cipfa.org/policy-and-guidance/publications/codes-of-practice>

5. Implementation date for IFRS 16 Leases, CIPFA, December 2018

Council will wish to be aware of this statement from the CIPFA/LASAAC Code board on the implementation date of IFRS 16 Leases. CIPFA/LASAAC have confirmed that the effective date of implementation in the Code has been deferred for one year only to 1 April 2020, for alignment with the wider public sector.

<https://www.cipfa.org/policy-and-guidance/technical-panels-and-boards/cipfa-lasaac-local-authority-code-board>

CONTACT

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Audit Strategy Memorandum

Craven District Council

Year ending 31 March 2019





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1. Engagement and responsibilities summary
2. Your audit engagement team
3. Audit scope, approach and timeline
4. Materiality and misstatements
5. Significant risks and key judgement areas
6. Value for Money
7. Fees for audit and other services
8. Our commitment to independence

Appendix A – Key communication points

Appendix B - Forthcoming accounting and other issues

This document is to be regarded as confidential to Craven District Council. It has been prepared for the sole use of the Audit and Governance Committee as the appropriate sub-committee charged with governance . No responsibility is accepted to any other person in respect of the whole or part of its contents. Our written consent must first be obtained before this document, or any part of it, is disclosed to a third party.

Members of the Audit and Governance Committee
1 Belle Vue Square,
Broughton Road,
Skipton,
North Yorkshire,
BD23 1FJ

16 January 2019

Dear Sirs / Madams

Audit Strategy Memorandum – Year ending 31 March 2019

We are pleased to present our Audit Strategy Memorandum for Craven District Council for the year ending 31 March 2019

The purpose of this document is to summarise our audit approach, highlight significant audit risks and areas of key judgements and provide you with the details of our audit team. As it is a fundamental requirement that an auditor is, and is seen to be, independent of its clients, Section 8 of this document also summarises our considerations and conclusions on our independence as auditors.

We consider two-way communication with you to be key to a successful audit and important in:

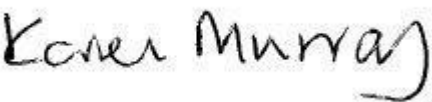
- reaching a mutual understanding of the scope of the audit and the responsibilities of each of us;
- sharing information to assist each of us to fulfil our respective responsibilities;
- providing you with constructive observations arising from the audit process; and
- ensuring that we, as external auditors, gain an understanding of your attitude and views in respect of the internal and external operational, financial, compliance and other risks facing Craven District Council which may affect the audit, including the likelihood of those risks materialising and how they are monitored and managed.

This document, which has been prepared following our initial planning discussions with management, is the basis for discussion of our audit approach, and any questions or input you may have on our approach or role as auditor.

This document also contains specific appendices that outline our key communications with you during the course of the audit, and forthcoming accounting issues and other issues that may be of interest.

Client service is extremely important to us and we strive to continuously provide technical excellence with the highest level of service quality, together with continuous improvement to exceed your expectations so, if you have any concerns or comments about this document or audit approach, please contact me on 0161 238 9248.

Yours faithfully



Karen Murray
Mazars LLP

1. ENGAGEMENT AND RESPONSIBILITIES SUMMARY

Overview of engagement

We are appointed to perform the external audit of Craven District Council (the Council) for the year to 31 March 2019. The scope of our engagement is set out in the Statement of Responsibilities of Auditors and Audited Bodies, issued by Public Sector Audit Appointments Ltd (PSAA) available from the PSAA website: <https://www.psaa.co.uk/audit-quality/statement-of-responsibilities/>

Our responsibilities

Our responsibilities are principally derived from the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (NAO), as outlined below:

Audit opinion

We are responsible for forming and expressing an opinion on the financial statements.

Our audit is planned and performed so to provide reasonable assurance that the financial statements are free from material error and give a true and fair view of the financial performance and position of the Council for the year.

Reporting to the NAO

Based on previous years, the Council's financial statements are expected to be below the review threshold for reporting to the NAO. We will confirm this case on receipt of the 2018/19 financial statements and report to the NAO on this basis.

Value for Money

We are required to conclude whether the Council has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources. We discuss our approach to Value for Money work further in section 6 of this report.

Electors' rights

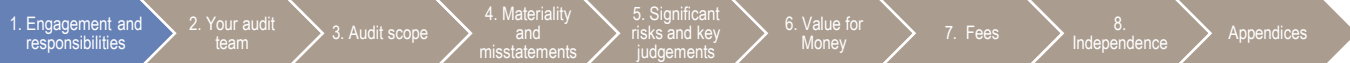
The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and consider any objection made to the accounts. We also have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom.

Our audit does not relieve management or those charged with governance, of their responsibilities. The responsibility for safeguarding assets and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with both those charged with governance and management. In accordance with International Standards on Auditing (UK), we plan and perform our audit so as to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. However our audit should not be relied upon to identify all such misstatements.

As part of our audit procedures in relation to fraud we are required to enquire of those charged with governance as to their knowledge of instances of fraud, the risk of fraud and their views on management controls that mitigate the fraud risks.

The Council is required to prepare its financial statements on a going concern basis by the Code of Practice on Local Authority Accounting. As auditors, we are required to consider the appropriateness of the use of the going concern assumption in the preparation of the financial statements and the adequacy of disclosures made.

For the purpose of our audit, we have identified the Audit and Governance Committee as those charged with governance.



2. YOUR AUDIT ENGAGEMENT TEAM



- Karen Murray – Engagement Lead
- karen.murray@mazars.co.uk
- 0161 238 9248



- Daniel Watson – Engagement Manager
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- Keith Illingworth – Assistant Manager
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- 0113 394 5304

3. AUDIT SCOPE, APPROACH AND TIMELINE

Audit scope

Our audit approach is designed to provide an audit that complies with all professional requirements.

Our audit of the financial statements will be conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit approach and in accordance with the terms of our engagement. Our work is focused on those aspects of your business which we consider to have a higher risk of material misstatement, such as those affected by management judgement and estimation, application of new accounting standards, changes of accounting policy, changes to operations or areas which have been found to contain material errors in the past.

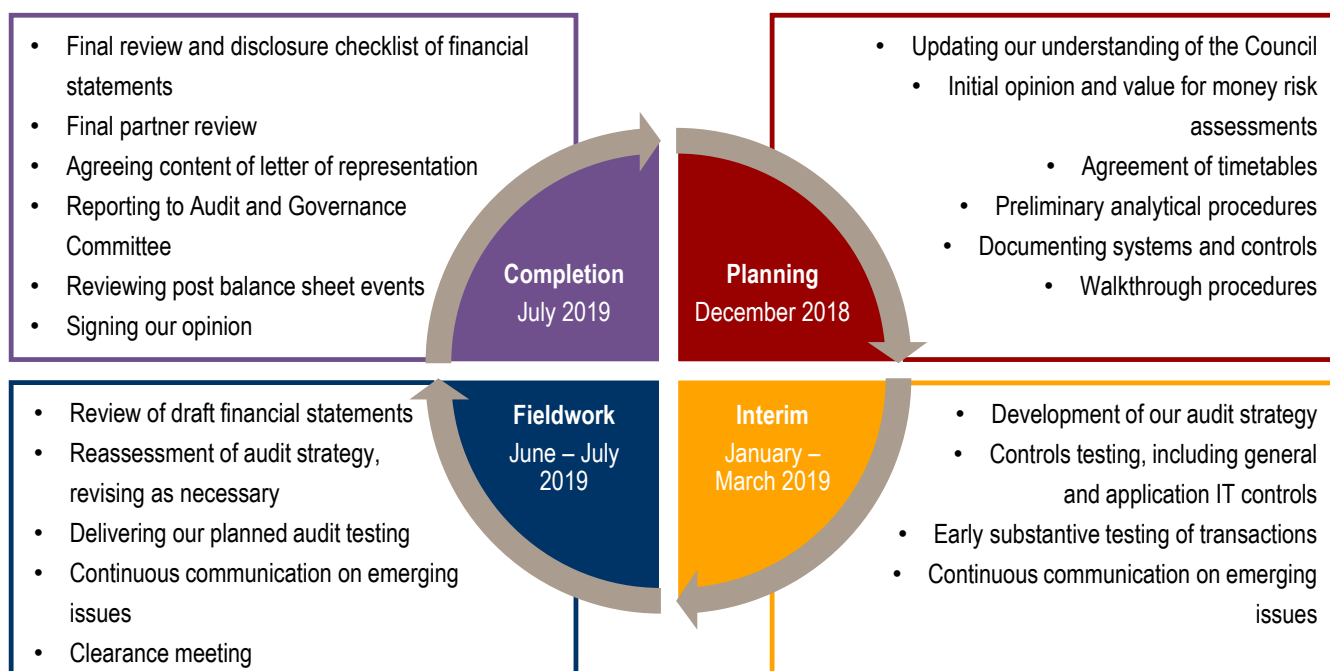
Audit approach

Our audit approach is a risk-based approach primarily driven by the risks we consider to result in a higher risk of material misstatement of the financial statements. Once we have completed our risk assessment, we develop our audit strategy and design audit procedures in response to this assessment.

If we conclude that appropriately-designed controls are in place then we may plan to test and rely upon these controls. If we decide controls are not appropriately designed, or we decide it would be more efficient to do so, we may take a wholly substantive approach to our audit testing. Substantive procedures are audit procedures designed to detect material misstatements at the assertion level and comprise tests of details (of classes of transactions, account balances, and disclosures) and substantive analytical procedures. Irrespective of the assessed risks of material misstatement, which take into account our evaluation of the operating effectiveness of controls, we are required to design and perform substantive procedures for each material class of transactions, account balance, and disclosure.

Our audit will be planned and performed so as to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. The concept of materiality and how we define a misstatement is explained in more detail in section 4.

The diagram below outlines the procedures we perform at the different stages of the audit.



3. AUDIT SCOPE, APPROACH AND TIMELINE (CONTINUED)

Reliance on internal audit

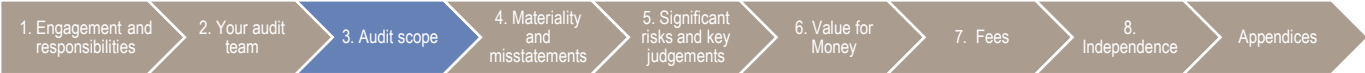
Where possible we will seek to utilise the work performed by internal audit to modify the nature, extent and timing of our audit procedures. We will meet with internal audit to discuss the progress and findings of their work prior to the commencement of our controls evaluation procedures.

Where we intend to rely on the work of internal audit, we will evaluate the work performed by your internal audit team and perform our own audit procedures to determine its adequacy for our audit.

Management’s and our experts

Management makes use of experts in specific areas when preparing the Council’s financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account.

Items of account	Management’s expert	Our expert
Defined benefit liability	Aon Hewitt	PwC, consulting actuary, on behalf of National Audit Office
Property, plant and equipment valuation	Internal Valuations Team	We will use available third party information to challenge the valuer’s key assumptions.
Financial instrument disclosures	Link Assets Services	We will review the valuer’s methodology to gain assurance that the fair value disclosures of the Council’s financial assets and liabilities are materially correct.



4. MATERIALITY AND MISSTATEMENTS

Summary of initial materiality thresholds

Threshold	Initial threshold (£'000s)
Overall materiality	502
Trivial threshold for errors to be reported to the Audit Committee	15

Materiality

Materiality is an expression of the relative significance or importance of a particular matter in the context of financial statements as a whole. Misstatements in financial statements are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on consideration of the common financial information needs of users as a group and not on specific individual users.

The assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:

- have a reasonable knowledge of business, economic activities and accounts;
- have a willingness to study the information in the financial statements with reasonable diligence;
- understand that financial statements are prepared, presented and audited to levels of materiality;
- recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement and the consideration of future events; and
- will make reasonable economic decisions on the basis of the information in the financial statements.

We consider materiality whilst planning and performing our audit based on quantitative and qualitative factors.

