

OVERVIEW AND SCRUTINY COMMITTEE

Thursday 10 April 2014 at 6.30 pm

Council Chamber, Ryedale House, Malton

Agenda

1 Emergency Evacuation Procedure.

The Chairman to inform Members of the Public of the emergency evacuation procedure.

2 Apologies for absence

3 Minutes of the meeting held on 20 February 2014

(Pages 3 - 8)

4 Urgent Business

To receive notice of any urgent business which the Chairman considers should be dealt with at the meeting as a matter of urgency by virtue of Section 100B(4)(b) of the Local Government Act 1972.

5 Declarations of Interest

Members to indicate whether they will be declaring any interests under the Code of Conduct.

Members making a declaration of interest at a meeting of a Committee or Council are required to disclose the existence and nature of that interest. This requirement is not discharged by merely declaring a personal interest without further explanation.

6 External Audit Quarterly Progress Report

(Pages 9 - 12)

7 Ryedale External Audit Plan 2014

(Pages 13 - 56)

8 Internal Audit Plan 2014/15

(Pages 57 - 66)

- 9 **Scrutiny Progress Report** (Pages 67 - 82)
- 10 **Decisions from other Committees** (Pages 83 - 86)
Commissioning Board held on 20 March 2014 - attached
Policy and Resources Committee held on 3 April 2014 – to follow.
- 11 **Any other business that the Chairman decides is urgent.**

Public Document Pack Agenda Item 3

Overview and Scrutiny Committee

Held at Council Chamber, Ryedale House, Malton
on Thursday 20 February 2014

Present

Councillors P J Andrews, Collinson, Cussons, Mrs Frank, Raper, Richardson,
Mrs Shields (Vice-Chairman) and Wainwright (Chairman)

In Attendance

Sarah Anderson, John Barnett, Jos Holmes, Peter Johnson, Clare Slater, Faye
Snowden and Max Thomas

Minutes

1 **Apologies for absence**

None.

2 **Minutes of the meeting held on 12 December 2013**

Decision

That the minutes of the meeting of the Overview and Scrutiny Committee held
on the 12 December 2013 be approved and signed by the Chairman as a
correct record.

3 **Urgent Business**

There were no items of urgent business.

4 **Declarations of Interest**

None.

5 **Internal Audit Q3 Progress Report**

Considered – Report of the Corporate Director (s151).

Decision

That the Committee note the results of audit and fraud work undertaken so far
during 2013/14.

6 **Annual Governance Statement Action Plan Progress**

Considered – Report of the Corporate Director (s151)

Decision

That the Committee note the progress made to address identified actions in the 2012 – 13 AGS action plan.

7 **Certification Annual Report 2013**

Considered – Report of the Certification of claims and returns 2012/13 Annual Report from Deloittes.

Decision

That the report be received.

8 **Safer Ryedale Partnership Update**

Considered – Report of the Head of Economy and Infrastructure.

Decision

That the Council note the report and that Members support option four: Maintain status quo, for Overview and Scrutiny (Crime and Disorder) Committee.

9 **Customer Complaints Quarter 3 2013/14**

Considered – Report of the Business Support Manager.

Decision

That the report be received.

10 **Treasury Management Statement and Investment Strategy**

Considered – Report of the Corporate Director (s151).

Decision

That Members receive this report.

That the Treasury Management and Investment Strategies be noted and approved by the Council.

That the minimum Revenue Provision Policy Statement be approved by the Council.

That the Prudential Indicators in the report be approved by the Council.

11 **Corporate Risk Register**

Considered – Report of the Corporate Risk Register.

Decision

That the report be received.

12 **Delivering the Council Plan Report**

Considered – The Report of the Head of Corporate Services.

Decision

That the report be received.

13 **Scrutiny Review of the Role of Members on Outside Bodies and as Member Champions**

Considered – The report of the Head of Legal Services.

Decision

That the report be received and that the following recommendations be made to Council:

- (i) That the following outside bodies be removed from the list: Supporting People NY Joint Committee (agreed at Annual Council on 16 May 2013), Endowment Governors Charity called Malton School, LG Yorkshire & Humber Elected Members Cohesion Group (agreed at Annual Council on 16 May 2013), Rural Action Yorkshire (formerly YRCC);
- (ii) That substitute representatives be appointed for outside bodies, where their governance arrangements permit, and that it be the nominated representatives responsibility to notify the substitute if they are unable to attend a meeting of the outside body;
- (iii) That a précis from Member representatives on outside bodies be published on the website following each meeting, subject to the approval of the outside bodies, to ensure feedback of key decisions and discussions relevant to the Council is available, and including their attendance record;
- (iv) That appointments to outside bodies be for four year terms, from 2015 onwards to coincide with the District elections, subject to an annual review by the Overview and Scrutiny Committee to address any issues with attendance or publication of précis;
- (v) That nominations of representatives to outside bodies should be made by Council based on their skills and expertise, in addition to attendance records, and that Members be asked to provide an oral statement of this upon nomination.
- (vi) That the Independent Remuneration Panel be requested to review allowances payable to representatives on outside bodies, where a payment is currently made;
- (vii) (a) That subject to the exceptions in sub paragraph (b) below , all Members note that any representative on an outside body cannot be involved in any financial or regulatory decision taken by the Council that relates to that body. They can make representations, either through the public speaking opportunity for a relevant application at Planning Committee, or for other committees and Full Council by addressing the meeting at the chairman's discretion;
- (b) The exceptions where Members may participate and vote are the setting of council tax or a precept under the Local Government Finance Act 1992 or where a dispensation has been granted.
- (viii) That the Member Champion role be abolished.

14 **Decisions from other Committees**

The minutes of the Commissioning Board meeting held on the 23 January 2014 and the Policy & Resources Committee held on the 13 February 2014 were presented.

Decision
That the minutes be received.

15 **Exempt information**

Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

16 **Any other business that the Chairman decides is urgent.**

There were no items of urgent business.

The meeting closed at 08.30pm.

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Ryedale District Council

External Audit Progress Report

April 2014

Summary of activity

We are pleased to present our progress report to the Overview and Scrutiny Committee. This summarises the activities that we have completed since our report in December 2013.

Summary of activities

Audit of financial statements

We met with Peter and the finance team on 3 March and our audit planning visit will take place on 28-30 April 2014. Our audit plan is presented separately at this meeting.

Certification of claims and returns

Our annual report on this work was presented at the meeting in February.

Other matters

Local Audit and Accountability Act 2014

The Local Audit and Accountability Act 2014 received Royal Assent on 30 January 2014.

The Act makes it possible for the Audit Commission to close, in line with Government expectations, on 31 March 2015. In the statement the Commission's Chairman, Jeremy Newman, explained the main aims of the organisation in its final 14 months. He also confirmed plans are already in place for many of the residual responsibilities that will transfer to new organisations and highlighted those for which a new owner has not yet been agreed.

In the place of the Audit Commission, there will be a new framework for local public audit, due to start after the Commission's current contracts with audit suppliers end in 2016/17, or potentially in 2019/20 if all the contracts are extended. A transitional body will oversee the contracts in the intervening period.

The Commission is planning for its responsibilities to move to new homes as follows:

- The responsibility for managing the Commission's audit contracts will transfer to a transitional body, together with the relevant Audit Commission staff. This body will assume the statutory functions in relation to audit; including setting the standards of performance, appointing auditors, setting and determining fees, and making arrangements for housing benefit subsidy certification;
- The National Audit Office will take on the statutory responsibility to produce and maintain the Code of Audit Practice and issue guidance to auditors; and
- The National Fraud Initiative will transfer to the Cabinet Office on 1 April 2015.

The Commission is still working with several government departments to determine the most suitable organisation to assume responsibility for its Value for Money Profiles tool and its work around counter-fraud.

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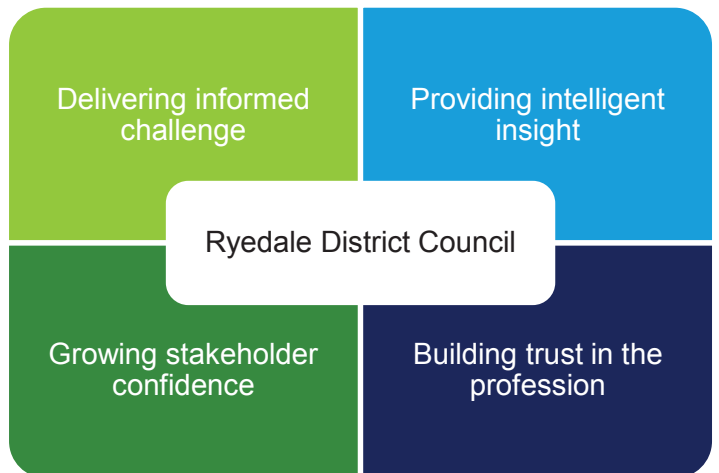
Planning Report to the Overview and Scrutiny Committee for year ending 31 March 2014

Contents

1. The big picture	2
2. Our audit quality promise	5
3. Changes in your Statement of Accounts	9
4. Scope of work and approach	12
5. Significant audit risks	15
6. Value for money conclusion	21
7. Grants and returns	23
8. Responsibility statement	25
Appendix 1: Independence and fees	28
Appendix 2: Fraud: responsibilities and representations	30
Appendix 3: Your audit team	32
Appendix 4: Timetable	33
Appendix 5: State of local public services	34
Appendix 6: Briefing on Audit matters	36

I am delighted to present this planning report for the 2013/14 audit of Ryedale District Council. This report sets out our audit approach and the more significant areas where we will focus our attention this year.

Paul Thomson, Audit Partner



The big picture

The big picture

We have set out below an overview of the key developments at the Council and the more significant matters we have considered in developing this Audit Plan. We consider these matters as part of our audit risk assessment and this determines where we will focus our work. Details of the impact of these matters on our approach are set out in this Audit Plan.

Relevant developments

- At month nine the Council is forecasting a General Fund outturn net expenditure of £0.108m over its initial budget. This is identified as being driven by a low turnover of staff posts compared with plan, additional pressure on recycling income and approved increases in expenditure in the form of Community Grants and the Leisure contract.
- At the end of December, forecast capital expenditure is set to be above the budgeted amount, following a combination of the addition of new schemes (£1.269m) and projected slippage of other schemes (£1.081m), most notably regarding the managed workspaces project. However, this slippage has delayed the need to borrow, resulting in £90k of interest savings.
- We understand that there will be a change in the S151 officer within the finance department in the coming months.
- The Audit Commission has determined a reduction in the grants to be certified in the current year. External certification is no longer required for the NNDR return.

General Fund net expenditure

£7.143m budgeted

£0.108m Projected variance against budget at 31/12/13

Earmarked General Fund reserves (£m)

£2.969m 31/3/13

+£0.235m 13/14 budget

-£0.089m 31/12/13 budget monitoring

General Fund Capital expenditure

£4.084m budgeted

£4.638 Forecast outturn as at 31/12/13

Key developments in financial reporting requirements

- Changes to the Code requirements include the classification, recognition, measurement and disclosure of post-employment benefits.
- New guidance on the accounting entries required from the localisation of business rates, affecting the collection fund, with additional responsibilities falling on the Council in respect of the risks of appeals and the rewards of business rate growth.
- Clarification regarding the frequency of revaluations for properties. This amends previous guidance to permit valuations to be carried out on a rolling basis only if revaluation of the class of assets is completed within a short period and provided that revaluations are kept up to date.
- Other smaller changes to presentation and disclosure matters in the financial statements.
- The national Council Tax Benefit scheme has been replaced by a local Council Tax Reduction scheme, which the Council implemented from the start of the year.

Significant audit risks

- Recognition of grant income
- Valuation of PPE
- Calculation of the bad debt provision against sundry debts
- Completeness of provisioning for NNDR appeals
- Management override of key controls, as presumed by auditing standards

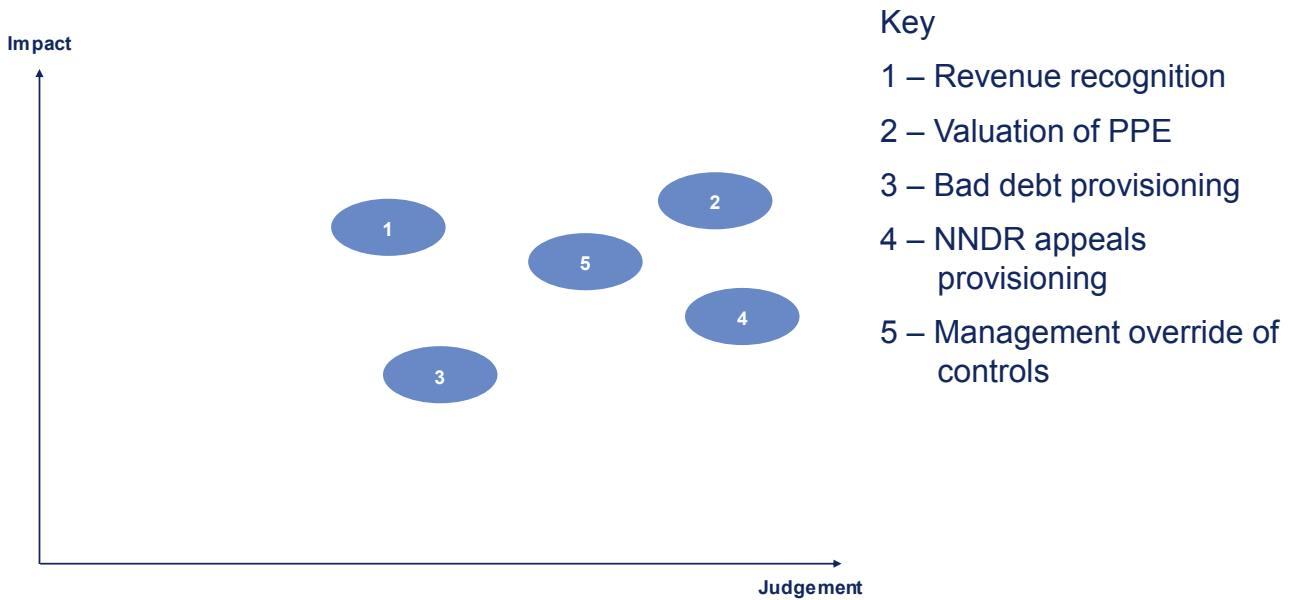
A reminder of our conclusions in 2012/13

Our audit opinion and audit adjustments

In September 2013, we issued the Council with an unmodified audit opinion on the financial statements. There were no audit adjustments made to the draft statement of accounts.

Identified significant risks for 2013/14

Key areas of audit focus for 2013/14



Our significant risks for 2013/14 are presented in the graph above.

These risks are similar to those raised in our planning report for 2012/13, and have been identified on the basis of our understanding of the Council, its objectives and the environment in which it operates.

The risk relating to NNDR appeals has been added for 2013/14, reflecting the new responsibility the Council has in this area, following the localisation of business rates.

Further details on each of the identified significant risks are presented later in this report.

Value for Money conclusion

We have not identified any significant risks in respect of our Value for Money conclusion.

We have considered the criteria specified by the Audit Commission as well as other factors directly affecting the Council, and concluded there are no significant risks to report on.

We will perform additional procedures as part of our review in support of our VfM conclusion

Our audit quality promise

Our audit quality promise

Our new quality standard



The quality of our audit delivery is of great importance to us. In order to ensure we deliver an excellent service to you, we have developed our audit quality promise. Key aspects of this delivery are:

- how we communicate with you throughout the year;
- what insight we bring around the quality of your control environment, systems and audit risk areas; and
- how we ensure that our team is delivering the best quality audit at every level.

This section sets out our commitments to management, officers and members in these areas and we will actively seek feedback on how we have performed against them.

From discussions with you and our experience with other Councils, we know that you value an integrated audit approach which encompasses the main financial statements audit, value for money conclusion and certification of relevant grants and returns. Our Audit Quality promise takes this into account. The key individuals that form part of our audit team for 2013/14 are consistent with the team in previous years. We have supplemented them as necessary with skilled, experienced and knowledgeable individuals to ensure timely and effective delivery of our audit. We pledge to take the same approach in future years with a consistent audit team, drawing on expertise as necessary to supplement our core team.

Our commitment to you



Communication

We believe that regular face to face communication is essential to delivering quality and insight through our audit. We have set out below our planned communications schedule for both the audit period and throughout the year.

Year round communication

We will be in regular contact with Peter Johnson to ensure we remain up to date with the developing issues at the Council through the year, and will discuss, in advance, any papers we wish to present to a meeting of the Overview and Scrutiny Committee.

Senior members of the audit team will attend meetings of the Overview and Scrutiny Committee as scheduled.

In these meetings we will discuss the latest Council developments, and in-year performance. We will also provide any updates on our findings to date, and any relevant regulatory / technical updates.

We will also make ourselves available through the year for ongoing discussions as necessary.

During the main audit period

During the audit period we will work closely with Peter Johnson and Mandy Burchell. We will ensure we summarise our findings and discuss any emerging issues on the financial statement audit.

We will work with Clare Slater as our key point of contact for the Value for Money conclusion.

We will hold a close meeting with management to discuss the contents of our report to the Overview and Scrutiny Committee.

We will liaise with the new section 151 officer, once appointed, as to the extent of communication they would like with us.

We will maintain regular contact with Angela Jones and Marcus Lee during our testing of the Housing Benefit subsidy claim.

Open feedback process

We will carry out debrief meetings with the Overview and Scrutiny Committee Chair, the section 151 officer and Peter Johnson to discuss how we have delivered against the commitments on both sides, as set out in this document, and any other aspects of our delivery.

We will respond to this feedback with agreed actions and timescales.

We will also seek direct feedback through regular meetings during the year.

Responding to queries and requests

We will always endeavour to respond to queries and requests within 24 hours and to give definitive timescales for delivery or their resolution.

We will proactively set up meetings to discuss any technical accounting or regulatory developments, which could have a significant impact on the Council, as soon as we become aware.

We will make ourselves available to discuss issues as they arise, in advance of the year end to smooth the closedown and accounts production processes.

Bringing you insight



We have summarised below some of the ways we will provide the Council with insight during 2014

Sharing knowledge of sector developments, for example:

- We have attached at Appendix 5 a summary of our research into the state of local public services
- We will discuss the future impact and arrangements around the North Yorkshire NNDR pooling arrangements with key officers during the year
- We will discuss relevant Deloitte publications with senior staff to raise awareness of sector issues

Feedback comments from our VFM conclusion work



- Share emerging issues with officers
- Open discussion over the emerging regulatory environment

Risk based journal analysis covering period end postings utilising our proprietary "Spotlight" software

- Early discussion of Code changes, their expected impact on the Council and proposed response
- Early review of draft financial statements
- Invitations to relevant public sector seminars

- Open and early communication with Peter Johnson to discuss audit requirements and Council provision of information to improve efficiency

Changes in your Statement of Accounts

Changes in your Statement of Accounts



New reporting requirements

We welcome this opportunity to set out for the Overview and Scrutiny Committee a summary of the latest developments in financial reporting which will impact this year end.

Change in Code of Practice on Local Authority Accounting requirements	Impact on Ryedale District Council
<ul style="list-style-type: none"> • Post-employment benefits: changes have been made to Code requirements in respect of the classification, recognition, measurement and disclosure requirements introduced as a result of amendments to the relevant accounting standard. 	<ul style="list-style-type: none"> • This is relevant to the Council and will require a number of changes to the calculation and presentation of entries.
<ul style="list-style-type: none"> • Accounting for business rates retention: the Code provides guidance on the accounting requirements arising from the localisation of business rates in England from 1 April 2013. 	<ul style="list-style-type: none"> • This is relevant to the Council and will require a change in the form of accounting for the 2013/14 Statement of Accounts.
<ul style="list-style-type: none"> • Dedicated Schools Grant (DSG) – there is a change in the disclosures for DSG. 	<ul style="list-style-type: none"> • This is not relevant to the Council.
<ul style="list-style-type: none"> • Presentation of Financial Statements: the Code makes amendments to the format of the Comprehensive Income and Expenditure Statement. This is in respect of items that are potentially re-classifiable to Surplus or Deficit on the Provision of Services at a future time. Where authorities have these types of transactions, the items listed in Other Comprehensive Income and Expenditure must be grouped into those items that: <ol style="list-style-type: none"> a) will not be reclassified subsequently to the Surplus or Deficit on the Provision of Services; and b) will be reclassified subsequently to the Surplus or Deficit on the Provision of Services when specific conditions are met. 	<ul style="list-style-type: none"> • Where local authorities do not have such transactions, no change is needed to the format of the Comprehensive Income and Expenditure Statement. However CIPFA recommends in such circumstances that authorities clarify in their summary of significant accounting policies that, where this is the case, they do not have such transactions and have therefore not grouped the items in Other Comprehensive Income and Expenditure into amounts that may be re-classifiable and amounts that are not.

Changes in your Statement of Accounts (continued)



New reporting requirements

Change in Code of Practice on Local Authority Accounting requirements	Impact on Ryedale District Council
<ul style="list-style-type: none"> Revaluation of properties - Clarification regarding the frequency of revaluations for Property, Plant and Equipment which amends previous guidance to permit valuations to be carried out on a rolling basis only if revaluation of the class of assets is completed within a short period and provided that revaluations are kept up to date. 	<ul style="list-style-type: none"> This is relevant to the Council, and management should consider the current frequency with which they revalue their assets.
<ul style="list-style-type: none"> The Carbon Reduction Commitment (CRC) Energy Efficiency scheme – The Code has been updated for changes in the scheme applicable to 2013/14. In particular, as 2013/14 is the end of the introductory phase, there is no option to carry forward allowances for use in respect of emissions in 2014/15 with any remaining unused allowances at the end of the introductory phase become invalid. Guidance on any allowances purchased prospectively for 2014/15 is pending. 	<ul style="list-style-type: none"> This is not relevant to the Council.
<ul style="list-style-type: none"> Service Concession Arrangements (PFI and PPP Arrangements) – updates to ensure that provisions adequately reflect the grantor arrangements, particularly in relation to assets under construction and intangible assets. 	<ul style="list-style-type: none"> This is not relevant to the Council.

Scope of work and approach

This section sets out our planned scoping for the audit of the Council's financial statements, as well as in relation to our other responsibilities as your external auditors. We confirm the extent to which reliance will be placed on internal controls and how this decision has been reached.