Whilst planning, we make judgements about the size of misstatements which we consider to be material and which provides a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

The materiality determined at the planning stage does not necessarily establish an amount below which uncorrected misstatements, either individually or in aggregate, will be considered as immaterial.

We revise materiality for the financial statements as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.

Our provisional materiality is set based on a benchmark of gross revenue expenditure at the provision of services level. We will identify a figure for materiality but identify separate levels for procedures designed to detect individual errors, and also a level above which all identified errors will be reported to the Audit and Governance Committee.

We consider that revenue expenditure remains the key focus of users of the financial statements and, as such, we base our materiality levels around this benchmark.

We expect to set a materiality threshold at 2% of gross revenue expenditure at the surplus/deficit on provision of services level.

4. MATERIALITY AND MISSTATEMENTS (CONTINUED)

Based on the prior year audited accounts, we anticipate the overall materiality for the year ending 31st March 2019 to be in the region of £0.502m (£0.431m in the prior year).

After setting initial materiality, we continue to monitor materiality throughout the audit to ensure that it is set at an appropriate level.

Performance Materiality

Performance materiality is the amount or amounts set by the auditor at less than materiality for the financial statements as a whole to reduce, to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Our initial assessment of performance materiality is based on low inherent risk whilst also reflecting the adjustments made to the prior year draft financial statements, meaning that we have applied 70% of overall materiality as performance materiality.

Specific items of lower materiality

We have also calculated materiality for specific classes of transactions, balances or disclosures where we determine that misstatements of a lesser amount than materiality for the financial statements as a whole, could reasonably be expected to influence the decisions of users taken on the basis of the financial statements. We have set specific materiality for the following items of account:

Item of account	Specific materiality
Officer Remuneration bandings	£5,000 *
Related party transactions	£50,000

*Reflecting movement from one salary band to another

Misstatements

We aggregate misstatements identified during the audit that are other than clearly trivial. We set a level of triviality for individual errors identified (a reporting threshold) for reporting to the Audit and Governance Committee that is consistent with the level of triviality that we consider would not need to be accumulated because we expect that the accumulation of such amounts would not have a material effect on the financial statements. Based on our preliminary assessment of overall materiality, our proposed triviality threshold is £15,000 based on 3% of overall materiality. If you have any queries about this please do not hesitate to raise these with Karen Murray.

Reporting to the Audit and Governance Committee

To comply with International Standards on Auditing (UK), the following three types of audit differences will be presented to the Audit Committee:

- summary of adjusted audit differences;
- summary of unadjusted audit differences; and
- summary of disclosure differences (adjusted and unadjusted).

5. SIGNIFICANT RISKS AND KEY JUDGEMENT AREAS

Following the risk assessment approach discussed in section 3 of this document, we have identified relevant risks to the audit of financial statements. The risks that we identify are categorised as significant, enhanced or standard, as defined below:

- Significant risk

A significant risk is an identified and assessed risk of material misstatement that, in the auditor’s judgment, requires special audit consideration. For any significant risk, the auditor shall obtain an understanding of the entity’s controls, including control activities relevant to that risk.
- Enhanced risk

An enhanced risk is an area of higher assessed risk of material misstatement at audit assertion level other than a significant risk. Enhanced risks incorporate but may not be limited to:
 - key areas of management judgement, including accounting estimates which are material but are not considered to give rise to a significant risk of material misstatement; and
 - other audit assertion risks arising from significant events or transactions that occurred during the period.
- Standard risk

This is related to relatively routine, non-complex transactions that tend to be subject to systematic processing and require little management judgement. Although it is considered that there is a risk of material misstatement, there are no elevated or special factors related to the nature, the likely magnitude of the potential misstatements or the likelihood of the risk occurring.

The summary risk assessment, illustrated in the table below, highlights those risks which we deem to be significant. We have summarised our audit response to these risks on the next page.



5. SIGNIFICANT RISKS AND KEY JUDGEMENT AREAS (CONTINUED)

We provide more detail on the identified risks and our testing approach with respect to significant risks in the table below. An audit is a dynamic process, should we change our view of risk or approach to address the identified risks during the course of our audit, we will report this to the Audit and Governance Committee.

Significant risks

	Description of risk	Planned response
1	Management override of controls Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.	We plan to address the management override of controls risk through performing audit work over accounting estimates, journal entries and significant transactions outside the normal course of business or otherwise unusual.
2	Revenue recognition Our audit methodology incorporates this risk as a significant risk at all audits, although based on the circumstances of each audit, it is rebuttable. Based on our initial knowledge and planning discussions we have concluded that we can rebut the presumption of a revenue recognition risk for the Council's revenue income and expenditure.	<p>We do not consider this to be a significant risk as the Council's income streams are inherently stable, well controlled and there is little incentive to manipulate revenue recognition. We therefore rebut this risk and do not incorporate specific risk procedures over and above our standard fraud procedures to address the management override of controls risk.</p> <p>Our audit approach will however incorporate testing from payments and receipts around the year-end to provide assurance that there are no material unrecorded items of income and expenditure in the 2018/19 accounts.</p>

5. SIGNIFICANT RISKS AND KEY JUDGEMENT AREAS (CONTINUED)

Significant risks continued

	Description of risk	Planned response
3	<p>Property, plant and equipment valuation</p> <p>The CIPFA Code requires that where assets are subject to revaluation, their year end carrying value should reflect the fair value at that date. The Council has adopted a rolling revaluation model which sees all land and buildings revalued in a five year cycle.</p> <p>The valuation of Property, Plant & Equipment involves the use of a management expert (the valuer), and incorporates assumptions and estimates which impact materially on the reported value. There are risks relating to the valuation process.</p> <p>As a result of the rolling programme of revaluations, there is a risk that individual assets which have not been revalued for up to three years are not valued at their materially correct fair value. In addition, as the valuations are undertaken through the year there is a risk that the fair value as the assets is materially different at the year end.</p>	<p>In relation to the valuation of property, plant & equipment we will:</p> <ul style="list-style-type: none"> • Critically assess the Council's valuer's scope of work, qualifications, objectivity and independence to carry out the Council's programme of revaluations; • Consider whether the overall revaluation methodology used by the Council valuer is in line with industry practice, the CIPFA Code of Practice and the Council's accounting policies; • Critically assess the appropriateness of the underlying data and the assumptions used in the valuer's calculations, based on our expectations by reference to sector and local knowledge; • Assess the movement in market indices between the revaluation dates and the year end to determine whether there have been material movements over that time; • Critically assess the treatment of the upward and downward revaluations in the Council's financial statements with regards to the requirements of the CIPFA Code of Practice; • Critically assess the approach that the Council adopts to ensure that assets not subject to revaluation in 2018/19 are materially correct, including considering the robustness of that approach in light of the valuation information reported by the Council's valuers; • Test a sample of items of capital expenditure in 2018/19 to confirm that the additions are appropriately valued in the financial statements.

5. SIGNIFICANT RISKS AND KEY JUDGEMENT AREAS (CONTINUED)

Significant risks continued

	Description of risk	Planned response
4	<p>Defined benefit liability valuation</p> <p>The net pension liability represents a material element of the Council's balance sheet. The Council is an admitted body of North Yorkshire Local Government Pension Fund, which had its last triennial valuation completed as at 31 March 2016.</p> <p>The valuation of the Local Government Pension Scheme relies on a number of assumptions, most notably around the actuarial assumptions, and actuarial methodology which results in the Council's overall valuation.</p> <p>There are financial assumptions and demographic assumptions used in the calculation of the Council's valuation, such as the discount rate, inflation rates and mortality rates. The assumptions should also reflect the profile of the Council's employees, and should be based on appropriate data. The basis of the assumptions is derived on a consistent basis year to year, or updated to reflect any changes.</p> <p>There is a risk that the assumptions and methodology used in valuing the Council's pension obligation are not reasonable or appropriate to the Council's circumstances. This could have a material impact to the net pension liability in 2018/19.</p>	<p>In relation to the valuation of the Council's defined benefit pension liability we will:</p> <ul style="list-style-type: none"> • Critically assess the competency, objectivity and independence of the North Yorkshire Local Government Pension Fund's Actuary, Aon Hewitt; • Liaise with the auditors of the North Yorkshire Local Government Pension Fund to gain assurance that the controls in place at the Pension Fund are operating effectively. This will include the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS19 valuation is complete and accurate; • Review the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This will include comparing them to expected ranges, utilising information provided by PWC, consulting actuary engaged by the National Audit Office; • Agree the data in the IAS 19 valuation report provided by the Fund Actuary for accounting purposes to the pension accounting entries and disclosures in the Council's financial statements. • Review the accounting treatment of the Council's prepayment of employer contributions and the effect of this on the net defined liability and pension reserve.

5. SIGNIFICANT RISKS AND KEY JUDGEMENT AREAS (CONTINUED)

Key areas of management judgement

Key areas of management judgement include accounting estimates which are material but are not considered to give rise to a significant risk of material misstatement. These areas of management judgement represent other areas of audit emphasis.

	Area of management judgement	Planned response
1	Investment Properties The Council has judged a number of its properties as being held solely for rental income or capital appreciation and therefore classified these as investment properties. The classification of properties is a key area of judgement, but does not amount to a significant risk for the audit.	We will review the basis for the judgements used in classifying assets as investment properties, and assess the reasonableness of these estimates for a sample of assets.
2	Provision for Bad Debts Each year the Council reviews its outstanding debtor balances and estimates a provision for bad debts based on judgements around the collectability of the debt. The estimation of the provision, including the underlying judgements, is a key area of judgment, but does not amount to a significant risk to the audit.	We will review the Council's methodology for estimating the value of the bad debt provision, and assess the reasonableness of the judgements involved in this process.

6. VALUE FOR MONEY

Our approach to Value for Money

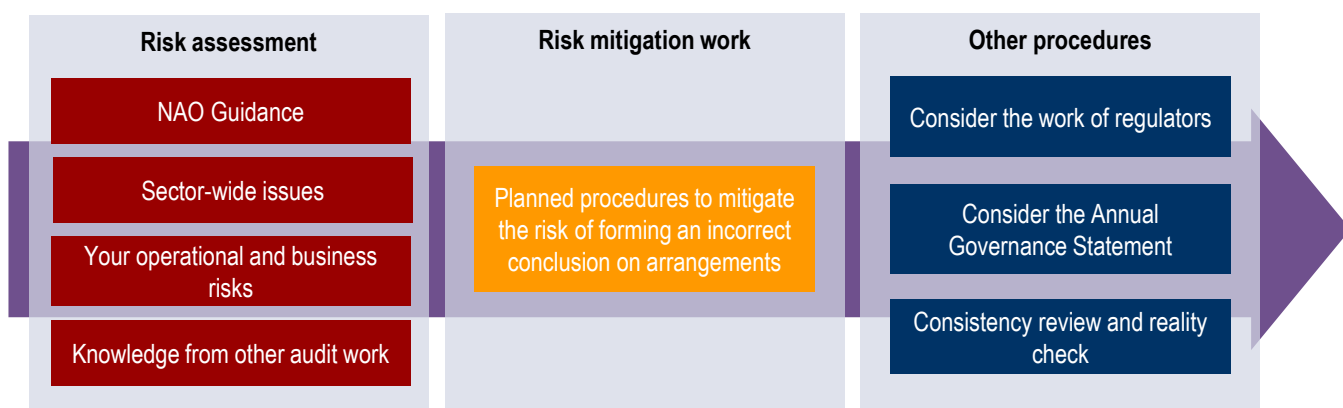
We are required to form a conclusion as to whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out, and sets out the overall criterion and sub-criteria that we are required to consider.

The overall criterion is that, 'in all significant respects, the Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.'

To assist auditors in reaching a conclusion on this overall criterion, the following sub-criteria are set out by the NAO:

- informed decision making;
- sustainable resource deployment; and
- working with partners and other third parties.