Scope of work and approach

We have five key areas of responsibility under the Audit Commission's Code of Audit Practice

Financial statements

We will conduct our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISA (UK and Ireland)") as adopted by the UK Auditing Practices Board ("APB") and the Audit Commission's Code of Audit Practice. The Council will prepare its accounts under the Code of Local Authority Accounting. There are no significant changes in respect of the scope of our work in relation to this area of responsibility.

Assurance report on the Whole of Government Accounts return

Whole of Government Accounts (WGA) are commercial-style accounts covering the whole of the public sector and include some 1,700 separate bodies. We expect to perform limited procedures on the Council's consolidation pack, to confirm further procedures are not necessary. This is in line with the requirements of previous years.

Value for Money conclusion

We are required to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Our conclusion is given in respect of two criteria:

- Whether the organisation has proper arrangements in place for securing financial resilience
- Whether the organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

In discharging this responsibility, we take into account our work on the Annual Governance Statement and the work of regulators.

Grants

Under Section 28 of the Audit Commission Act 1998, the Commission is responsible for making arrangements for certifying claims and returns in respect of grants or subsidies made or paid by any Minister of the Crown or a Public Authority to a Local Authority.

The appointed auditor carries out work on individual claims and returns as an agent of the Commission under certification arrangements made by the Commission which comprise certification instructions which the auditor must follow.

We produced an annual report summarising our work in respect of grants which was discussed at the Overview and Scrutiny Committee meeting on 20 February 2014.

Annual Governance Statement

We are required to consider the completeness of the disclosures in the Annual Governance Statement in meeting the relevant requirements and identify any inconsistencies between the disclosures and the information that we are aware of from our work on the financial statements and other work.

We will also review reports from regulatory bodies and any related action plans developed by the Council.

The most significant of the grants we certify relates to the Council's claim from the Department of Work and Pensions for Housing Benefit Subsidy. In previous years, this certification process included providing the Council with assurance over the processing of Council Tax Benefit claims as well. Following the replacement of Council Tax Benefit with a local Council Tax Reduction scheme, our certification does not cover these elements of Council income and expenditure. Members may wish to consider the level of assurance they gain over these balances.

Scope of work and approach (continued)

Independence

We confirm we are independent of the Council. We will reconfirm our independence and objectivity to the Overview and Scrutiny Committee or the year ending 31 March 2014 in our final report to the Committee. Appendix 1 sets out proposed fees for the year.

Approach to controls testing

As set out in "Briefing on audit matters" included as Appendix 6, our risk assessment procedures will include obtaining an understanding of controls considered to be 'relevant to the audit'. This involves evaluating the design of the controls and determining whether they have been implemented ("D & I").

We will consider the results of our procedures in respect of the Council's controls and the extent of any impact our findings have on our substantive audit procedures.

Obtain and refresh our understanding of the Council and its environment including the identification of relevant controls

Identify risks and any controls that address those risks

Carry out 'design and implementation' work on relevant controls

If considered necessary, test the operating effectiveness of selected controls

Design and perform a combination of substantive analytical procedures and tests of details that are most responsive to the assessed risks

Scoping of material account balances, classes of transactions and disclosures

We perform an assessment of risk which includes considering the size, composition and qualitative factors related to account balances, classes of transactions and disclosure. This enables us to determine the scope of further audit procedures to address the risk of material misstatement. We will report to you any significant findings from our scoping work.

Liaison with internal audit

We continue to rely on the work of the Internal Audit function to inform our risk assessment. The Auditing Standards Board has issued a revised version of ISA (UK and Ireland) 610 "Using the work of internal auditors". This prohibits use of internal audit to provide direct assistance to the audit. Our current approach to the use of the work of Internal Audit has been designed to be compatible with the new requirements, and will not change the existing scope of Internal or External Audit's work. However, this will prevent us from further increasing the extent of our use of Internal Audit's work in future.

We plan to hold discussions with the Head of Internal Audit to understand the work they have performed in the year and any weaknesses they have identified in the control environment, so we can assess their impact and plan our audit response.

Whole of Government Accounts

Auditors appointed by the Audit Commission have a statutory duty under the Code of Audit Practice to review and report on the Council's whole of government accounts return. We will consider the requirement to review the WGA return and undertake appropriate procedures accordingly.



Significant audit risks

This section sets out our comments regarding the significant audit risks identified. We explain the nature of the risk itself, how these risks will be addressed by our audit work and any related presentational and/or disclosure matters within the financial statements.

Risk assessment is at the heart of our integrated audit approach as it is only with proper identification of the most significant audit risks, that we are able to provide the highest quality assurance in the most efficient and effective manner.

We perform an assessment of risk which includes considering the size, composition and qualitative factors relating to account balances, classes of transactions and disclosures. This enables us to determine the scope of further audit procedures to address the risk of material misstatement. We will report to you any significant findings from our scoping work.

For the Council's 2013/14 financial statements, we have estimated materiality of **£450k** based on forecast income for the year. We will report to the Overview and Scrutiny Committee on all unadjusted misstatements greater than **£15k** and other adjustments that are qualitatively material.

1. Revenue recognition

We consider a significant risk exists in relation to the non-recognition of cash receipts or their recognition in the incorrect accounting period.

We have identified the completeness and cut-off of cash based income transactions as a significant risk on the grounds that:

- Cash transactions have an inherently higher risk of fraudulent misappropriation of assets, owing to the nature of the cash as a portable medium of exchange;
- Transactions around the year end are prone to being recorded in the incorrect period, either through unnecessary or inappropriate accruals being made, or the absence of a necessary accrual; and
- Recognising income in an incorrect period would be a method by which management may seek to improve the financial performance of the Council in order to present a more favourable year end position.

ISA240 requirements

International Standards of Auditing (UK and Ireland) 240 – *The auditor's responsibility to consider fraud in an audit of financial statements* requires us to presume that there is a risk of fraud with respect to the recognition of revenue.

This is because of the significance of revenue transactions to the financial statements.

We have assessed the Council's different income streams and targeted our significant risk against the types of revenue we believe are most prone to material misstatement.

This consideration is made before we consider the adequacy of the controls management has put in place to mitigate the risk.

Our approach

- We will test the design and implementation of controls management has put in place to ensure income is recognised in the correct period.
- We will conduct detailed substantive testing of the cash transactions around the year end to assess the appropriate accounting period for the revenue to be recognised in.
- We will also test grant income received against the terms and conditions of the grant to ensure it is appropriate to recognise the income in line with the provisions of the *Code of Practice on Local Authority Accounting*.

2. Valuation of Property, Plant and Equipment

We consider a significant risk exists in relation to the valuation of PPE assets owing to the prevailing conditions in the property market at this time.

We have considered the nature of the Property, Plant and Equipment (PPE) balance and concluded that a significant risk exists in relation to the valuation of Land and Buildings. This is because:

- The Council holds significant amounts of Land and Buildings (£12.0m net book value as at 31/3/13);
- Whilst the property market is recovering, there remain uncertainties around the valuation of a number of assets; and
- Effective valuations require the use of expert knowledge to maintain materially accurate valuations, and the assessment of market values are inherently judgemental.

Impact on the Council

The value of Land and Buildings is held on the Council's Balance Sheet, with revaluation gains recognised in the Revaluation Reserve, and losses recognised in the Revaluation Reserve, such that there is a balance for that asset, and then in the Comprehensive Income and Expenditure Statement as an impairment.

Changes in value do not affect the Council's "bottom line", as statutory overrides reverse impairments to the Capital Adjustment Account, meaning the Council would not have to raise council tax to fund impairment losses.

However, where an impairment is caused by the reduced service potential of an asset (rather than a change in value), the Council could face charges to repair the building and restore the asset so it is fit for use.

Our approach

- We will test the design and implementation of controls management has put in place to ensure Land and Buildings are materially fairly stated in the Balance Sheet.
- We will consult with our specialist valuation colleagues where we consider it necessary, and review the changes in valuation trends in the wider area to determine the reasonableness of the carrying values of Property Plant and Equipment.
- We will also test the disclosure of PPE balances in the accounts, particularly with reference to the disclosures of valuation methodologies and the dates of valuations.

3. Calculation of bad debt provision against debtors

The calculation of the bad debt provision against debtors is a significant audit risk in view of different judgements and assumptions used in calculating the provision for the various sub-categories of debt.

	Gross debtors (£m)	Provision (£m)
2012/13	£1.460m	£0.421m

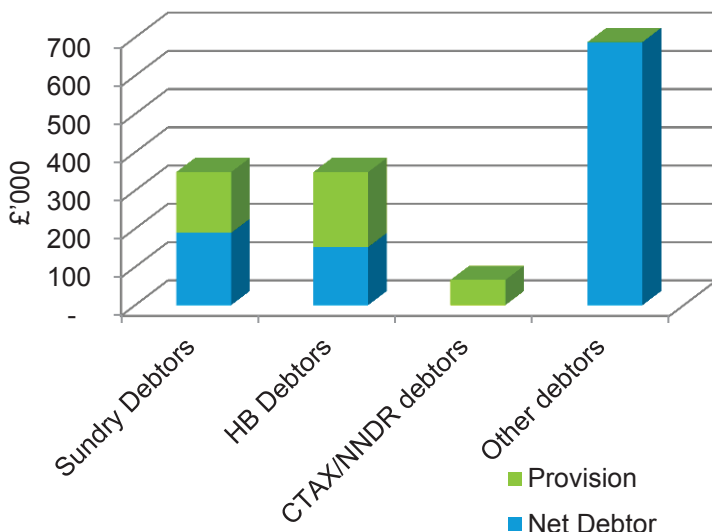
We have identified the calculation of the bad debt provision against sundry debts as a significant risk. This is because:

- Different types of debt are assigned different proportions of the provision, based on experienced likelihood of the debtor being received; and
- Significant management judgement is applied in determining the level of provision and this should be based on sound assumptions and methodology. The provision against sundry debts totalled £0.421m out of gross debtors of £1.460m at 31st March 2013.

Our approach

- We will challenge management’s methodologies and assumptions used to calculate the bad debt provision and the evidence to support the approach.
- We will consider whether provisions appropriately reflect the impact of the changing economic conditions and welfare reforms by reference to recent collection performance and trends.
- We will test the integrity of the ageing data which the Council uses to profile debtors by age, to confirm that the base data which is provided against is accurate.

Debtors and bad debt provision by type, as at 31/3/2013



Impact on the Council

Good recovery of debtors is the hallmark of sound financial management and illustrates robust processes for raising and chasing debts.

An inappropriate provision can mask an underlying weakness in debt collection or cause problems for the Council’s cash flow.

4. Completeness of NNDR appeal provisions

The localisation of business rates places new responsibilities on the Council

We have identified the completeness of any provision for NNDR appeals as a significant risk. This is because:

- The localisation of business rates passes the risks and rewards associated with National Non-Domestic Rates (NNDR) on the Council for the first time;
- Previously the Council was responsible for collecting the rates due, paying these to central government and receiving grant income to fund services;
- From 1 April 2013, the Council now faces the risk relating to declining business rate income, the cost of appeals as well as the benefits from any business rate growth; and
- This represents a significant unusual transaction, and the accounting entries arising from NNDR appeals have significant management judgement in determining their appropriateness.

Impact on the Council

From our initial inquiries, we understand a number of significant business ratepayers have appealed against the ratings provided by the Valuation Office Agency (VOA).

We are also aware that the Council has recently paid out a significant appeal following instruction by the VOA. It follows that if this was to occur with the current appeals, there would be a significant impact on the resources of the Council.

We understand the Council is entering a risk pooling arrangement for NNDR with a number of North Yorkshire councils from the 1st April 2014. Whilst this is not directly relevant to our audit this year, we will consider the impact this has on the accounting disclosures, and discuss with management its oversight of the new arrangements.

Our approach

- We will review the controls management has in place for assessing the required accounting entries and determining any estimated provision, if necessary, and conclude whether these have been designed and implemented effectively.
- We will review a detailed sample of appeals made and consider the appropriateness of the accounting decisions made by the Council.
- We will review the disclosures made by the Council in terms of the adequacy, sufficiency and clarity to ensure the accounts present a true and fair record in this regard.

5. Management override of controls

In accordance with International Standards on Auditing (ISA 240), we presume that there is a risk of fraud as a result of Management override of controls.

Our approach

- We will consider those significant accounting estimates, which may be subject to Management bias, as set out in the other risks described in this section.
- We will also perform focussed work on the testing of journals, using data analytics to profile the journal population and focus our testing on higher risk journals; significant accounting estimates, and any unusual transactions, including those with related parties.
- We will use enhanced data analytics to provide support through our new integrated system, Spotlight.

Spotlight

Spotlight is Deloitte's centralised analytics platform that provides access to pre-built analytics on a growing range of risks and account balances. It allows us to build and configure analytics in a risk-focused and user-friendly way.

Spotlight can be used for financial and analytical review (identifying trends), fraudulent financial reporting through identification of high risk journals, PPE (assessment of additions and recalculating depreciation) and accounts payable (assessment of year end payables balance).

We will use Spotlight to give us insight into your annual financials. We will also use Spotlight to identify high risk journals for our testing the specific identified risk of Management override of controls.

Spotlight will help us to deliver audits in faster, better way.

Value for money conclusion

Value for money conclusion

Our work will focus on the extent to which the Council has proper arrangements in place to secure value for money

Scope

Under the Code of Audit Practice 2010 we are required to include in our audit report a conclusion on whether Ryedale District Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources - this conclusion is known as the “VFM conclusion”.

Specified criteria for auditors' VFM conclusion	Focus of the criteria for 2014
The organisation has proper arrangements in place for securing financial resilience.	The organisation has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.
The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.	The organisation is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

Approach to our work

We draw sources of assurance relating to our VFM responsibilities from:

- the audited body's system of internal control as reported on in its Annual Governance Statement;
- the results of the work of the Commission, other inspectorates and review agencies to the extent that the results come to our attention and have an impact on our responsibilities;
- any work mandated by the Commission – of which there was none in 2014; and
- any other locally determined risk-based VFM work that auditors consider necessary to discharge their responsibilities.

Preliminary assessment

Our preliminary assessment is that there are no significant risks in relation to our VFM responsibilities which requires local work to be carried out and we have therefore not identified any significant risks in our audit plan. This preliminary view is based on the undertaking of a risk assessment, which involves consideration of common risk factors for local authorities identified by the Audit Commission, concluding on whether they represent actual risks for the purpose of our VFM conclusion on Ryedale District Council

We have undertaken this preliminary work through review of relevant documentation, including cabinet and committee papers, and discussion with officers as necessary. We will update our detailed risk assessment from April to take account of the outturn financial and performance information for 2013/14, and through our consideration of what has been reported in the Annual Governance Statement, matters reported by regulators and other matters which have come to our attention from our work carried out in relation to our other Code responsibilities.

Grants and returns

Grants

Our work will focus on the certification of the grants in scope as per our contract with the Audit Commission

Scope

Under Section 28 of the Audit Commission Act 1998, the Commission is responsible for making arrangements for certifying claims and returns in respect of grants or subsidies made or paid by any Minister of the Crown or a Public Authority to a Local Authority. The Commission, rather than its appointed auditors, has the responsibility for making certification arrangements. The appointed auditor carries out work on individual claims and returns as an agent of the Commission under certification arrangements made by the Commission which comprise certification instructions which the auditor must follow.

The respective responsibilities of the grant paying body, authorities, the Audit Commission and appointed auditors in relation to claims and returns are set out in the 'General Certification Instructions' produced by the Audit Commission.

Auditors appointed by the Audit Commission are required to:

- review the information contained in a claim or return and to express a conclusion whether the claim or return is: i) in accordance with the underlying records; or ii) is fairly stated and in accordance with the relevant terms and conditions;
- examine the claim or return and related accounts and records of the Local Authority in accordance with the specific grant certification instructions;
- direct our work to those matters that, in the appointed auditor's view, significantly affect the claim or return;
- plan and complete our work in a timely fashion so that deadlines are met; and
- complete the appointed auditor's certificate, qualified as necessary, in accordance with the general guidance in the grant certification instructions.

These responsibilities do not place on the appointed auditor a responsibility to either:

- identify every error in a claim or return;
- or maximise the authority's entitlement to income under it.

Non-certification of NNDR3 return for 2013/14

From 2013/14 the NNDR3 return is no longer subject to external certification. In previous years we have placed reliance on the certification of this claim which has reduced the quantum of testing required on non-domestic rates in the main audit. The absence of the NNDR3 certification will therefore have the effect of increasing the work required around domestic rates to support our main audit opinion. We understand the Audit Commission are considering whether a fee adjustment should be made for this.

Housing Benefit claim

A local Council Tax Reduction scheme has replaced the national Council Tax Benefit scheme from 1st April 2013. The funding receivable from the government in respect of this is not subject to external certification.

We continue to plan our approach to the Housing Benefit Subsidy certification and are in contact with officers to ensure appropriate progress is made to meet the deadlines required.

Responsibility statement

Purpose of our report and responsibility statement

Our report is designed to help you meet your governance duties

What we report

Our report is designed to establish our respective responsibilities in relation to the financial statement audit, to agree our audit plan and to take the opportunity to ask you questions at the planning stage of our audit. We enhance this reporting with observations arising from our audit work and our Insight Plan performed to date which are designed to help the Overview and Scrutiny Committee discharge its governance duties. Our report includes:

- Our audit plan, including key audit judgements and the planned scope and timing of our audit
- Key regulatory and corporate governance updates, relevant to you

What we don't report

- As you will be aware, our audit is not designed to identify all matters that may be relevant to the Committee.
- Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by Management or by other specialist advisers.
- Finally, the views on internal controls and business risk assessment in our final report should not be taken as comprehensive or as an opinion on effectiveness since they will be based solely on the audit procedures performed in the audit of the financial statements and the other procedures performed in fulfilling our audit plan.

Other relevant communications

- This report should be read alongside the supplementary "Briefing on audit matters" which we have included as Appendix 6 to this report.
- We will update you if there are any significant changes to the audit plan.

We welcome the opportunity to discuss our report with you and receive your feedback.



Deloitte LLP
Chartered Accountants

Leeds
26 March 2014

This report has been prepared for the Overview and Scrutiny Committee, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose. Except where required by law or regulation, it should not be made available to any other parties without our prior written consent.

Appendices

Appendix 1: Independence and fees

We confirm we are independent of Ryedale District Council

As part of our obligations under International Standards on Auditing (UK & Ireland) we are required to report to you on the matters listed below:

Independence confirmation

We confirm we are independent of Ryedale District Council and will reconfirm our independence and objectivity to the Overview and Scrutiny Committee for the year ending 31 March 2014 in our final report to the Committee.

Fees

Our audit fees are set by the Audit Commission in line with national scale fees. Details of the non-audit services fees proposed for the period have been presented separately on the following page.

Non-audit services

In our opinion there are no inconsistencies between APB Revised Ethical Standards for Auditors and the company's policy for the supply of non-audit services or any apparent breach of that policy. We continue to review our independence and ensure that appropriate safeguards are in place including, but not limited to, the rotation of senior partners and professional staff and the involvement of additional partners and professional staff to carry out reviews of the work performed and to otherwise advise as necessary.

Appendix 1: Independence and fees (continued)

We have set out below our audit fees for 2013/14

The table below details our proposed audit fees and non-audit fees for the year ending 31 March 2014 for those services for which we have been engaged or proposed for as at the date of this report.

	Current year £'000	Prior year £'000
Fees payable in respect of our work under the Code of Audit Practice in respect of Ryedale District Council's annual accounts, assurance report on the Whole of Government accounts and the value of money conclusion (note 1)	55	55
Fees payable for the certification of grant claims (note 2)	15	21
Total fees payable in respect of our role as Appointed Auditor	70	76
Non audit fees (note 3)	-	-

Note 1:

From 2013/14 the NNDR3 return is no longer subject to external certification. In previous years we have placed reliance on the certification of this claim which has reduced the quantum of testing required on non-domestic rates in the main audit. The absence of the NNDR3 certification will therefore have the effect of increasing the work required around domestic rates to support our main audit opinion. We understand the Audit Commission are considering whether a fee adjustment should be made for this.

Note 2:

The scale fee for 2013/14 is based on actual certification fees for 2011/12 adjusted to reflect the absence of NNDR3 certification and the exclusion of Council Tax Benefit from the Housing Benefit subsidy certification work. The Commission accept that grants work varies year on year and the work in 2011/12 may not be representative of the work required in 2013/14 and hence an adjustment may be required once the 2013/14 work is complete.

Note 3:

Deloitte have not undertaken any additional non-audit work at the Council in either 2013/14 or 2012/13. The certification of grant claims is an inherent part of the Audit Commission's audit regime, and we (and the Commission) do not consider these fees to be non-audit services.

Appendix 2: Fraud: responsibilities and representations

As auditors, we obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.

Characteristics

- Misstatements in the financial statements can arise from either fraud or error. The distinguishing factor between fraud and error is whether the underlying action that results in the misstatement of the financial statements is intentional or unintentional.
- Two types of intentional misstatements are relevant to us as auditors – misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriation of assets.

Responsibilities

Your responsibilities

- The primary responsibility for the prevention and detection of fraud rests with Management and those charged with governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.

Our responsibilities

- We are required to obtain representations from your Management regarding internal controls, assessment of risk and any known or suspected fraud or misstatement.
- As auditors, we obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.
- As set out in Section 2 above we have identified the risk of fraud in revenue recognition and management override of controls as a key audit risk for the Council.

Our responsibilities and those of the Council are explained in the Audit Commission’s publication, ‘The responsibilities of Auditors and of Audited Bodies – Local Government’ issued March 2010.

Appendix 2: Fraud: responsibilities and representations (continued)

We make enquiries of Management, internal audit and the Overview and Scrutiny Committee regarding fraud.