A summary of the work we undertake to reach our conclusion is provided below:

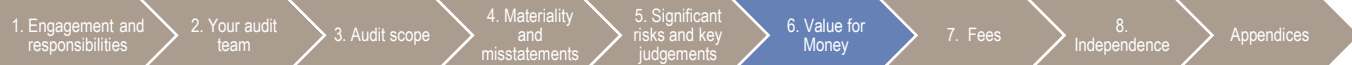


Significant Value for Money risks

The NAO's guidance requires us to carry out work at the planning stage to identify whether or not a Value for Money (VFM) exists. Risk, in the context of our VFM work, is the risk that we come to an incorrect conclusion rather than the risk of the arrangements in place at the Council being inadequate. As outlined above, we draw on our deep understanding of the Council and its partners, the local and national economy and wider knowledge of the public sector.

For the 2018/19 financial year, we have identified the following significant risk to our VFM work:

Description of significant risk	Planned response
Financial Pressures <p>Our audit work in previous years has concluded that the Council has arrangements in place for medium term financial planning. The Council, however, continues to face financial pressure in the coming years and has recently updated its Longer Term Financial Strategy (LTFS) to cover the period to 2025/26. This forecasts a deficit of £1.2m - £1.3m depending on the level of Council Tax increases implemented.</p> <p>We need to ensure our knowledge of the Council's LTFS arrangements and its monitoring of the planned delivery of savings, remains up to date in order to ensure we give the correct VFM conclusion.</p>	<p>Building on our work in previous years, we will review the Council's updated 2019 LTFS to ensure it reflects the latest funding position and review and update our knowledge of the arrangements the Council has in place to monitor progress against its savings plans and income projections that underpin the LTFS.</p>



7. FEES FOR AUDIT AND OTHER SERVICES

Fees for work as the Council's appointed auditor

At this stage of the audit we are not planning any divergence from the scale fees set by PSAA as communicated in our fee letter of 27th March 2018.

Service	2017/18 fee	2018/19 fee
Code audit work	£49,778	£35,281

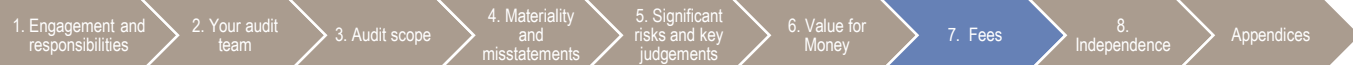
All fees exclude VAT

Fees for non-PSAA work

In addition to the fees outlined above in relation to our appointment by PSAA, we have been separately engaged by the Council to carry out additional work as set out in the table below. Before agreeing to undertake any additional work we consider whether there are any actual, potential or perceived threats to our independence. Further information about our responsibilities in relation to independence is provided in section 8.

Service	2017/18 fee	2018/19 fee
Housing Benefits Subsidy Assurance	£7,060	£9,210
VAT helpline	£13,560	£2,000

All fees exclude VAT



8. OUR COMMITMENT TO INDEPENDENCE

We are committed to independence and are required by the Financial Reporting Council to confirm to you at least annually, in writing, that we comply with the Financial Reporting Council's Ethical Standard. In addition, we communicate any matters or relationship which we believe may have a bearing on our independence or the objectivity of the audit team.

Based on the information provided by you and our own internal procedures to safeguard our independence as auditors, we confirm that in our professional judgement there are no relationships between us and any of our related or subsidiary entities, and you and your related entities creating any unacceptable threats to our independence within the regulatory or professional requirements governing us as your auditors.

We have policies and procedures in place which are designed to ensure that we carry out our work with integrity, objectivity and independence. These policies include:

- all partners and staff are required to complete an annual independence declaration;
- all new partners and staff are required to complete an independence confirmation and also complete computer-based ethics training;
- rotation policies covering audit engagement partners and other key members of the audit team;
- use by managers and partners of our client and engagement acceptance system which requires all non-audit services to be approved in advance by the audit engagement partner.

We confirm, as at the date of this document, that the engagement team and others in the firm as appropriate, and Mazars LLP are independent and comply with relevant ethical requirements. However, if at any time you have concerns or questions about our integrity, objectivity or independence please discuss these with Karen Murray in the first instance.

Prior to the provision of any non-audit services Karen Murray will undertake appropriate procedures to consider and fully assess the impact that providing the service may have on our auditor independence.

In relation to non-audit work on VAT, recorded as £2,000 in section 7, we considered ethical standards in relation to our firm's ability to carry out this work without compromising auditor independence. The work of our VAT team is just to provide ad-hoc advice to the Council based on queries raised.

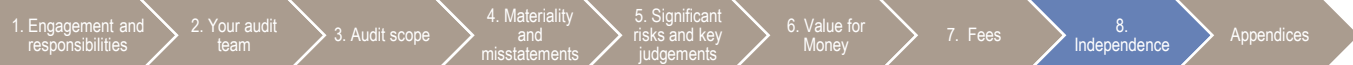
Auditor independence is maintained by this work being undertaken by a separate Indirect Tax Team, separate from the audit team and as a separate engagement from the audit.

In addition, we considered the VAT work against specific guidance in NAO AGN01, General Guidance Supporting Local Audit Issued on 21 December 2017. This is because provision of tax advice is a service that can only be provided by the firm if certain conditions are met.

Our assessment against these conditions is set out below:

- the VAT service provided has no direct or, in the case of an objective, reasonable and informed third party, would have an inconsequential effect, separately or in the aggregate on the audited financial statements, or on the audited body's arrangements to secure value for money;
- materiality on the audit is £502k.. In the context of the VFM conclusion, in addition to the limited potential financial impact on recoverable VAT, any issues arising would not necessarily amount to a failure in the Council's proper arrangements to secure economy, efficiency and effectiveness;
- the principles of independence laid down in section 1 of the FRC's ethical standard are complied with; and
- for the purposes of giving an opinion on the financial statements and/or, where appropriate, reaching a conclusion on arrangements to secure value for money, we would not place significant reliance on the work performed in carrying out these services

Any emerging independence threats and associated identified safeguards will be communicated in our Audit Completion Report.



APPENDIX A – KEY COMMUNICATION POINTS

ISA (UK) 260 'Communication with Those Charged with Governance', ISA (UK) 265 'Communicating Deficiencies In Internal Control To Those Charged With Governance And Management' and other ISAs (UK) specifically require us to communicate the following:

Required communication	Audit Strategy Memorandum	Audit Completion Report
Our responsibilities in relation to the audit of the financial statements and our wider responsibilities	✓	
Planned scope and timing of the audit	✓	
Significant audit risks and areas of management judgement	✓	
Our commitment to independence	✓	✓
Responsibilities for preventing and detecting errors	✓	
Materiality and misstatements	✓	✓
Fees for audit and other services	✓	
Significant deficiencies in internal control		✓
Significant findings from the audit		✓
Significant matters discussed with management		✓
Our conclusions on the significant audit risks and areas of management judgement		✓
Summary of misstatements		✓
Management representation letter		✓
Our proposed draft audit report		✓

APPENDIX B – FORTHCOMING ACCOUNTING AND OTHER ISSUES

Changes relevant to 2018/19

IFRS 9 Financial Instruments - the standard replaces IAS 39 and introduces significant changes to the recognition and measurement of the Council's financial instruments, particularly its financial assets.

Although the accounting changes may be complex and may require the reclassification of some instruments, it is likely that the Council will continue to measure the majority of its financial assets at amortised costs.

For Councils that hold instruments that will be required to be measured at fair value under the new standard, there may be instances where changes in these fair values are recognised immediately and impact on the general fund. The government has introduced a statutory provision, mitigating the impact of revaluation movements on certain assets.

IFRS 15 Revenue from Contracts with Customers - the 2018/19 Code also applies the requirements of IFRS 15, but it is unlikely that this will have significant implications for most local authorities.

There are no other significant changes to the Code of Practice on Local Authority Accounting (the Code) for 2018/19.

Changes in future years

Accounting standard	Year of application	Implications
IFRS 16 – Leases	2020/21	<p>The new leasing standard was intended to be adopted by local authorities in 2019/20. In December 2018 CIPFA announced the adoption has been deferred until 2020/21.</p> <p>IFRS 16 will replace the existing leasing standard, IAS 17, and will introduce significant changes, particularly for lessees. The requirements for lessors will be largely unchanged from the position in IAS 17.</p> <p>Lessees will need to recognise assets and liabilities for all leases (except short-life or low-value leases) as the distinction between operating leases and finance leases is removed.</p> <p>The introduction of this standard is likely to lead to significant work being required in order to identify all leases to which the Authority and its group bodies are party to.</p>

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16 January 2019

Dear Members

Results of certification work 2017-18

As the Council's appointed auditor, we acted as an agent of Public Sector Audit Appointments (PSAA) who have responsibilities to make certification arrangements for specified claims and returns. For 2017/18 the only claim or return within this regime was the Housing Benefit Subsidy return. This letter reports the findings from this work.

In 2017/18 the prescribed tests for our Housing Benefits work were set out in the HBCOUNT module and BEN01 Certification Instructions issued by PSAA. For the Housing Benefit Subsidy return, on completion of the specified work we issue a certificate. The certificate states whether the claim has been certified either without qualification; without qualification following amendment by the Council; or with a qualification letter. Where we issue a qualification letter or the claim or return is amended by the Council, the grant paying body may withhold or claw-back grant funding.

The 2017/18 Housing benefits return was amended and was certified unqualified. The table below details our findings.

Claim or return	Value of claim or return	Amended	Qualified
Housing benefit subsidy	£7,802,232	Yes	No

Our initial testing identified one error in relation to misclassified overpayments. We reviewed all similar cases and confirmed this was an isolated error. The result of the amendment was to increase the subsidy owed to the Council by £1,193.

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We are registered to carry on audit work in the UK and Ireland by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at www.auditregister.org.uk under reference number C001139861.

Fees

PSAA set an indicative fee for our work on the Council's Housing benefit subsidy return. This indicative fee, and the final fee charged for 2016/17, is detailed in the table below:

Claim or return	2017/18 indicative fee	2017/18 final fee	2016/17 final fee
Housing benefit subsidy	£7,060	£7,060	£9,503

Yours sincerely


MJ Kirkham (Jan 16, 2019)

Mark Kirkham

Partner

For and on behalf of Mazars LLP

This letter is prepared in the context of the 'Statement of responsibilities of auditors and audited bodies' issued by Public Sector Audit Appointments Ltd. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of Craven District Council and we take no responsibility to any member or officer in their individual capacity or to any third party.

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Audit & Governance Committee – 29 January 2019

Audit Services Progress Report as at mid January 2019



Report of the Audit Services Manager – Shared Internal Audit Service

Ward(s) affected: All

1. Purpose of Report

- 1.1 To update Committee Members on the progress made against the 2018/19 Internal Audit plan up to mid January 2019

2. Recommendations

Members are recommended to:-

- 2.1 Note the contents of the report and the attached Appendix.

3. Background Information

- 3.1 The work undertaken by Audit Services is governed by the Accounts and Audit (England) Regulations 2011 and the Public Sector Internal Audit Standards (PSIAS). In accordance with paragraph 2.11 of the Standards, the Audit Committee must receive progress reports detailing progress made against the agreed Annual Audit Plan.

4. The Report

- 4.1 This report details the work undertaken by Audit Services and contains a summary of completed reviews along with the overall audit opinion given.

4.2 **Breakdown of Current Position as at mid January 2019**

2017/18 audits

2017/18 Audits	Audit Opinion	Current Status
NNDR	In progress	Draft
Council Tax	In progress	Draft

2018/19 Audits

2018/19 Audits	Audit Opinion	Current Status
Succession Planning	In progress	Fieldwork stage
Peer Review of Recommendations	Yet to start	Q4 Audit
Debtors	In progress	With manager for review
Creditors	In progress	Planning
Housing Benefits	In progress	Fieldwork stage
Fraud – Flexi time and Overtime Arrangements	In progress	Planning
Property Valuations	In progress	Fieldwork stage
Use of Agency Staff and Contract Employees	Yet to start	Q4 Audit
Social Media	In progress	Draft report being written
Health and Safety Arrangements	In progress	Fieldwork stage
Transparency Agenda	Partial	Final report
Environmental Services Review	In progress	Planning

- 4.4 The following table shows the progress against the 2018/19 operational plan for the period 1st April 2018 to mid January 2019.