We will make the following inquiries regarding fraud:

Management	Internal Audit	The Overview and Scrutiny committee
<p>Management's assessment of the risk that the financial statements may be materially misstated due to fraud including the nature, extent and frequency of such assessments.</p> <p>Management's process for identifying and responding to the risks of fraud in the entity.</p> <p>Management's communication, if any, to those charged with governance regarding its processes for identifying and responding to the risks of fraud in the entity.</p> <p>Management's communication, if any, to employees regarding its views on business practices and ethical behaviour.</p> <p>Whether Management has knowledge of any actual, suspected or alleged fraud affecting the entity.</p>	<p>Whether internal audit has knowledge of any actual, suspected or alleged fraud affecting the entity, to obtain their views about the risks of fraud, and to obtain status reports on fraud cases during 2013/14.</p>	<p>How the committee exercises oversight of Management's processes for identifying and responding to the risks of fraud in the entity and the internal control that Management has established to mitigate these risks.</p> <p>Whether the committee has knowledge of any actual, suspected or alleged fraud affecting the entity.</p>

We will request the following to be stated in the representation letter signed on behalf of the Committee:

- We acknowledge our responsibilities for the design, implementation and maintenance of internal control to prevent and detect fraud and error.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- [We are not aware of any fraud or suspected fraud / We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and] that affects the entity or group and involves:
 - (i) Management;
 - (ii) employees who have significant roles in internal control; or
 - (iii) others where the fraud could have a material effect on the financial statements.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

Appendix 3: Your audit team

A senior team, with continuity from last year, that incorporates specialists to perform audit work over grants and also provide insight and add value to the Council. Our team is selected from our group of public sector specialists.



Paul Thomson
Engagement Partner



Sarah Anderson
Senior Manager



Alistair Ross
Assistant Manager



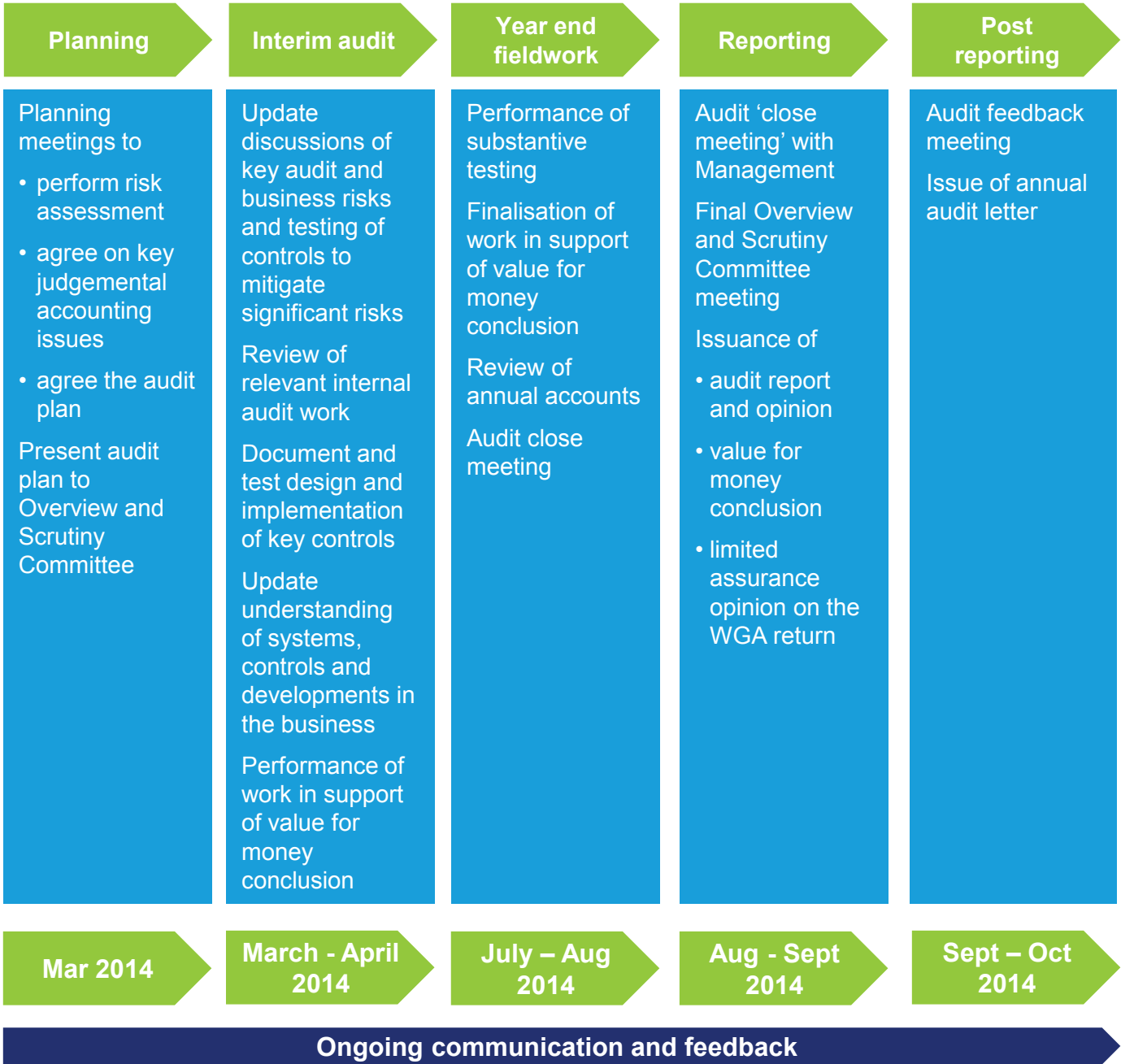
Charlotte Hedar
Field Senior (Audit)



Ben Wilkinson
Field Senior (Grants)

Appendix 4: Timetable

Set out below is the approximate expected timing of our reporting and communication with Management and those charged with governance.





Appendix 5: State of local public services

We summarise the outcome of our research which provides further context for our audit

During the spring and summer of 2013, Deloitte conducted detailed research to answer a simple question: what is the state of the UK state? As part of the research, we commissioned IPSOS MORI to capture the attitudes of people that run local public services. The results provide a snapshot of local services during a period of profound change.

We have summarised the key messages in relation to local public services below.

Overall

Overall chief executives told us that they feel their organisations are coping well and responding effectively to the challenging circumstances.

They also said that while the depth and speed of change has been difficult for staff, morale is holding up, although future cuts create understandable concerns.

Link between local economies and local services has moved up the agenda

Combined with cuts, the recession has put the health of local economies high on the agenda. Weak economic growth and unemployment has increased pressure on the local public sector as demand for spending has increased. This concern was a clear theme, particularly at a time when cuts are reducing capacity to provide. One police respondent reported that while crime was down overall, shoplifting for food has increased.

Local public service executives fear the impact of welfare reforms

Our research suggests that public service leaders are particularly concerned about the fallout from welfare reform. Some wondered if central government has assessed whether savings on welfare spending will be counterbalanced by increased demand on local services. This was particularly a concern for directors in childrens services where interviewees described rises in child protection cases. Many expressed concerns that cuts will affect their ability to invest in preventative services.

The people in our local public services are focused on opportunities – not just challenges

Our research showed that local public service executives see the current climate as an opportunity to refocus their services on residents' needs and outcomes, as well as to use creativity rather than resources to solve problems. One police respondent told us that in the past, additional finance would have been used to deliver change – but now, the force explores service redesign. On balance, interviewees felt that the opportunities of the coming five years outweigh the challenges.

Appendix 5: State of local public services (continued)



The game has changed – so have leadership priorities

When interview responses were collated, a striking trend emerged: organisational leaders are focused on their people and how they can be empowered to rise to their organisation's challenges. Public value is a notably important issue; a number of executives mentioned values – such as caring, fair and trusted – as being central to the public service ethos. At a time of public sector headcount reductions, interviewees spoke of the importance of attracting staff with the right skills.

A new public services landscape has brought a new set of risks

A number of interviewees told us about the advantages of public sector partnerships in delivering joined-up services, transferring knowledge and generating savings. Most thought that partnerships with the private and third sectors were also beneficial. They thought that cross-sector working brought specific benefits, including exposure to new ideas and new delivery models, efficiency and quality from private sector and local knowledge and niche services from the third sector. But many also recognised that commissioning and partnerships outside the public sector brought new, critical risks that needed to be managed.

Appendix 6: Briefing on Audit matters

Published for Those Charged With Governance



This document is intended to assist those charged with governance to understand the major aspects of our audit approach, including explaining the key concepts behind the Deloitte Audit methodology including audit objectives and materiality.

Further, it describes the safeguards developed by Deloitte to counter threats to our independence and objectivity.

This document will only be reissued if significant changes to any of those matters highlighted above occur.

We will usually communicate our audit planning information and the findings from the audit separately. Where we issue separate reports these should be read in conjunction with this "Briefing on audit matters".

Approach and scope of the audit

Primary audit objectives	<p>We conduct our audit in accordance with International Standards on Auditing (UK & Ireland) as adopted by the UK Financial Reporting Council ("FRC") and the Code of Audit Practice as established by the Audit Commission. Our statutory audit objectives are:</p> <ul style="list-style-type: none">• to express an opinion in true and fair view terms to the members on the financial statements;• to express an opinion as to whether the accounts have been properly prepared in accordance with the Code of Practice on Local Authority Accounting;• To express an opinion as to whether the entity has put in place appropriate systems and processes to secure value for money in its use of resources; and• to express an opinion as to whether the Annual Governance Statement, is consistent with the financial statements and our knowledge of the Council.
Other reporting objectives	<p>Our reporting objectives are to:</p> <ul style="list-style-type: none">• present significant reporting findings to those charged with governance. This will highlight key judgements, important accounting policies and estimates and the application of new reporting requirements, as well as significant control observations; and• provide timely and constructive letters of recommendation to management. This will include key business process improvements and significant controls weaknesses identified during our audit.

Appendix 6: Briefing on Audit matters (continued)

Materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to monetary misstatements but also to disclosure requirements and adherence to appropriate accounting principles and statutory requirements.

"Materiality" is defined in the International Accounting Standards Board's "Framework for the Preparation and Presentation of Financial Statements" in the following terms:

"Information is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements. Materiality depends on the size of the item or error judged in the particular circumstances of its omission or misstatement. Thus, materiality provides a threshold or cut-off point rather than being a primary qualitative characteristic which information must have if it is to be useful."

We determine materiality based on professional judgment in the context of our knowledge of the audited entity, including consideration of factors such as shareholder expectations, industry developments, financial stability and reporting requirements for the financial statements.

We determine materiality to:

- determine the nature, timing and extent of audit procedures; and
- evaluate the effect of misstatements.

The extent of our procedures is not based on materiality alone but also the quality of systems and controls in preventing material misstatement in the financial statements, and the level at which known and likely misstatements are tolerated by you in the preparation of the financial statements.

Appendix 6: Briefing on Audit matters (continued)

Uncorrected misstatements

In accordance with International Standards on Auditing (UK and Ireland) (“ISAs (UK and Ireland)”) we will communicate to you all uncorrected misstatements (including disclosure deficiencies) identified during our audit, other than those which we believe are clearly trivial.

ISAs (UK and Ireland) do not place numeric limits on the meaning of ‘clearly trivial’. The Audit Engagement Partner, management and those charged with governance will agree an appropriate limit for ‘clearly trivial’. In our report we will report all individual identified uncorrected misstatements in excess of this limit and other identified errors in aggregate.

We will consider identified misstatements in qualitative as well as quantitative terms.

Audit methodology

Our audit methodology takes into account the changing requirements of auditing standards and adopts a risk based approach. We utilise technology in an efficient way to provide maximum value to members and create value for management and the Board whilst minimising a “box ticking” approach.

Our audit methodology is designed to give directors and members the confidence that they deserve.