Audit Area	Total Days per approved Audit Plan 2018/19	Days spent as at mid January 2019
Follow up Audit work	2	0.6
ICT	15	16
Management	15	13
Service Areas	94	31
Fundamentals	39	26
Fraud	15	0
TOTAL	180	86.6

- 4.5 The current position on the 2018/19 Audit Plan as at mid January 2019 is as follows:

Status of Audits	Number of Audits	Percentage of Plan
Final report issued	1	8%
Draft report issued	0	0%
Managers Review	1	8%
In progress	8	67%
Yet to start	2	17%
Total	12	100%

5. Priority Areas to 31st March 2019

5.1 Completion of the Audit Plan

All audits will be completed in line with the agreed plan.

6. Conclusion

- 6.1 All Audits will be completed in line with the agreed plan. Update meetings will continue to be held with the Strategic Manager – Financial Services (s151 Officer) to provide assurance that audit work is progressing as planned

7. **Implications**

7.1 **Financial and Value for Money Implications**

None

7.2 **Legal implications**

None

7.3 **Contribution to Council Priorities**

The delivery of an Internal Audit Service contributes to Council transformation.

7.4 **Risk Management**

The internal audit function is an integral part of internal control.

7.5 **Equality Impact Assessment**

The Council's Equality Impact Assessment Procedure **has been** followed. An Equality Impact Assessment **has not** been completed on the proposals as completion of **Stage 1- Initial Screening** of the Procedure identified that the proposed policy, strategy, procedure or function **does not have** the potential to cause negative impact or discriminate against different groups in the community based on •age • disability •gender • race/ethnicity • religion or religious belief (faith) •sexual orientation, or • rural isolation.

8. **Consultations with Others**

Strategic Manager Financial Services (S151 Officer)

9. **Access to Information : Background Documents**

None

10. Author of the Report

Gill Hoyes, Auditor, Craven District Council and Harrogate Borough Council
Shared Audit Service.

Note: Members are invited to contact the author in advance of the meeting
with any detailed queries or questions.

11. Appendices

Internal Audit Plan 2018/19 April – mid January 2019 Monitoring

APPENDIX 1

Internal Audit Plan April – mid January 2019 MONITORING

Audits (includes audits brought forward 2017/18 audits)	Approved Plan (Days)	Actual April-Jan (Days)	Comments (at time of writing)
2017/18 audits			
Council Tax & NNDR	30	13.75	Draft

2018/19 audits			
Succession planning	15	6	In progress
Peer review of recommendations	12	1.4	Q4 audit
Debtors	12	12.6	With manager for review
Creditors	12	0.5	In progress
Housing benefits	15	12.5	In progress
Fraud – Flexi time and overtime arrangements	15	0.5	In progress
Property valuations	10	5	In progress
Use of agency staff and contract employees	15	0	Q4 audit
Social media	15	15.9	In progress
Health and safety arrangements	12	3.4	In Progress
Transparency agenda	15	15	Final report issued
Follow up work	2	0.6	Ongoing
Environmental services review	15	0	Ongoing
Management	15	13	Ongoing
Total	180	86.4	

*** Key – Levels of Assurance**

Level	Definition
Significant	The system of internal control is designed to support the Councils corporate and service objectives and controls are consistently applied in all the areas reviewed.
Good	There is generally a sound system of control designed to support the Council's corporate and service objectives. However, some improvements to the design or application of controls is required.
Partial	Weaknesses are identified in the design or inconsistent application of controls which put the achievement of some of the Council's corporate and service objectives at risk in the area reviewed.
None	There are weaknesses in control, or inconsistent non-compliance which places corporate and service objectives at risk in the area reviewed.



Audit Services Report Transparency Agenda Report ref: C4/2018

Report Issued	Draft:	13/12/2018
	Final:	18/01/2019

Partial Level of Assurance

Contents

1	Background	3
2	Audit Scope	4
3	Audit Opinion	5
4	Detailed Findings & Action Plan	6

Distribution:

Name	Position
Paul Shevlin	Chief Executive
Nicola Chick	Chief Finance Officer, (Section 151 Officer)
James Hordern	Accountancy Services Manager
David Roper-Newman	Information Governance Manager

1 Background

- 1.1 The audit was undertaken to ensure that the council is compliant with the requirements of the Local Government Transparency Code 2015
- 1.2 It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.

- 1.3 Internal Auditing is an independent, objective assurance and consulting activity to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

2 Audit Scope

- 2.1 To Review the Councils approach to and compliance with the publishing of Transparency Data as required by the Local Government Transparency Code 2015

Objectives
To ensure that the council is compliant with the requirements of the Local Government Transparency Code 2015

3 Audit Opinion

3.1 A summary of Internal Audit's opinion levels and their definitions is provided below:

Level	Definition
Significant Level of Assurance	The system of internal control is designed to support the Council's corporate and service objectives and controls are consistently applied in all the areas reviewed.
Good Level of Assurance	There is generally a sound system of control designed to support the Council's corporate and service objectives. However, some improvements to the design or application of controls is required.
Partial Level of Assurance	Weaknesses are identified in the design or inconsistent application of controls which put the achievement of some of the Council's corporate and service objectives at risk in the areas reviewed.
No Level of Assurance	There are weaknesses in control, or consistent non-compliance which places corporate and service objectives at risk in the areas reviewed.

3.2 This audit has been awarded a Partial Level of Assurance. Further details can be found in section 4 of this report.

4 Detailed Findings & Action Plan

The audit findings are detailed in this section on an exception basis only for the attention of management; therefore KCO's with adequate controls based on the samples examined are not included.

Recommendations are prioritised as follows:

Priority 1 – These relate to significant gaps in the Internal Control Framework

Priority 2 – These relate to minor gaps in the Internal Control Framework or significant issues of non-compliance with key controls

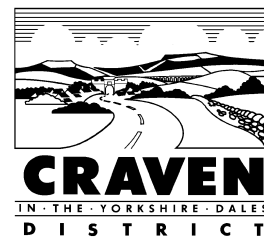
Priority 3 – These relate to minor issues of non-compliance with controls

Ref	Findings	Recommendation	Risk	Management Response	Officer responsible and implementation date
To ensure that the council is compliant with the requirements of the Local Government Transparency Code 2015					
1 (MK Ref 209)	<p>The Majority of the quarterly data was slightly out of date by a quarter. This was identified as being due to a change in personnel. As part of the current recruitment exercise the finance team are looking to recruit a finance officer who has the requirement to oversee the production of the finance information required by the code.</p> <p>Currently the data is being uploaded by different service areas allowing some to be missed or published in different areas of the website potentially causing confusion for members of the public who may wish to access it.</p>	<p>Priority 3</p> <p>The authority should consider giving responsibility for uploading the data to one or two individuals to minimise confusion.</p>	<p>The council fails to comply with the Local Government Transparency Code 2015 which could result in the withholding of grant funding and the potential for reputational damage</p>	<p>Agreed.</p> <p>The responsibility of maintaining the Transparency Agenda (Financial) items has been added to a Finance Officer post within Finance (currently vacant).</p> <p>The work is being undertaken by a number of officers across the team in the interim until the above position can be filled or the work reallocated.</p>	<p>Accountancy Services Manager</p> <p>April 2019</p>

Ref	Findings	Recommendation	Risk	Management Response	Officer responsible and implementation date
2 (MK Ref 210)	<p>During the course of the audit it was identified that the majority of the data on the website was not fully up-to-date. The data that was there was compliant with the code but was not the most current data available in some cases.</p> <p>The Majority of the quarterly data was slightly out of date by a quarter. The reason identified was due to a change in personnel.</p>	<p>Priority 3</p> <p>The quarterly data, for all items, needs to be brought up to date, to the end of Q2. Going forward, the quarterly data needs to be maintained and updated on a more regular basis.</p>	The council fails to comply with the Local Government Transparency Code 2015 which could result in the withholding of grant funding and the potential for reputational damage	<p>Agreed.</p> <p>The Quarterly Transparency Agenda (Financial items) are currently being updated. The expenditure exceeding £500, the Procurement Card Transactions are likely to be updated within this month (Jan 19).</p>	<p>Accountancy Services Manager</p> <p>31 July 2019 (Gives 2 quarters to make sure publications are meeting requirements)</p>
3 (MK Ref 211)	<p>In relation to the annual data required Local authority land has not been updated since 2015</p> <p>We could find no data relating to social housing asset values or any statement saying they had none.</p> <p>Grants data was last published in 2014/15</p> <p>We could not find the organisation chart for the top three levels of the organisation - however some of the data was covered in the pay policy document - but it was not detailed enough to meet the requirements of the code.</p> <p>There was no data published on either Data North Yorkshire or CDC's website in relation to parking since 2014-15</p> <p>There is no fraud information contained on the website. However the majority of the fraud work was transferred to SFIS, best practice would be to include a statement to this effect. There is an example from Worcester Council given which shows best practice in this area.</p>	<p>Priority 3</p> <p>The authority needs to bring the following annually published data up to date on its website:</p> <p>Local Authority land</p> <p>Social Housing Asset;</p> <p>Grants to Voluntary Community and Social Enterprise organisations;</p> <p>An Organisation chart;</p> <p>Parking account;</p> <p>Breakdown of the number of controlled on and off street parking spaces;</p> <p>and the authorities Fraud investigation information</p>	The council fails to comply with the Local Government Transparency Code 2015 which could result in the withholding of grant funding and the potential for reputational damage	<p>Agreed</p> <p>The relevant service areas will work with the Information Governance Manager to ensure that the information is uploaded in accordance with the Transparency Code, kept up to date, and is consistent with the Council's obligations in accordance with guidance from the Information Commissioner concerning the Council's Publication Scheme.</p>	<p>Information Governance Manager</p> <p>30 September 2019</p>

Audit Services would like to thank the officers involved for their assistance during this audit.

Audit and Governance Committee – 29 January 2019



Internal Audit – Implementation of Recommendations

Report of the Chief Finance Officer

Ward(s) affected: All

- 1 **Purpose of Report** – To update committee members on Priority 1 internal audit recommendations outstanding and provide a summary of the numbers of recommendations that have not yet been cleared.
- 2 **Recommendations** – Members are recommended to:
 - 2.1 Note the contents of Appendix A – Outstanding Priority One Internal Audit Recommendations and consider inviting responsible officers to the next meeting where appropriate.
 - 2.2 Note the contents of Appendix B - Summary of Outstanding Audit Recommendations.
- 3 **Implications**
 - 3.1 **Financial and Value for Money (vfm) Implications** – as highlighted for individual recommendations in Internal Audit Reports
 - 3.2 **Legal Implications** - none
 - 3.3 **Contribution to Council Priorities** – not applicable
 - 3.4 **Risk Management** – as highlighted for individual recommendations in Internal Audit Reports
 - 3.5 **Equality Analysis** – not applicable
- 4 **Consultations with Others**

Senior Managers/Action Owners
- 5 **Access to Information: Background Documents**

None
- 6 **Author of the Report**

Rebecca Steel, Performance Management Officer
Telephone: 01756 706215
e-mail: rsteel@cravendc.gov.uk

Note: Members are invited to contact the author in advance of the meeting with any detailed queries or questions.
- 8 **Appendices** –

Appendix A – Outstanding Priority 1 Internal Audit Recommendations
Appendix B – Summary of Outstanding Audit Recommendations

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Appendix A – Outstanding Priority 1 Internal Audit Recommendations

Priority 1 Recommendations relate to significant gaps in the Internal Control Framework.
Recommendations are included where the original completion date was prior to January 2019.