For controls considered to be ‘relevant to the audit’ we evaluate the design of the controls and determine whether they have been implemented (“D & I”). The controls that are determined to be relevant to the audit will include those:

- where we plan to obtain assurance through the testing of operating effectiveness;
- relating to identified risks (including the risk of fraud in revenue recognition, unless rebutted and the risk of management override of controls);
- where we consider we are unable to obtain sufficient audit assurance through substantive procedures alone; and
- to enable us to identify and assess the risks of material misstatement of the financial statements and design and perform further audit procedures

Appendix 6: Briefing on Audit matters (continued)

Other requirements of International Standards on Auditing (UK and Ireland)

ISAs (UK and Ireland) require we communicate the following additional matters:

ISA (UK & Ireland)	Matter
ISQC 1	Quality control for firms that perform audits and review of financial statements, and other assurance and related services engagements
240	The auditor's responsibilities to consider fraud in an audit of financial statements
250	Consideration of laws and regulations in an audit of financial statements
265	Communicating deficiencies in internal control to those charged with governance and management
450	Evaluation of misstatements identified during the audit
505	External confirmations
510	Initial audit engagements – opening balances
550	Related parties
560	Subsequent events
570	Going concern
600	Special considerations – audits of group financial statements (including the work of component auditors)
705	Modifications to the opinion in the independent auditor's report
706	Emphasis of matter paragraphs and other matter paragraphs in the independent auditor's report
710	Comparative information – corresponding figures and comparative financial statements
720	Section A: The auditor's responsibilities related to other information in documents containing audited financial statements

Appendix 6: Briefing on Audit matters (continued)

Independence policies and procedures

Important safeguards and procedures have been developed by Deloitte to counter threats or perceived threats to our objectivity, which include the items set out below.

Safeguards and procedures

- Every opinion (not just statutory audit opinions) issued by Deloitte is subject to technical review by a member of our independent Professional Standards Review unit.
- Where appropriate, review and challenge takes place of key decisions by the Second Partner and by the Independent Review Partner, which goes beyond ISAs (UK and Ireland), and ensures the objectivity of our judgement is maintained.
- We report annually to those charged with governance our assessment of objectivity and independence. This report includes a summary of non-audit services provided together with fees receivable.
- There is formal consideration and review of the appropriateness of continuing the audit engagement before accepting reappointment.
- Periodic rotation takes place of the audit engagement partner, the independent review partner and key partners involved in the audit in accordance with our policies and professional and regulatory requirements.
- In accordance with the Ethical Standards issued by the Auditing Practices Board (“APB”), there is an assessment of the level of threat to objectivity and potential safeguards to combat these threats prior to acceptance of any non-audit engagement. This would include particular focus on threats arising from self-interest, self-review, management, advocacy, over-familiarity and intimidation.

In the UK, statutory oversight and regulation of auditors is carried out by the FRC. The Firm’s policies and procedures are subject to external monitoring by both the Audit Quality Review Team (AQRT, formerly known as the Audit Inspection Unit), which is part of the FRC’s Conduct Division, and the ICAEW’s Quality Assurance Department (QAD). The AQRT is charged with monitoring the quality of audits of economically significant entities and the QAD with monitoring statutory compliance of audits for all other entities. Both report to the ICAEW’s Audit Registration Committee.

Appendix 6: Briefing on Audit matters (continued)

Independence policies

Our detailed ethical policies' standards and independence policies are issued to all partners and employees who are required to confirm their compliance annually. We are also required to comply with the policies of other relevant professional and regulatory bodies.

Amongst other things, these policies:

- state that no Deloitte partner (or any closely-related person) is allowed to hold a financial interest in any of our UK audited entities;
- require that professional staff may not work on assignments if they (or any closely-related person) have a financial interest in the audited entity or a party to the transaction or if they have a beneficial interest in a trust holding a financial position in the audited entity;
- state that no person in a position to influence the conduct and outcome of the audit (or any closely related persons) should enter into business relationships with UK audited entities or their affiliates;
- prohibit any professional employee from obtaining gifts from audited entities unless the value is clearly insignificant; and
- provide safeguards against potential conflicts of interest.

Remuneration and evaluation policies

Partners are evaluated on roles and responsibilities they take within the firm including their technical ability and their ability to manage risk.

APB Ethical Standards

The APB issued five ethical standards for auditors that apply a 'threats' and 'safeguards' approach.

The five standards cover:

- maintaining integrity, objectivity and independence;
- financial, business, employment and personal relationships between auditors and their audited entities;
- long association of audit partners and other audit team members with audit engagements;
- audit fees, remuneration and evaluation of the audit team, litigation between auditors and their audited entities, and gifts and hospitality received from audited entities; and
- non-audit services provided to audited entities.

Our policies and procedures comply with these standards.



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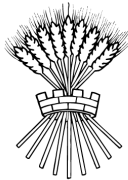
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REPORT TO:	OVERVIEW AND SCRUTINY COMMITTEE
DATE:	10 APRIL 2014
REPORT OF THE:	CORPORATE DIRECTOR (s151) PAUL CRESSWELL
TITLE OF REPORT:	INTERNAL AUDIT PLAN 2014/15
WARDS AFFECTED:	ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

- 1.1 The purpose of this report is to present to Members the Internal Audit Plan for 2014/15.

2.0 RECOMMENDATION

- 2.1 It is recommended that members endorse the 2014/15 Internal Audit Plan.

3.0 REASON FOR RECOMMENDATION

- 3.1 The Overview and Scrutiny Committee has responsibility for overseeing the work of internal audit, and agreeing the plan of work to be undertaken on its behalf by the Council's Internal Auditors in line with good practice as set out in the Accounts and Audit Regulations 2011 and the Public Sector Internal Audit Standards.

4.0 REPORT DETAILS

- 4.1 For the first time, the plan is explicitly aligned to the Council's Corporate Risk Register. This accords with commonly accepted good practice and will enable members of the audit committee and the management team to satisfy themselves that internal audit activity is focused on the main risks to the Council. Veritau also uses its own risk based assessment in developing the audit plan. The audit plan is a working document and changes are made throughout the year to reflect changes in risk and any issues that arise.
- 4.2 The content of the audit plan has been subject to consultation with senior officers and is submitted for formal approval by the Committee who monitor progress against the plan. Changes to the plan are agreed through the Council's client management arrangements and are notified to the Committee. Proposed audit work is also discussed with the Council's external auditors to ensure there is no duplication of effort. The plan is agreed by the Corporate Director (s151) who has responsibility for ensuring an adequate and effective system of internal control.

4.3 The plan is based on a total commitment of 225 days for 2014/15 and is attached at Annex A.

5.0 IMPLICATIONS

5.1 The following implications have been identified:

a) Financial
None

b) Legal
None

c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental, Crime & Disorder)
None

Paul Cresswell
Corporate Director (s151)

Author: John Barnett – Audit Manager VNY Ltd.
Telephone No: 01653 600666 ext 382
E-Mail Address: john.barnett@veritau.co.uk

Background Papers:

Public Sector Internal Audit Standards

CIPFA Local Government Application Note (for the United Kingdom Public Sector Internal Audit Standards)

Background Papers Available for Inspection at:

Ryedale House



Ryedale District Council

Internal Audit Plan 2014/15

Audit Manager:

John Barnett

Head of Internal Audit:

Max Thomas

Circulation List:

Members of the Overview and Scrutiny Committee

Chief Executive

Corporate Director - S151 Officer

Date: 10 April 2014

Introduction

- 1 This document sets out the planned 2014/15 programme of work for internal audit, counter fraud and risk management provided by Veritau for Ryedale District Council.
- 2 The work of internal audit is governed by the Accounts and Audit Regulations 2011 and the Public Sector Internal Audit Standards. In accordance with these standards internal audit is required to prepare an audit plan on at least an annual basis.
- 3 For the first time, the plan is explicitly aligned to the Council's Corporate Risk Register. This accords with commonly accepted good practice and will enable members of the audit committee and the management team to satisfy themselves that internal audit activity is focused on the main risks to the Council. Veritau also uses its own risk based assessment in developing the audit plan. The audit plan is a working document and changes are made throughout the year to reflect changes in risk and any issues that arise.
- 4 The content of the audit plan has been subject to consultation with the Chief Executive, Corporate Director and other senior officers and is submitted for formal approval by the Overview and Scrutiny Committee who are also responsible for monitoring progress against the plan. Changes to the plan are agreed through the Council's client management arrangements and are notified to the committee. Proposed audit work is also discussed with the Council's external auditors to ensure there is no duplication of effort.
- 5 The plan has a total value of 225 days for 2014/15.

2014/15 Audit Plan

- 6 The Audit Plan for 2014/15 is intended to reflect the impact of the savings that the Council needs to make over the coming years. Where possible, it also seeks to identify areas where further savings can be made by aligning operational controls more closely with the identified risk appetite and to provide assurance that the controls used to reduce risk to within the risk appetite are effective.
- 7 The plan has been structured into a number of sections:-
 - **Corporate Risk Register;** this work involves reviewing the action taken, or to be taken, in managing the key risks to the Council.
 - **Fundamental/Material Systems;** to provide assurance on the key areas of financial risk. This helps support the work of the external auditors and provides assurance to the Council that risks of loss are minimised.
 - **Regularity Audits;** to provide assurance on those areas identified through Veritau's risk based assessment. Although not identified as a key corporate risk to the Council, they are recognised as key service risks.
 - **Technical/Projects;** to provide assurance on those areas of a technical nature and where project management is involved. These areas are key to the Council as the risks involved could detrimentally affect the delivery of services.
 - **Client support & Advice;** Work we carry out to support the Council in its functions.

- **Other;** An allocation of time to allow for unexpected work and the follow up of work we have already carried out, ensuring that agreed actions have been implemented.