Source Report	Recommendation Name	Original Target Date	Service Area	Status		Latest Update	Updated by	Date
C6 08 - Physical Security of ICT Equipment and Data - Priority 1	IA 18/19 263 The security and condition of the Engine Shed Lane archive store should be assessed in terms of its adequacy for data storage and appropriate action taken	C6 08 - Mar 2016	ICT	Amber		The local authority that showed an interest in converting the Council's archives into a digital format was not, in the event, able to satisfy the Council's stringent requirements. Therefore an open tender exercise was undertaken which expired in December, and which generated a substantial amount of interest and several tenders were received. Following an evaluation exercise which was conducted in early January, a successful bidder has been identified, and we are presently conducting due diligence and other checks prior to the award of the contract. The project remains on track for completion in March 2019, which will mean that all archived information stored in the Council's archives (including Engine Shed Lane) will be removed by the end of the financial year.	DRN	15/01/19

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C7 08 - National Fraud Initiative (NFI) - Priority 1	IA 18/19 319 A report on NFI results should be presented to CLT and the Audit Committee, including progress on data match reviews	C7 08 - Oct 2017	Financial Management	Amber		The number of outstanding matches is included in the performance reports that are presented to the quarterly Value for Money Clinics. Update narratives are also provided for those NFI match areas with a significant number of outstanding items. A summary report has been drafted and is due to be sent to CLT this month to raise the profile of the NFI exercise and demonstrate its significance to the Council. An updated version will then be submitted to the April Audit & Governance Committee. Both reports will include updates narratives, the number of matches still outstanding and the costs associated with having to undertake the mandatory exercises imposed by the NFI. Reporting has been delayed whilst training has taken place.	JH	15/01/19
C7 04 - Licensing 2016/17 - Priority 1	IA 18/19 323 Files should be reviewed and any personal and / or sensitive information removed from any historic files no longer required	C7 04 - Jul 2017	Licensing	Amber		Files are being reviewed when renewed or accessed for other reasons. The remainder of the historic information will form part of the David Roper-Newman batch scanning project. All files are securely stored either in a locked cabinets within the office or in the central storage facility. Reasons for delay - Officer time and awaiting start of project to batch scan records. Estimated completion date - not yet known.	DB	03/10/2018
C8 09 - Money Laundering - Priority 1	IA 18/19 347 The draft Money Laundering Policy should be finalised and approved as soon as possible. This should then be promoted to all employees and Members.	C8 09 - Jun 2018	Financial Management	Amber		Formal notification to Staff and Members to be issued in January Core Brief. Copy of the policy is on the Council website and the intranet.	NC	16/01/19
C9 09 - Risk Management - Priority 1	IA 18/19 390 Risk Management training for managers and Members of Audit & Governance must be provided at the earliest opportunity	C9 09 - Mar 2019	Financial Management	Amber		Risk management training taken place for Managers in July 2018. Training for members to be arranged.	NC	16/01/19

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C8 09 - Money Laundering - Priority 1	IA 18/19 348 The MLRO should ensure that as far as practicable managers and officers within relevant Services are aware of their responsibilities in respect of due diligence checks for customers where the receipt of income is greater than €15,000. In addition officers will also be made aware of their responsibilities to report any suspicious activity greater than £1,000 for payments received by cash, debit card or credit card.	C8 09 - Sep 2018	Financial Management	Red		Instructions scheduled to be circulated in September. Delayed and will now be circulated via core brief awareness in January.	NC	16/01/19
C9 09 - Risk Management - Priority 1	IA 18/19 391 The Council's Strategic Priorities should be aligned with the Strategic Risks and reflected on the Corporate Risk Register to demonstrate that the movement towards achieving those Priorities is being closely monitored	C9 09 - Dec 2018	Financial Management	Not started - not yet required		The review of the Service Risk Registers will commence before December and will include risks associated with the Council's Strategic Priorities as appropriate. This has formed part of the training undertaken by Managers in July.	NC	16/10/18
C9 09 - Risk Management - Priority 1	IA 18/19 392 Health and Safety is a Corporate risk and should therefore always be included on the Corporate Risk Register, irrespective of the controls in place	C9 09 - Dec 2018	Financial Management	Not started - not yet required		Health and Safety will be reviewed as part of the risk register review scheduled to commence before December 2018.	NC	16/10/18
C9 09 - Risk Management - Priority 1	IA 18/19 393 The Risk Registers should be reviewed in their entirety on a regular basis to ensure that implementation dates remain realistic or that adequate plans are in place to prevent an increase in the risk environment should the date be difficult to achieve	C9 09 - Dec 2018	Financial Management	Not started - not yet required		Review of risk registers currently being planned and scheduled for Q3/Q4	NC	16/10/18
C9 09 - Risk Management - Priority 1	IA 18/19 394 Management should ensure that all risks resulting in a fatality are appropriately scored to reflect impact and likelihood on a 5 x 5 matrix	C9 09 - Dec 2018	Financial Management	Not started - not yet required		The risk register will be reviewed by CLT and the risk management working group as an overview of risk scores. Any risks resulting in fatality will be scrutinised as will the score.	NC	16/10/18
C9 01 - Asset Rentals and Letting Income - Priority 1	IA 18/19 398 There should be a thorough review of the departmental structure by management	C9 01 - Jun 2018	Property Services	Amber		Change of Management has resulted in a delay in the structure review, revised date March 2019 based on detailed assessment of working practices and workload. Assessment underway.	DM	26/10/18

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C9 01 - Asset Rentals and Letting Income - Priority 1	IA 18/19 402 Whilst the tenancy agreement may state that it is the tenant's responsibility to ensure these checks are undertaken, it would be considered as best practice for the council to obtain all relevant copies of the respective safety certificates to evidence compliance	C9 01 - Jun 2018	Property Services	Amber		Change of Management has resulted in a delay in implementing these arrangements, revised date October 2019. Work scheduled.	DM	26/10/18
C9 01 - Asset Rentals and Letting Income - Priority 1	IA 18/19 405 A strategy document should be produced that states how the sites will be best used to maximise income	C9 01 - Jun 2018	Property Services	Amber		Change of Management has resulted in a delay in the creation of this strategy, revised date March 2019. Review started of Garage plots, work scheduled	DM	26/10/18

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Appendix B – Summary of Outstanding Audit Recommendations

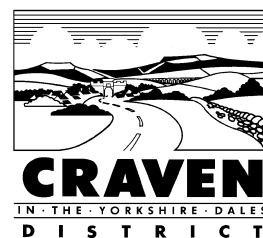
	Priority 1	Priority 2	Priority 3	Total
B/F 1/4/18	8	44	11	63
<u>Add</u> Reports at 26th June A & G Committee				
G4S		2	1	3
Car Park Income		3		3
Risk Management Arrangements	6	2		8
Asset Rentals and Letting Income	4	5		9
	18	56	12	86
<u>Add</u> Report at 30th October A & G Committee				
Software Asset Management		3		3
	18	59	12	89
<u>Less</u> Archiving approved at 26th June A & G Committee	2	20	5	27
	16	39	7	62
<u>Less</u> Archiving approved at 30th October A & G Committee	3	26	3	32
	13	13	4	30
	13	13	4	30
<u>Less</u> Not yet due	1	2	0	3
Outstanding Recommendations	12	11	4	27
<u>By Service Area</u>				
Financial Management	7	3	4	14
ICT	1	3		4
Licensing	1	2		3
Planning & Building Control		1		1
Parking Services		1		1
Property Services	3	1		4
	12	11	4	27

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By year originally due to be implemented

2014/15			1	1
2015/16	1			1
2016/17		1		1
2017/18	2	4	2	8
2018/19	9	6	1	16
	12	11	4	27

Audit and Governance Committee – 29 January 2019



Exemptions granted under Contract Procedure Rules

Report of the Chief Finance Officer

Ward(s) affected: All

1. Purpose of Report

- 1.1. To report on the exemptions granted from the Council's Contract Procedure Rules from 1 July 2018 to 31 December 2018.

2. Recommendations

- 2.1. Members are requested to note the exemptions granted.

3. Exemptions Granted

- 3.1 Under the Contract Procedure Rules it is recognised that under certain circumstances there are occasions when it's appropriate not to seek tenders or quotations provided that an alternative method of selection can demonstrate value for money. On other occasions quotations are sought but insufficient responses are received.
- 3.2 Under the contract Procedure Rules there is one current named circumstance under which a responsible officer may seek exemption from the normal procedures.
- 3.3 The responsible officer seeking an exemption must obtain the prior approval of the Solicitor to the Council & Monitoring Officer and the Chief Financial Officer. The exemptions granted must then be reported to Audit & Governance Committee.
- 3.4 In the period July 2018 to December 2018 three exemptions have been granted. A summary of the exemptions can be found at Appendix A and Members are recommended to note these.

4. Financial Implications

- 4.1 There are no financial implications associated with this report.

5. Legal Implications

- 5.1 None

6. Contribution to Corporate Priorities

- 6.1 Procurement contributes to Council Priority Financial Sustainability by ensuring all services and products required deliver value for money.

7. Risk Management

7.1 There are no risks arising as a direct result of this report.

8. Consultations with Others - None

9. Access to Information: Background Documents – Exemption reports

10. Author of the Report

Rob Atkins, Exchequer and Performance Manager

Tel No: 01756 706493

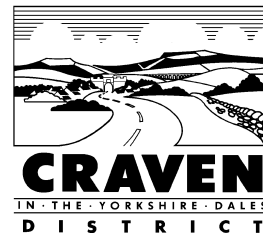
E-mail: ratkins@cravendc.co.uk

Summary of Exemptions granted from tendering under CPR 6.2 of Craven District Council's Contract Procedure Rules 1 July 2018 to 31 December 2018

Number	Date	Date of Approval	Description	Value	Reason for Exemption
1	February - August 2018	17.08.18	Additional advice to support the Council with its HMRC Vat compliance visit	£7,500	<p>Mazars provide specialist routine VAT advice to the Council. The contract provides a telephone helpline, a high level review of the Council position to ensure compliance, 3 meetings a year, and attendance at VAT inspections. As a consequence of a routine HMRC compliance visit the officer concluded that the Council had reclaimed VAT above its partial exemption limit and believed that it should be repaid. Mazars were engaged to assist the Council in appealing this decision. The appeal was successful.</p> <p>An exemption is sought under contract procedure rules 6.2(c): That additional goods, works or services are required which, through unforeseen circumstances, were not included in the original contract and which are either strictly necessary for the completion of the contract or, for technical or economic reasons, cannot be carried out separately without great inconvenience/additional costs; 6.2(d): That goods are required as a partial replacement for or in addition to existing goods or installations and obtaining them from another provider would result in incompatibility or disproportionate technical difficulties in operation or maintenance. And 6.2(e): That where the technical characteristics of the goods are only compatible with an existing supply or installation, such that procurement of another product other than one available from the original contractor would result in</p> <ul style="list-style-type: none"> • disproportionate technical difficulties • diseconomy • significant disruption to the delivery of Council services. • incompatibility
2	5 September 2018	17.09.18	Cultural figurehead and placemaking development work including community	£12,000	<p>Great Place: Lakes and Dales is one of 16 pilot projects in England funded by the Heritage Lottery Fund and Arts Council England. Funding partners also include Craven District Council (lead authority), South Lakeland District Council, Yorkshire Dales National Park Authority and Lake District National Park Authority.</p> <p>The main purpose of the Great Place programme is to understand the reasons for 44% fewer 16 to 34 year olds living and working in the area and seek to address them, using arts, heritage and culture as the catalyst for economic, social and environmental change.</p>

			and stakeholder engagement, scoping events and subsequent concept development and delivery.		<p>Hemingway Design is a unique placemaking and brand development agency headed by placemaker and celebrity designer Wayne Hemingway. This is the inception and phase one development work for the delivery of a major placemaking festival/event in the Dales and Lakes in early spring 2020. Wayne has also agreed to be a cultural ambassador for the programme, speak at events, give media interviews on behalf of GPLD, attend steering groups and judge the RIBA architects competition which will be launched at a creative conference in November 2018. His presence and role as a champion for the programme will provide it national and potentially international profiling and extensive PR opportunities. It should also open up access to a network of placemaking and development contacts which would otherwise be limited to us.</p> <p>An exemption is sought under contract procedure rules 6.2(a): That only one provider is able to carry out the work or service or to supply the goods for technical or artistic reasons or because of exclusive or proprietary rights;</p>
3	16 August 2018	18.09.18	International architects design competition to invite designs for flexible living concepts for development build in the South Lakeland and the Dales.	£55,000 - £60,000	<p>RIBA is the UK's most widely recognised provider of architectural design competitions. Established for over 40 years, they manage competitions for a diverse range of project types and budgets on behalf of both public and private sector clients and have extensive experience of delivering high profile selection processes. The RIBA competitions team bring together a wealth of knowledge, advice and expertise to help ensure the GPLD programme meet their placemaking aims and objectives by managing the process from phase one right through to planned build.</p> <p>Using RIBA to manage and support the GPLD competition will bring credibility, prestige and rigour. They will ensure the competition is managed to best practice standards, providing a comprehensive audit of the process, to attract high quality design responses and reinforce our commitment to and aspiration for excellence, fairness and impartiality. Together with extensive trade publicity, they have multiple routes to promote our competition including direct to their 40,000+ global membership</p> <p>An exemption is sought under contract procedure rules 6.2(a): That only one provider is able to carry out the work or service or to supply the goods for technical or artistic reasons or because of exclusive or proprietary rights;</p>

Audit and Governance Committee – 29 January 2019



REVIEW OF POLLING DISTRICTS AND POLLING PLACES

Report of the Chief Executive (Returning Officer)

Ward(s) affected: All

1. **Purpose of Report**

To review the Polling Districts and Polling Places for the Craven District, which were approved at Council Minute CL.815. The review is required under the provisions of the Electoral Administration Act 2006 (as amended).

2. **Recommendations** – Members are recommended to:

- 2.1 Consider the comments received, together with the recommendations relating to each (paragraph 4.4), and decide whether to make any changes to the designation of Polling Districts or Polling Places, or make any recommendations to the Returning Officer about Polling Stations.
- 2.2 Subject to the decisions at 2.1 above, to recommend the Council Meeting:
 - a) to adopt the Schedule at Appendix C so far as it relates to the designation of Polling Districts and Polling Places for the Craven District; and
 - b) for it to be implemented with effect from March 2019.
- 2.3 Recommend that authority is delegated to:
 - a) the Audit and Governance Committee to make any changes to Polling Places in the period to 2023, when the next review will be implemented; and
 - b) the Returning Officer to make temporary changes to Polling Places during an election period; that is the period between the publication of the Notice of Election and the completion of the Count

3. **Background**

- 3.1 Under the provisions of the Electoral Administration Act 2006 (as amended) the Council is required to undertake a regular review of the polling districts and polling places in the District. The Electoral Registration and Administration Act 2013 amended the timing of compulsory reviews of UK Parliamentary polling districts and polling places. This review must be completed by 31st January 2020 and subsequent reviews undertaken every five years.

- 3.2 The Electoral Commission defines a **polling district** as a geographical area created by the sub-division of a constituency, ward or division into a smaller part; a **polling place** as the building or area in which polling stations will be selected by the (acting) Returning Officer. A **polling station** is the room or building where the poll takes place.
- 3.3 Each Parish is a separate polling district but may be sub-divided further if the size of the parish and the number and location of electors requires this.
- 3.4 When designating polling districts and determining where polling places should be located, the Council must seek to ensure that the voting facilities for all electors in the District, including those who are disabled, are reasonable and practical in the circumstances.
- 3.5 It is the responsibility of the Council to designate polling districts and places. The Returning Officer is responsible for designating the polling stations within the polling places however; the Returning Officer will be pleased to receive members' views.
- 3.6 In undertaking a polling district and place review, the Council must:
- a) Publish Notice of the holding of the review;
 - b) Consult the (Acting) Returning Officer for every Parliamentary Constituency which is wholly or partly in its area;
 - c) Enable the (Acting) Returning Officer to make representations to the Council and publish them in a prescribed manner;
 - d) Seek representations from such persons that it considers has particular expertise in relation to access to premises or facilities for those who have different forms of disability;
 - e) Allow any elector in the Council's area to make representations which could include proposals for alternative Polling Places.
- 3.7 On completion of the review, the Council must give reasons for its decisions and publish this information.
4. **Consultations undertaken**
- 4.1 Notice of Review was published on the 1st October 2018. Full details of the review were published on the Council's website and also sent to all Members and Parishes within the District and preliminary comments sought.
- 4.2 The (Acting) Returning Officer also published his comments on the proposed polling districts and places on the 1st October 2018. Consultation was then undertaken with the stakeholders listed below:
- a) Members of the Council
 - b) Parish Councils/Parish Meetings
 - c) Disability Groups
 - d) Political Groups

4.3 Appendix 1 summarises the responses received during the consultation period (which ran from the 1st October until the 23rd November 2018).

4.4 In summary, the following changes to existing arrangements are recommended,

<i>Polling District</i>	<i>Proposed arrangement changes</i>
Barden (BAF2)	<p>Recommend change of polling place to:</p> <p>Appletreewick Institute</p> <p>Reasons – The polling station used previously is no longer available and there is a lack of suitable replacements within the polling district. Appletreewick was agreed to be the most popular alternative at Barden Parish Meeting.</p>
Halton East (BAF8)	<p>Recommend change of polling place to:</p> <p>Bolton Abbey Village Hall</p> <p>Reasons – Previously a mobile polling station had been used, but that has become unavailable. There is a lack of suitable alternatives within the polling district.</p>
Kildwick (AVL4)	<p>Recommend change of polling place to:</p> <p>Kildwick & Farnhill Institute</p> <p>Reasons – A member of the public pointed out that the Institute (where voters in Farnhill already vote) is very close to the place where Kildwick voters vote so it makes sense to combine the two. The Returning Officer was in agreement.</p>
Skipton East 1 (SKE1)	<p>Recommend change of polling place to:</p> <p>Skipton Baptist Church, Otley Street</p> <p>Reasons – Voters in this area previously voted at the Prevention Service Hub, also on Otley Street, but this building has now closed. The Baptist Church is almost next door and is a suitable replacement.</p>

Skipton East 2 (SKE2)	<p>Recommend change of polling place to:</p> <p>RAFA Club, Moorview Way</p> <p>Reasons – The previously used St John Hall has now closed. The RAFA club is a convenient location for voters in this polling district.</p>
Skipton North (SKN1)	<p>Recommend change of polling place to:</p> <p>Skipton Town Hall</p> <p>Reasons – Since Craven Pool was selected as a polling station, development works to the café area, the erection of internal barriers and the introduction of parking charges has made it a less suitable venue. A request was received from the pool management to find an alternative venue was received and complaints from pool users have also been received. The Town Hall is already used as a polling station and can accommodate another polling district's voters voting there.</p>
Skipton West 2a (SKW2)	<p>Recommend change of polling place to:</p> <p>Champions Church</p> <p>Reasons – Previously, this polling district had two polling stations which was something of an anomaly. It is recommended that we return to having one polling station, with Champions Church being the more central of the two for voters.</p>
Conistone-with-Kilnsey (UWH3)	<p>Recommend change of polling place to:</p> <p>Threshfield Institute</p> <p>Reasons – This polling district is very small in terms of population and it is already the case elsewhere in the district that voters living in these type of polling districts vote in a nearby village.</p>
Broughton (WCR1)	<p>Recommend change of polling place to:</p> <p>West Marton Village Hall</p>

<p>Elslack (WCR3)/Thornton-in-Craven (WCR5)</p>	<p>Reasons - This polling district is very small in terms of population and it is already the case elsewhere in the district that voters living in these type of polling districts vote in a nearby village.</p> <p>Recommend change of polling place to:</p> <p>Thornton-in-Craven Village Hall</p> <p>Reasons – The polling station was previously St Mary’s Church in Thornton-in-Craven, but the church committee no longer want is to be used for elections, so an alternative have to be found.</p>
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5. **Conclusion**

- 5.1 Craven is an extensive, mainly rural area and consequently there are many electors who have to travel some miles to vote at their allocated polling station. However, postal voting is available to all electors and is a more convenient method of voting for many electors. Currently, 7,381 electors have chosen to vote by post on a permanent basis.
- 5.2 Throughout the review process every effort has been made to ensure that electors have such reasonable facilities for voting as are practical in the circumstances and that, as far as is reasonable and practical, polling places are accessible to all electors, including those who are disabled.
- 5.3 Occasionally, designated polling places become unavailable for use during elections because the building has to be closed or is being used for other events. As Council must approve changes to polling places, it is recommended that delegated authority be given to the Returning Officer, to make temporary changes to Polling Places during an election period between the publication of the Notice of Election and the completion of the Count.
- 5.4 The author of this report and the Returning Officer would like to express their thanks to all those who responded to this review.

6. **Implications**

Financial – there are none arising from the recommendations in this report. If these were to be changes in the number of polling stations, this would have the effect of increasing or reducing the cost of elections. Each polling station costs approximately £600-£700.

Legal – the key legal requirements and considerations are set out in the body of this report. There is a legal requirement for the Council to undertake a review of its Polling Districts and Places by 31st January 2020.

Communication to corporate priorities – none, statutory requirement.

Risk Management – Election planning includes consideration of contingency arrangements in the event of a polling station becoming unavailable.

7. **Author of the Report** – Ben Nattrass, Electoral Services Manager

Note : Members are invited to contact the author in advance of the meeting with any detailed queries or questions.

8. **Appendices**

Appendix A – Responses received within the consultation period.

Appendix B – Schedule of Polling Districts, Polling Places and Polling Stations in the Craven District at September 2018

Appendix C – Proposed Schedule of Polling Districts, Polling Places and Polling Stations in the Craven District to take effect from March 2019

Appendix A – Summary of responses received within the consultation period.

Polling District	Organisation	Comment	(Acting) Returning Officer's Response
Barden (BAF2)	Barden Parish Meeting	It was agreed at our meeting last week that the parishioners of Barden would prefer to utilise Appletreewick Polling Station, if possible [instead of Bolton Abbey].	Accept the recommendation of Barden Parish meeting.
Halton East [BAF8]	Chair of Halton East Parish Meeting	<p>After consultation with residents, would like to strongly request a polling station is retained within Halton East. An alternative venue could be found within a residential property. Owner of property where polling has previously taken place has offered use of kitchen again.</p> <p>Expresses concern that turnout would be adversely effected, due to lack of public transport and not all electors having access to a car.</p> <p>Feels initial proposal (moving polling to Bolton Abbey Village Hall) does not fairly serve the voters of Halton East or promote the democratic process.</p>	<p>Retain proposal in initial recommendations.</p> <p>Postal voting is a simple and convenient method of voting for those unable to get to the polling station, and this option will be promoted to all electors in Halton East prior to the next scheduled elections.</p>
Farnhill/Kildwick [AVL3/AVL4]	Farnhill resident	Suggests as Farnhill and Kildwick polling stations are so close together, polling could be combined at one.	Accept this suggestion and combine the two polling stations into 1 at Kildwick & Farnhill Institute
Skipton East (SKE1&2)	Skipton Town Council	<p>Members are concerned that all polling for this ward is proposed to be centred on the Skipton Baptist Church, following the loss of St John's Hall.</p> <p>In particular there is concern that ALL residents in the Shortbank Road and surrounding areas will be required to travel into the town centre to vote – particularly as the number of voters in this polling district is likely to increase further once new housing developments come on stream.</p> <p>The Town Council believes that a polling station should be</p>	Accept this recommendation in principal. The Electoral Services Manager has visited the RAFA Club and believes it is a suitable location, having good parking facilities and level access to the side of the building.