8 Details of the 2014/15 plan are set out in Appendix A.

Internal Audit Plan 2014/15

Corporate Risk Register

Risk No	Risk	Audit	Scope	Days
Corporate Risk Register				
05	Failure to meet identified housing need in Ryedale	Affordable Housing/New Homes Bonus	To review management controls including monitoring arrangements to ensure Government and local targets set are adhered too + To provide assurance to management that the key risks relating to the achievement of the targets for increasing the tax base and thereby maximising the New Homes Bonus, are effective	20
04	Failure to attract external funding to support the priorities of the Council	Community Infrastructure Levy	Review to ensure that the CIL charges have been correctly defined in line with set criteria	5
02	Failure to deliver Council priorities, due to poor management of the capital programme.	Capital Programme	To provide assurance that projects are adequately monitored in relation to delivery, spend and planning for the achievement of long term objectives	12

Fundamental/Material Systems Audits

Audit	Scope	Days
Council Tax/NNDR	To review the key risks/controls for the setting and collection of local tax	12
Sundry Debtors	A review of the systems for raising debtor invoices and collecting income, credit control, and debt recovery arrangements	8
Benefits	To review the key risks/controls involved in awarding and paying benefits including the Council Tax Support Scheme	15
Creditors	To review the key risks/controls surrounding the payment of Creditors invoices. To include 'delegated authority'	10
Income/Receipting System(s)	To review the key risks/controls surrounding the receipting and balancing of monies received	8
Payroll	A review of the payroll system and controls associated with payroll processing including service delivery by the provider (CYC)	10
General Ledger (budgetary control & reconciliations)	A review of the budget setting, monitoring processes and reconciliations within the General Ledger	15
Treasury Management	Completed 2013/14	-
Capital Accounting and Asset Management	To review the treatment of assets and capital expenditure, ensuring they are in line with established accountancy practice guidelines	10

Regularity Audits

Audit	Scope	Days
Risk Management Process	A review of overall council risk management arrangements	10
Development Control	To provide assurance that planning applications received are processed in accordance with legislation and with due regard to the Local Plan and the Local Development Framework	10
Member Development	To provide assurance that Members receive the necessary training/induction and development to perform their function in the decision making processes	10

30

Technical/Project Audits

Audit	Scope	Days
ICT	To review and benchmark the strategy for IT within the Council ensuring targets set are monitored and achieved	8
Project Management	To review specified projects to ensure the control environment is sound	15

23

Client Support & Advice

Area	Days
Committee Prep & Attendance inc AGS,	12
External Audit Liaison	1
Miscellaneous Advice and Project Support	12
Corporate Issues (inc audit planning and client liaison)	8
	33

Other

Area	Days
Contingency	6
Follow Ups	8
	14
	225

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REPORT TO:	OVERVIEW AND SCRUTINY COMMITTEE
DATE:	4 APRIL 2014
REPORT OF THE:	HEAD OF CORPORATE SERVICES CLARE SLATER
TITLE OF REPORT:	SCRUTINY REVIEWS PROGRESS REPORT
WARDS AFFECTED:	ALL

1.0 PURPOSE OF REPORT

- 1.1 To present the final report of the previous scrutiny review into membership of outside bodies and to re-launch the scrutiny review into fuel poverty and community fuel initiatives.

2.0 RECOMMENDATION

- 2.1 That members note the final version of the Scrutiny Review Report (Annex A)
- 2.2 That members agree the terms of reference for the current scrutiny review (Annex B)

3.0 REASON FOR RECOMMENDATION

- 3.1 The Overview and Scrutiny Committee has commissioned a scrutiny review into fuel poverty and the potential for community fuel initiatives and links to the community rights.

4.0 SIGNIFICANT RISKS

- 4.1 No significant risks have been identified at this point but this will be reviewed as the review progresses.

5.0 POLICY CONTEXT AND CONSULTATION

- 5.1 The terms of reference for the review were discussed at the inaugural task group meeting and are attached at annex B. These will be reviewed periodically throughout the review.

6.0 REPORT DETAILS

- 6.1 The aim of the review is to make recommendations to the policy committees of the Council on the options available to the Council and its communities for reducing fuel poverty in Ryedale

- 6.2 On the 7th November 2013 the first meeting of the review task group was held. A presentation was made including data and information on the various definitions of fuel poverty used nationally and where Ryedale features in this.

The Presentation included the following information:

- Factors which affect fuel poverty
- The key government departments – Defra and DECC
- Government actions taken to tackle fuel poverty
- Getting the measure of fuel poverty – outcomes of a national review
- Data profile for Ryedale

The key considerations when working with fuel poverty are:

- Levels of household income
- Proportion of income being spent on keeping warm
- Access to fuel and the cost of this
- Amount of fuel required to keep warm
- Hard to treat homes – fuel efficiency
- Overlap of facing unreasonable energy costs and having a low income

Action points for members included:

- Speak with residents in your wards to find out if there are any particular issues for them with fuel poverty
- Find out if there are any particular community schemes already in operation in your ward.
- Speak to other members not on O&S regarding the points above.

And for officers:

- To liaise re: the work of LGA Sparse group on fuel poverty
- To invite the fuel coop lead to a future meeting of the task group
- To identify other invitees such as Energy Savings Trust, representatives of communities who are already involved in community energy generation
- To investigate the Permitted development rights relating to micro- energy generation e.g. solar panels and the potential for publicising these
- Of those households measured by the LIHC indicator as in fuel poverty, what percentage are on benefits and how would this impact on targeting of future campaigns?
- Mapping of hard to treat homes (those built after 1920)

- 6.3 The Department for Energy and Climate Change published the Community Energy Strategy on 27 January 2014. The strategy aims to broaden the support available for community energy projects, whereby people come together to reduce their energy use or purchase and generate their own energy. Plans include:

- £10m Urban Community Energy Fund to kick-start community energy generation projects in England;
- £1m Big Energy Saving Network funding to support the work of volunteers helping vulnerable consumers to reduce their energy;
- a community energy saving competition, offering £100,000 to communities to develop innovative approaches to saving energy and money; and
- a “one-stop shop” information resource for people interested in developing community energy projects.

Alongside the Community Energy Strategy, DECC has also published today a series of research reports assessing the scale, ambition and achievements of current

community energy projects.

6.4 The schedule for future task group meetings is as follows:

Date	Tasks
Thurs 26 June 2014	Speaker to be arranged Presentation on the work of LGA Sparse Group on Fuel Poverty Briefing for members on the Community Energy Strategy and research into community energy projects.
Thurs 2 October 2014	TBC
Thurs 11 December 2014	Draft Report and recommendations agreed by task group

Clare Slater
Head of Corporate Services

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Background Papers:

Getting the measure of fuel poverty

Final Report of the Fuel Poverty Review - John Hills March 2012:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/48297/4662-getting-measure-fuel-pov-final-hills-rpt.pdf

UK Fuel Poverty Strategy 2001:

<http://webarchive.nationalarchives.gov.uk/+http://www.berr.gov.uk/files/file16495.pdf>

Community Energy Strategy January 2014:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/275163/20140126Community_Energy_Strategy.pdf

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Scrutiny Review

Member Roles on Outside Bodies and as Member Champions

RYEDALE
DISTRICT
COUNCIL



Overview and Scrutiny Committee
February 2014

Executive Summary

This Report sets out the results of a review of Member roles on outside bodies and as Member Champions. This review has been carried out by Ryedale District Council's Overview and Scrutiny Committee.

The aim of the review was to make best use of the Council's resources such as member time and expertise in relation to representation of the Council on outside bodies and as member champions, and best use of the Council's corporate systems.

The Committee made the following recommendations:

Recommendations to Management Team

- (i) That a named Council officer contact be provided for each outside body, where appropriate, to support Member representatives;
- (ii) That details of remit, frequency, timing and venue of meetings and links to outside bodies' websites be published on the Council's website via the modern.gov committee management system;

Recommendations to the Member Development Task Group

- (i) That training needs relating to outside bodies be investigated and a generic role description be developed;
- (ii) That consideration be given to including a briefing to all Members on the modern.gov committee management system in the Member Development Programme;

Recommendations to Full Council

- (i) That the following outside bodies be removed from the list: Supporting People NY Joint Committee (agreed at Annual Council on 16 May 2013), Endowment Governors Charity called Malton School, LG Yorkshire & Humber Elected Members Cohesion Group (agreed at Annual Council on 16 May 2013), Rural Action Yorkshire (formerly YRCC);
- (ii) That substitute representatives be appointed for outside bodies, where their governance arrangements permit, and that it be the nominated representatives responsibility to notify the substitute if they are unable to attend a meeting of the outside body;
- (iii) That a précis from Member representatives on outside bodies be published on the website following each meeting, subject to the approval of the outside bodies, to ensure feedback of key decisions and discussions relevant to the Council is available, and including their attendance record;
- (iv) That appointments to outside bodies be for four year terms, from 2015 onwards to coincide with the District elections, subject to an annual review

by the Overview and Scrutiny Committee to address any issues with attendance or publication of précis;

- (v) That nominations of representatives to outside bodies should be made by Council based on their skills and expertise, in addition to attendance records, and that Members be asked to provide an oral statement of this upon nomination.
- (vi) That the Independent Remuneration Panel be requested to review allowances payable to representatives on outside bodies, where a payment is currently made;
- (vii) (a) That subject to the exceptions in sub paragraph (b) below , all Members note that any representative on an outside body cannot be involved in any financial or regulatory decision taken by the Council that relates to that body. They can make representations, either through the public speaking opportunity for a relevant application at Planning Committee, or for other committees and Full Council by addressing the meeting at the chairman's discretion;
- (b) The exceptions where Members may participate and vote are the setting of council tax or a precept under the Local Government Finance Act 1992 or where a dispensation has been granted.
- (viii) That the Member Champion role be abolished.

The Task Group wishes to thank all those who gave their time in contributing to this review.

CONTENTS

<u>Scope of the review</u>	5
<u>Membership of the committee</u>	6
<u>Methodology</u>	6
<u>Findings</u>	7
<u>Recommendations</u>	7
Annexes	10

Scope of the review

The terms of reference for the Review were agreed at the Overview and Scrutiny Committee on the 13th December 2012 and revised on 21st February 2013. (See Annex A)

The aim of the review was to make best use of the Council's corporate systems and of the Council's resources such as member and officer time and expertise in relation to representation of the Council on outside bodies and as member champions.

The scope of the review covered the following:

- To review the list of outside bodies and consider if representation on all of them is beneficial to the Council and Ryedale.
- To find out more about the outside bodies on which RDC is represented including remit of body, frequency, timing and venue of meetings, any trustee role and requirements, phone and email contacts, and websites.
- To explore the use of the modern.gov. committee management system to best effect to provide more information about outside bodies to both members and the public.
- To consider any conflicts of interest for Members by sitting on outside bodies where they undertake a trustee role and how this may impact on members decisions making role within the Council.
- To consider paperless ways of making more information about the activities of outside bodies accessible to Members.
- To understand the role of member champions and review the themes of these.
- To estimate the cost of representation on outside bodies to the Council and identify the value this may add for the Council and Ryedale.
- To investigate how we can ensure Members appropriate skills are used when assigning Members to organisations.
- To consider whether appointments to outside bodies should be political.
- To prepare a recommendation for Council on if and when these appointments should be political.
- To consider how many organisations receive regular Council funding and how many of these do not have either Member or officer Council representation on them.

Membership of the committee

Current : P J Andrews, SL Collinson, D E Cussons, Mrs J Frank, G E Hawkins, J R Raper, L Richardson, Mrs E L Shields (Vice Chairman), C R Wainwright (Chairman)

Previous: Mrs A D Hopkinson, S Ward, J Windress

Meeting dates of the Scrutiny Review Task Group:

- 23/01/13 Considered list of outside bodies and representatives for 2012/13, feedback from Members on their roles on outside bodies (gathered Feb-March 2012), list of Member Champions for 2012/13 and the Member Champion role description.
- 06/03/13 Considered information received to date from Members who are representatives on outside bodies, information received to date from Members who are Member Champions, information received to date from outside bodies, information from North Yorkshire District Councils on Member Champions, details of funding given to external organisations and details of expenses claimed by representatives on outside bodies.
- 16/04/13 Considered summary and detailed information received from Members who are representatives on outside bodies, summary and detailed information received from Members who are Member Champions, summary and detailed information received from outside bodies, and list of responses and non-responses.
- 21/05/13 Considered advice on declarations of interest in relation to outside bodies, and in particular trustee roles, from the Monitoring Officer.
- 16/07/13 Considered draft report and recommendations.
- 21/01/14 Reviewed draft report and recommendations as requested by the Policy and Resources Committee, considering comments from Members and additional information from outside bodies.