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		maintained in this area – with one possible suggestion being the use of the RAFA Club building at the bottom of Moorview Way.	
Skipton North 1 (SKN1)	Skipton Town Council	<p>Members of the Town Council are concerned at the removal of the Craven Swimming Pool as a polling station – and believe that it would be a relatively simple process to provide a small number of dedicated short-term parking spaces for use by voters.</p> <p>The transfer to the Town Hall would (as with Skipton East Ward) require voters to make a journey into the town centre. Members also believe that free parking is not as freely available as the Acting Returning Officer's proposal suggests.</p> <p>The Town Council believes that the use of the Craven Swimming Pool should be retained – and that solutions could be readily found for its continued use as a polling station.</p>	Retain proposal in initial recommendations, as we believe free parking on the setts is sufficient, and the issues highlighted by the Leisure Services Manager make the Swimming Pool no longer suitable for polling.
Skipton North 1 (SKN1)	Leisure Services Manager, CDC	<p>Due to the constraints placed upon the service, we always get complaints from customers that pay for their memberships that we have to cancel the classes on any day that an election is being held on, this is despite the fact we do give plenty of notice to customers about the cancelled classes they feel that they should not have to miss out on their activities.</p> <p>Also as you know we are often asked by the officials to turn up the heating, we can't do this as the floor is a Juncker's floor and the increase in temperature causes the floor to expand, we found out this at our costs a few years ago and this warped the floor (please note this wasn't as a result of any election).</p> <p>With the installation of access gates</p>	See above

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		it makes it harder for us to control the customers that are coming into the centre and often customers will sneak by the receptionist past an open gate on the pretence of voting.	
Skipton South (SKS1&2)	Skipton Town Council	The Town Council concurs with the proposal of the Acting Returning Officer that no changes are required in this ward.	
Skipton West (SKW1&2)	Skipton Town Council	The Town Council concurs with the proposal of the Acting Returning Officer – and believes that the combining of the two stations within SKW2 at Champions Church is sensible.	

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Appendix B – Schedule of Polling Districts, Polling Places and Polling Stations in the Craven District at September 2018

Ward Name	Polling District	Area Name	Current Polling Station	Number of polling station voters	Number of postal voters
Aire Valley with Lothersdale	AVL1	Bradleys Both	Village Hall, Lidget Road, Bradley, BD20 9DS	813	158
	AVL2	Cononley	Village Institute, Cononley, BD20 8NT	791	136
	AVL3	Farnhill	The Institute, Main Street, Farnhill, BD20 9BJ	320	67
	AVL4	Kildwick	Parish Rooms, Kirkgate, Kildwick, BD20 9BB	126	33
	AVL5	Lothersdale	Village Hall, Lothersdale, BD20 8EL	371	67
Barden Fell	BAF1	Appletreewick	The Institute, Appletreewick, BD23 6DA	137	42
	BAF2	Barden	The Chapel, Barden, BD23 6AS	61	2
	BAF3	Beamsley	Bolton Abbey Village Hall, Bolton Abbey, BD23 6EX	71	33
	BAF4	Bolton Abbey	Bolton Abbey Village Hall, Bolton Abbey, BD23 6EX	59	13

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	BAF5	Burnsall	Burnsall Village Hall, Burnsall, BD23 6BP	87	13
	BAF6	Cracoe	Cracoe and District Community Village Hall, Cracoe, BD23 6LQ	123	28
	BAF7	Draughton	Village Hall, Draughton, BD23 6EG	180	31
	BAF8	Halton East	Mobile Polling Station, Holme Lane, Halton East	63	13
	BAF9	Hazelwood-with-Storiths	Bolton Abbey Village Hall, Bolton Abbey, BD23 6EX	56	12
	BAF10	Hetton-cum-Bordley	Methodist Church Sunday School, Hetton, BD23 6LT	90	22
	BAF11	Rylstone	Cracoe and District Community Village Hall, Cracoe, BD23 6LQ	111	19
	BAF12	Thorpe	Burnsall Village Hall, Burnsall, BD23 6BP	35	8
Bentham	BEN1	Burton-in-Lonsdale	Village Hall, High Street, Burton-in-Lonsdale	405	56
	BEN2	High Bentham	Town Hall, Bentham,	1489	221

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			Lancaster, LA2 7LH		
	BEN3	Low Bentham	Low Bentham Victoria Institute, Low Bentham, LA2 7BX	580	121
Cowling	COW1	Cowling	Cowling Village Hall, Acre Road, Cowling, BD22 0FN	1543	292
Embsay-with-Eastby	EWE1	Embsay-with-Eastby	Embsay-with-Eastby Village Hall, Main Street, Embsay, BD23 6RE	1301	263
Gargrave and Malhamdale	GAM1	Airton	Quaker Meeting House, Airton, BD23 4AE	114	28
	GAM2	Bank Newton	Village Hall, West Street, Gargrave, BD23 3RD	38	8
	GAM3	Calton	Quaker Meeting House, Airton, BD23 4AE	37	9
	GAM4	Coniston Cold	Richard Tottie Memorial Hall, Coniston Cold, BD23 4AE	124	33
	GAM5	Eshton	Village Hall, West Street, Gargrave, BD23 3RD	38	10

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	GAM6	Flasby-with-Winterburn	Village Hall, West Street, Gargrave, BD23 3RD	67	22
	GAM7	Gargrave	Village Hall, West Street, Gargrave, BD23 3RD	1223	214
	GAM8	Hanlith	Village Hall, Malham, BD23 4DH	20	6
	GAM9	Kirkby Malham	Village Hall, Malham, BD23 4DH	76	12
	GAM10	Malham	Village Hall, Malham, BD23 4DH	92	28
	GAM11	Malham Moor	Village Hall, Malham, BD23 4DH	29	15
	GAM12	Otterburn	Quaker Meeting House, Airton, BD23 4AE	32	3
	GAM13	Scosthop	Quaker Meeting House, Airton, BD23 4AE	50	9
	GAM14	Stirton-with-Thorlby	Mobile Station, Car Park, White Hills Golf Range, Stirton, BD23 3LH	159	24
Glusburn	GLU1	Cross Hills	St Peters Methodist Church, Cross Hills, BD20 8TF	1541	316

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	GLU2	Glusburn	Glusburn Institute, Colne Road, Glusburn, BD20 8PJ	1028	213
Grassington	GRA1	Grassington	Church House, Main Street, Grassington, BD23 5BD	783	140
	GRA2	Hartlington	The Ibbotson Institute, Hebden, BD23 5DP	40	12
	GRA3	Hebden	The Ibbotson Institute, Hebden, BD23 5DP	174	28
	GRA4	Linton	Anderton Institute, Linton, BD23 5HQ	85	19
Hellifield and Long Preston	HLP1	Hellifield	The Institute, Hellifield, BD23 4HT	1001	180
	HLP2	Long Preston	Village Hall, Long Preston, BD23 4NU	500	101
Ingleton and Clapham	IAC1	Austwick	Parish Hall, Austwick, LA2 8BN	355	59
	IAC2	Clapham-cum-Newby	Clapham Village Hall, Clapham, LA2 8DZ	407	86
	IAC3	Ingleton	Ingleborough Community Centre, Ingleton, LA6 3HG	1504	239
	IAC4	Lawkland	Parish Hall, Austwick, LA2 8BN	188	50

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	IAC5	Thornton-in-Lonsdale	Westhouse Village Hall, Westhouse, LA6 3PB	218	40
Penyghent	PEN1	Giggleswick	Parish Rooms, Bankwell Road, Giggleswick, BD24 0AP	809	170
	PEN2	Horton-in-Ribblesdale	The Village Hall, Chapel Lane, Horton-in-Ribblesdale, BD24 0HH	274	71
	PEN3	Stainforth	Stainforth Village Hall, Stainforth, BD24 9PE	162	28
Settle and Ribblesbanks	SAR1	Halton West	Wigglesworth Community Centre, Wigglesworth, BD23 4RD	36	15
	SAR2	Langcliffe	Village Institute, Langcliffe, BD24 9RD	223	41
	SAR3	Settle	Victoria Hall, 24 Kirkgate, Settle, BD24 9DZ	1943	346
	SAR4	Rathmell	Rathmell Reading Room, Rathmell, BD24 0LH	224	23

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	SAR5	Wigglesworth	Wigglesworth Community Centre, Wigglesworth, BD23 4RD	243	46
Skipton East	SKE1	Skipton East	Skipton Prevention Service Hub, Otley Street, Skipton	1084	283
	SKE2	Skipton East	St John Hall, Shortbank Road, Skipton	1250	266
Skipton North	SKN1	Skipton North	Craven Swimming Pool, Gargrave Road, Skipton, BD23 1UD	1006	334
	SKN2	Skipton North	Town Hall, High Street, Skipton, BD23 1AH	1004	259
	SKN3	Skipton North	Site Office, Overdale Park, Harrogate Road, Skipton, BD23 6AA	236	72
Skipton South	SKS1	Skipton South	Skipton Children's Centre, Brougham Street, Skipton, BD23 2ES	1085	177
	SKS2	Skipton South	Greatwood/Horse Close Community Centre, North Parade, Skipton, BD23 2SR	1288	206

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Skipton West	SKW1	Skipton West	Broughton Road Community Centre, Broughton Road, Skipton BD23 1TT	785	82
	SKW2	Skipton West	1. Christ Church Hall, Keighley Road, Skipton, BD23 2AH 2. Champions Church, Carleton Road, Skipton, BD23 2AU	1799	393
Sutton-in-Craven	SIC1	Sutton-in-Craven	South Craven Baptist Church, Holme Lane, Sutton-in-Craven, BD20 7LL	808	142
	SIC2	Sutton-in-Craven	South Craven Baptist Church, Holme Lane, Sutton-in-Craven, BD20 7LL	1637	303
Upper Wharfedale	UWH1	Arncliffe	Amerdale Hall, Arncliffe, BD23 5QD	63	9
	UWH2	Buckden	Village Institute, Buckden, BD23 5JA	115	30
	UWH3	Conistone-with-Kilnsey	Village Hall, Kilnsey, BD23 5HS	85	21
	UWH4	Halton Gill	Amerdale Hall, Arncliffe, BD23 5QD	37	7
	UWH5	Hawkswick	Amerdale Hall, Arncliffe, BD23 5QD	40	15

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	UWH6	Litton	Amerdale Hall, Arncliffe, BD23 5QD	40	10
	UWH7	Kettlewell-with-Starbotton	Village Hall, Kettlewell, BD23 5QZ	228	34
	UWH8	Threshfield	Threshfield Village Institute, Threshfield, BD23 5HQ	611	193
West Craven	WCR1	Broughton	Utopia, Broughton Hall, Broughton, BD23 3AE	59	3
	WCR2	Carleton	Village Hall, Carleton, BD23 3HN	735	127
	WCR3	Elslack	St Mary's Church, Church Road, Thornton-in- Craven, BD23 3TS	54	18
	WCR4	Martons Both	Village Institute, West Marton, BD23 3UD	176	47
	WCR5	Thornton-in-Craven	St Mary's Church, Church Road, Thornton-in- Craven, BD23 3TS	287	63

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Appendix C – Proposed Schedule of Polling Districts, Polling Places and Polling Stations in the Craven District to take effect from March 2019

Ward Name	Polling District	Area Name	Current Polling Station	Number of polling station voters	Number of postal voters
Aire Valley with Lothersdale	AVL1	Bradleys Both	Village Hall, Lidget Road, Bradley, BD20 9DS	813	158
	AVL2	Cononley	Village Institute, Cononley, BD20 8NT	791	136
	AVL3	Farnhill	The Institute, Main Street, Farnhill, BD20 9BJ	320	67
	AVL4	Kildwick	The Institute, Main Street, Farnhill, BD20 9BJ	126	33
	AVL5	Lothersdale	Village Hall, Lothersdale, BD20 8EL	371	67
Barden Fell	BAF1	Appletreewick	The Institute, Appletreewick, BD23 6DA	137	42
	BAF2	Barden	The Institute, Appletreewick, BD23 6DA	61	2
	BAF3	Beamsley	Bolton Abbey Village Hall, Bolton Abbey, BD23 6EX	71	33

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	BAF4	Bolton Abbey	Bolton Abbey Village Hall, Bolton Abbey, BD23 6EX	59	13
	BAF5	Burnsall	Burnsall Village Hall, Burnsall, BD23 6BP	87	13
	BAF6	Cracoe	Cracoe and District Community Village Hall, Cracoe, BD23 6LQ	123	28
	BAF7	Draughton	Village Hall, Draughton, BD23 6EG	180	31
	BAF8	Halton East	Bolton Abbey Village Hall, Bolton Abbey, BD23 6EX	63	13
	BAF9	Hazelwood-with-Storiths	Bolton Abbey Village Hall, Bolton Abbey, BD23 6EX	56	12
	BAF10	Hetton-cum-Bordley	Methodist Church Sunday School, Hetton, BD23 6LT	90	22
	BAF11	Rylstone	Cracoe and District Community Village Hall, Cracoe, BD23 6LQ	111	19
	BAF12	Thorpe	Burnsall Village Hall, Burnsall, BD23 6BP	35	8

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Bentham	BEN1	Burton-in-Lonsdale	Village Hall, High Street, Burton-in-Lonsdale	405	56
	BEN2	High Bentham	Town Hall, Bentham, Lancaster, LA2 7LH	1489	221
	BEN3	Low Bentham	Low Bentham Victoria Institute, Low Bentham, LA2 7BX	580	121
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	GAM5	Eshton	Village Hall, West Street, Gargrave, BD23 3RD	38	10
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	GAM7	Gargrave	Village Hall, West Street, Gargrave, BD23 3RD	1223	214
	GAM8	Hanlith	Village Hall, Malham, BD23 4DH	20	6
	GAM9	Kirkby Malham	Village Hall, Malham, BD23 4DH	76	12
	GAM10	Malham	Village Hall, Malham, BD23 4DH	92	28
	GAM11	Malham Moor	Village Hall, Malham, BD23 4DH	29	15
	GAM12	Otterburn	Quaker Meeting House, Airtton, BD23 4AE	32	3
	GAM13	Scosthrop	Quaker Meeting House, Airtton, BD23 4AE	50	9
	GAM14	Stirton-with-Thorlby	Mobile Station, Car Park, White Hills Golf Range, Stirton, BD23 3LH	159	24

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Glusburn	GLU1	Cross Hills	St Peters Methodist Church, Cross Hills, BD20 8TF	1541	316
	GLU2	Glusburn	Glusburn Institute, Colne Road, Glusburn, BD20 8PJ	1028	213
Grassington	GRA1	Grassington	Church House, Main Street, Grassington, BD23 5BD	783	140
	GRA2	Hartlington	The Ibbotson Institute, Hebden, BD23 5DP	40	12
	GRA3	Hebden	The Ibbotson Institute, Hebden, BD23 5DP	174	28
	GRA4	Linton	Anderton Institute, Linton, BD23 5HQ	85	19
Hellifield and Long Preston	HLP1	Hellifield	The Institute, Hellifield, BD23 4HT	1001	180
	HLP2	Long Preston	Village Hall, Long Preston, BD23 4NU	500	101
Ingleton and Clapham	IAC1	Austwick	Parish Hall, Austwick, LA2 8BN	355	59
	IAC2	Clapham-cum-Newby	Clapham Village Hall, Clapham, LA2 8DZ	407	86

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	IAC3	Ingleton	Ingleborough Community Centre, Ingleton, LA6 3HG	1504	239
	IAC4	Lawkland	Parish Hall, Austwick, LA2 8BN	188	50
	IAC5	Thornton-in-Lonsdale	Westhouse Village Hall, Westhouse, LA6 3PB	218	40
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	PEN3	Stainforth	Stainforth Village Hall, Stainforth, BD24 9PE	162	28
Settle and Ribblesbanks	SAR1	Halton West	Wigglesworth Community Centre, Wigglesworth, BD23 4RD	36	15
	SAR2	Langcliffe	Village Institute, Langcliffe, BD24 9RD	223	41
	SAR3	Settle	Victoria Hall, 24 Kirkgate, Settle, BD24 9DZ	1943	346

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	SAR4	Rathmell	Rathmell Reading Room, Rathmell, BD24 0LH	224	23
	SAR5	Wigglesworth	Wigglesworth Community Centre, Wigglesworth, BD23 4RD	243	46
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	SKE2	Skipton East	RAFA Club, Moorview Way, Skipton	1250	266
Skipton North	SKN1	Skipton North	Town Hall, High Street, Skipton, BD23 1AH	1006	334
	SKN2	Skipton North	Town Hall, High Street, Skipton, BD23 1AH	1004	259
	SKN3	Skipton North	Site Office, Overdale Park, Harrogate Road, Skipton, BD23 6AA	236	72
Skipton South	SKS1	Skipton South	Skipton Children's Centre, Brougham Street, Skipton, BD23 2ES	1085	177

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	SKS2	Skipton South	Greatwood/Horse Close Community Centre, North Parade, Skipton, BD23 2SR	1288	206
Skipton West	SKW1	Skipton West	Broughton Road Community Centre, Broughton Road, Skipton BD23 1TT	785	82
	SKW2	Skipton West	1. Champions Church, Carleton Road, Skipton, BD23 2AU 2. Champions Church, Carleton Road, Skipton, BD23 2AU	1799	393
Sutton-in-Craven	SIC1	Sutton-in-Craven	South Craven Baptist Church, Holme Lane, Sutton-in-Craven, BD20 7LL	808	142
	SIC2	Sutton-in-Craven	South Craven Baptist Church, Holme Lane, Sutton-in-Craven, BD20 7LL	1637	303
Upper Wharfedale	UWH1	Arncliffe	Amerdale Hall, Arncliffe, BD23 5QD	63	9
	UWH2	Buckden	Village Institute, Buckden, BD23 5JA	115	30

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	UWH3	Conistone-with-Kilnsey	Threshfield Village Institute, Threshfield, BD23 5HQ	85	21
	UWH4	Halton Gill	Amerdale Hall, Arncliffe, BD23 5QD	37	7
	UWH5	Hawkswick	Amerdale Hall, Arncliffe, BD23 5QD	40	15
	UWH6	Litton	Amerdale Hall, Arncliffe, BD23 5QD	40	10
	UWH7	Kettlewell-with-Starbotton	Village Hall, Kettlewell, BD23 5QZ	228	34
	UWH8	Threshfield	Threshfield Village Institute, Threshfield, BD23 5HQ	611	193
	WCR1	Broughton	Village Institute, West Marton, BD23 3UD	59	3
	WCR2	Carleton	Village Hall, Carleton, BD23 3HN	735	127
West Craven	WCR3	Elsack	Village Hall, Thornton-in-Craven, Skipton BD23 3TJ	54	18
	WCR4	Martons Both	Village Institute, West Marton, BD23 3UD	176	47

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	WCR5	Thornton-in-Craven	Village Hall, Thornton-in-Craven, Skipton BD23 3TJ	287	63
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Denotes a change

Audit & Governance Committee – 29 January 2019

Renewal of electricity supply agreement



Report of the Chief Finance Officer (s151 Officer)

Lead Member Finance – Councillor Mulligan

Ward(s) affected: All

1. **Purpose of Report**

- 1.1 To notify Members of the expiry of the current consortium arrangement for the bulk purchase of electricity, and to request authorisation to renew this agreement for a further four years.

2. **Recommendation**

- 2.1 Craven District Council renews its agreement with the Yorkshire Purchasing Organisation to participate in their consortium arrangement for the procurement of electricity for a further four years.

3. **Background Information**

- 3.1 The price of electricity supplied to council-owned sites is currently agreed via a consortium arrangement led by the Yorkshire Purchasing Organisation (YPO).
- 3.2 The council is billed separately for metered use by the contracted electricity supplier (currently NPower) for each site, based on the unit price agreed by YPO.

4. **The Report**

- 4.1 CDC's current agreement for the supply of electricity will end on 31st March 2019. A new agreement for the supply of electricity will need to be in place to come into force on 1st April 2019.
- 4.2 The Pan-Government Energy Project (reporting to the Office of Government Commerce in 2009) recommended that all public organisations adopt 'aggregated, flexible and risk-managed approach' to energy procurement. For an organisation the size of CDC, which cannot retain the in-house expertise to

manage a flexible supply agreement, this is likely to require purchasing via a Public Buying Organisation.

- 4.3 Craven District Council has purchased electricity via the YPO since 2009. This arrangement provides good value for money, consistently outperforming the market for unit price.
- 4.4 A similar bulk purchasing arrangement is available nationally either via Crown Commercial Services (CCS), or East Shires Purchasing Organisation (ESPO), however these options would be unlikely to offer the local social and economic benefits of participating in the YPO consortium which does provide good value-for-money. A direct like-for-like comparison of performance and cost is not possible.

5. Implications

5.1 Financial and Value for Money Implications

The YPO consortium arrangement has provided good for money for 10 years, consistently outperforming the market on unit price as well as the discount available to the consortium via bulk purchase. This arrangement is likely to offer good value-for-money in the future.

5.2 Legal implications

Craven District Council will be required to enter a Partnership Agreement with YPO (specifically for managing this flexible supply agreement) before the Consortium Member Agreement can be finalised.

5.3 Contribution to Council Priorities

Bulk purchasing our electricity supply and the increased value offered by a managed flexible supply agreement contribute to the priority 'Financial Sustainability'.

5.4 Risk Management

YPO's active management of the consortium flexible supply agreement reduces the risk of fluctuations in the unit price of electricity for consortium members.

5.5 Equality Impact Assessment

The Council's Equality Impact Assessment Procedure **has been** followed. An Equality Impact Assessment **has not** been completed on the proposals as completion of **Stage 1- Initial Screening** of the Procedure identified that the proposed policy, strategy, procedure or function **does not have** the potential to cause negative impact or discriminate against different groups in the community based on •age • disability •gender • race/ethnicity • religion or

religious belief (faith) •sexual orientation, or • rural isolation.

6. **Consultations with Others**

Scarborough Borough Council (Procurement)

7. **Access to Information : Background Documents**

YPO background information

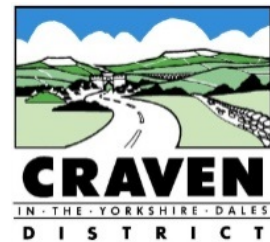
8. **Author of the Report**

Rob Atkins, Exchequer and Performance Manager

RAtkins@cravendc.gov.uk

9. **Appendices**

None



Flexible Agreement for the Supply of Electricity via the Yorkshire Purchasing Organisation (YPO)

2019/2023

Summary of benefits

- The 'Flex' purchasing model allows the advance purchase of electricity in 'clips'. This removes market volatility, and takes advantage of market falls. Risk is spread across the year, and the YPO (acting on our behalf) can take advantage of times of the year when trading conditions are favourable.
- Historically, this model has resulted in a saving of over 10% on the average wholesale commodity price in every procurement year. We have purchased electricity via YPO using this model since 2009.
- Bulk purchasing for a large groups of authorities allows YPO to negotiate a much reduced management fee from the supplier. The agreement negotiated for 2019/2022 includes a 70% cost saving on the supplier's management fee.
- The size of the contract means that we have a dedicated supplier contact to advise on and resolve any issues that may arise.
- YPO is a not for profit energy provider which champions social values locally and nationally. There is a mandatory corporate social responsibility requirement for suppliers on their framework. For the current contract (with NPower as the supplier) this has recently included, for example, a £1.19m contribution to a crisis fund to support warmer homes for vulnerable households.
- YPO is nationally recognised as a leader in good practice for energy procurement, and co-ordinates independent Category Council and Energy Initiative Steering Groups which lead collaboration on improving energy efficiency, improving energy procurement practice and improve active participation in energy markets.