Scrutiny Review Task Group supporting officers:

Simon Copley (Democratic Services Manager)
Jane Robinson (Transformation Officer)
Justine Coates (Business Improvement Officer)
Will Baines (Business Improvement Officer)
Anthony Winship (Council Solicitor)
Paul Cresswell (Corporate Director (s151))

Methodology

The Committee/Task Group approached the review through:

- An audit of current representation on outside bodies, roles of members and requirements of those bodies.
- A review of feedback from current member champions and representatives on outside bodies to inform future representation by members of the Council. To clarify the role and expectations of members understanding of their role as a trustee.
- A review of the member champion job description
- A review of the role officers should play in supporting members in their role as representative, trustee or member champion.

Findings

The research undertaken highlighted the following key findings:

Member Champions

- A third of the Member Champions did not respond to the survey.
- Half of the Member Champions who responded were not aware of the role description.
- The role of Member Champions is not clearly defined in the Constitution of the Council.
- There is no framework in place to facilitate how Council officers should work with the Member Champions.
- All Member Champions who responded felt they had the skills and expertise to fulfil the role, however, some felt there was a need for additional training.
- There is no formal mechanism of reporting to Council about the Member Champion role and the progress being made in that role.
- The Member Champion role has no decision making powers.
- There was the potential risk of the Member Champion role straying into either an officer role or a Member decision making role which did not exist.
- Half of the Member Champions who responded did not feel their expectations of the role were being met.
- The perception of the group carrying out the review was that there was limited demonstrable value added by the Member Champion role and no subjective way of measuring this.
- Selby and Hambleton District Councils have recently removed their Member Champion roles, Richmondshire District Council does not have a Member Champion role and Harrogate Borough Council has sought to limit the number of Member Champions because of the difficulty in representing the Council when having no decision making powers.

Recommendations

That the Member Champion role be abolished.

Representation on Outside Bodies

- The majority of members representing the Council on outside bodies have voting rights (70%)
- 14% of members felt that their expectations of the role were not being met, citing the following reasons:
 - § The Council could do more to support the organisation concerned
 - § Meetings not always relevant
 - § No voting rights
 - § Limited discussions
 - § No meetings held
 - § Some meetings are a waste of time.
- There is no standard process for feeding back to Council.
- The majority of members did feel it was important for these outside bodies to have a Council representative.

- In 74% of cases there was no named substitute, and 71% thought there should be and that these substitutes should be named rather than taken from a pool of substitutes.
- Of the 27 out of 50 outside bodies who responded to the request for further information, 48% had governance arrangements which allowed for substitutes and 22% did not.
- Overwhelmingly, Members thought that the appointment of representatives should be based on skills and expertise.
- All Members felt they had the skills and expertise to fulfil the role, however, some felt there was a need for additional training.
- Nearly 60% of Members received officer support in their role, and only one member felt that the support could be improved.
- The majority of representatives did attend meetings on a regular basis.
- Minutes are produced for the majority of meetings although only half of these are made public.
- Only 2 of the outside bodies paid expenses to the representatives, the remaining representative's expenses being met by the Council.
- Representatives on three outside bodies (Local Government York & North Yorkshire, the LGA General Assembly and the LGA Rural Commission) receive an allowance of £29.50 per month under the Members' Allowances Scheme.
- Information regarding the outside bodies is not easily available and Members expressed interest in the work being undertaken to make more information available through the modern.gov committee management system.
- Of the 27 out of 50 outside bodies who responded to the request for further information, 30% confirmed that representation from the Council was a statutory requirement for their organisation and 67% that it was not. Of those where there was no statutory requirement, 32% stated that they no longer required Council representation.
- That some outside bodies could be removed from the list in the light of feedback received.
- That longer terms of appointment to outside bodies would allow representatives to build up a more detailed knowledge of the organisations and provide greater continuity.
- Members felt that because of their role, they were often excluded from Council meetings where a decision was being made about the organisation they are a representative on, and the skills, knowledge and expertise in that area were not available to support other members in their decision making.

Recommendations

That a named Council officer contact be provided for each outside body, where appropriate, to support Member representatives;

That details of remit, frequency, timing and venue of meetings and links to outside bodies' websites be published on the Council's website via the modern.gov committee management system;

That training needs relating to outside bodies be investigated and a generic role description be developed;

That consideration be given to including a briefing to all Members on the modern.gov committee management system in the Member Development Programme;

That the following outside bodies be removed from the list: Supporting People NY Joint Committee (agreed at Annual Council on 16 May 2013), Endowment Governors Charity called Malton School, LG Yorkshire & Humber Elected Members Cohesion Group (agreed at Annual Council on 16 May 2013), Rural Action Yorkshire (formerly YRCC);

That substitute representatives be appointed for outside bodies, where their governance arrangements permit, and that it be the nominated representatives responsibility to notify the substitute if they are unable to attend a meeting of the outside body;

That a précis from Member representatives on outside bodies be published on the website following each meeting, subject to the approval of the outside bodies, to ensure feedback of key decisions and discussions relevant to the Council is available, and including their attendance record;

That appointments to outside bodies be for four year terms, from 2015 onwards to coincide with the District elections, subject to an annual review by the Overview and Scrutiny Committee to address any issues with attendance or publication of précis;

That nominations of representatives to outside bodies should be made by Council based on their skills and expertise, in addition to attendance records, and that Members be asked to provide an oral statement of this upon nomination.

That the Independent Remuneration Panel be requested to review allowances payable to representatives on outside bodies, where a payment is currently made;

(a) That subject to the exceptions in sub paragraph (b) below , all Members note that any representative on an outside body cannot be involved in any financial or regulatory decision taken by the Council that relates to that body. They can make representations, either through the public speaking opportunity for a relevant application at Planning Committee, or for other committees and Full Council by addressing the meeting at the chairman's discretion;

(b) The exceptions where Members may participate and vote are the setting of council tax or a precept under the Local Government Finance Act 1992 or where a dispensation has been granted.

Annexes

Annex A - Terms of Reference

Annex B – Summary of information from outside bodies

Annex C – Summary of information from Member representatives on outside bodies

Annex D – Summary of information from Member Champions

Annex E – Declaring Interests Flowchart

Annex F – Summary of additional information from outside bodies

Annex G – List of outside bodies

Annex B

Terms of Reference for a Scrutiny Review of Fuel Poverty

<p>Aim of the Review</p>	<p>The review will make recommendations to the Policy Committees of the Council, Council and to NY partner organisations if this is appropriate.</p> <p>The review will try to answer the following questions:</p> <ul style="list-style-type: none"> • What is the scale of the problem in Ryedale – extent and depth • Review the effectiveness of government initiatives in Ryedale • Determine the potential for community led fuel generation schemes to improve energy costs – what role do the community rights play in these? • Assess the potential to influence the policy environment and prepare draft responses for submission as opportunities arise
<p>Why has this review been selected?</p>	<p>High levels of fuel poverty experienced in some areas of Ryedale. The review of the definition of fuel poverty has resulted in a redefinition of how fuel poverty is measured and monitored nationally. Members of the committee need to understand the complex nature of the measures and how to interpret these so that we can monitor any progress made on this matter.</p> <p>Legislative changes including the community rights, may provide opportunities for communities in Ryedale to play a part in improving levels of fuel poverty experienced in the District.</p>
<p>Who will carry out the review?</p>	<p>The review will be carried out by a task group including:</p> <ul style="list-style-type: none"> • A minimum of 2 members of the O and S committee (but open to all members of O and S) • The Head of Corporate Services • Support will be provided by members of the Business Improvement Team • The task group meeting will take place following the scheduled meetings of the Scrutiny Committee, and by special arrangement on additional dates if required
<p>How the review will be carried out?</p>	<p>The task group will consider:</p> <ul style="list-style-type: none"> • existing data and evidence • national research on the impact of recent policy decisions made by the government on fuel poverty and community energy and • any local research undertaken. <p>The task group will also liaise with representatives from energy providers, voluntary and community sector organisations working to reduce fuel poverty such as Age UK, Energy Savings Trust, and services delivered by RDC to help reduce fuel poverty such as Housing and Planning.</p>

What are the expected outputs?	It is expected that the task group will produce a report, summarising the evidence they have gathered and containing specific recommendations for the Council and other partner organisations as appropriate
Timescale	It is anticipated that the group will conclude the outcomes of the review in December 2014. Progress reports will be submitted to the committee throughout the review.

Commissioning Board

Held at Council Chamber, Ryedale House, Malton
on Thursday 23 January 2014

Present

Councillors J Andrews, Arnold (Chairman), Clark, Fraser (Vice-Chairman), Hicks, Hope, Mrs Hopkinson, Ives (Substitute), Mrs Keal, Walker and Windress

By invitation of the Chairman: Councillor Mrs Cowling
Observers: Councillors Wainwright and Mrs Shields

In Attendance

Will Baines, Fiona Brown, Simon Copley, Paul Cresswell, Jos Holmes and Steve Richmond

Minutes

31 Apologies for Absence

Apologies for absence were received from Councillor Mrs Sanderson (substitute Councillor Ives)

32 Minutes of Meeting held on 21 November 2013

Decision
That the minutes of the meeting of the Commissioning Board held on 21 November 2013 be approved and signed by the Chairman as a correct record.

33 Declarations of Interest

Councillor Fraser declared a personal non pecuniary but not prejudicial interest in Item 6 (Leisure Procurement) as the Council's representative on the Board of Community Leisure Ltd.

Councillor Ives declared a personal non pecuniary but not prejudicial interest in Item 6 (Leisure Procurement) as a user of Derwent Pool.

34 Urgent Business

There were no items of urgent business which the Chairman considered should be dealt with as a matter of urgency by virtue of Section 100B(4)(b) of the Local Government Act 1972 (as amended).

Part B Items - Matters to be referred to Council

35 Leisure Procurement

Considered – Report of the Head of Environment, Streetscene, Facilities, ICT and the Corporate Director (s151)

Recommendation to Council

That Council is recommended to approve the specification and agree to delegate minor amendments to the Head of Environment in consultation with the Chair of the Commissioning Board.

Part A Items dealt with under delegated powers or matters determined by the Board

36 Exempt Information

Resolved

That under Section 100(A)(4) of the Local Government Act 1972 the public be excluded from the meeting for the following item as there will be a likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Act as the information provided relates to the financial or business affairs of any particular person.

37 Minutes of the Community Grants Working Party

Considered – Minutes of the meeting of the Community Grants Working Party on 16 December 2013

Decision

That the recommended projects and awards be approved, as detailed below.

Recipient	Project	Award	Conditions
Community Care	Acorn Safer Community	£3900	Standard Grant Conditions Quarterly monitoring information (to be agreed with CPO) RDC to be acknowledged on promotional information and

			website
Fadmoor Village Hall	Refurbishment Phase 2	£3500	Standard Grant Conditions RDC to be acknowledged by the permanent display of a plaque and on any printed or online material which the hall committee produce for three years. RDC Ward Member to be invited to attend any official opening event
Ebberston Cricket Club	Cricket Club Mower	£250	Standard Grant Conditions RDC to be acknowledged by the permanent display of a plaque and on any printed or online material which the committee produce for three years.
Lastingham Village Hall	Architect drawings and planning application for a disabled access	£450	Standard Grant Conditions RDC to be acknowledged by the permanent display of a plaque and on any printed or online material which the hall committee produce for three years. RDC Ward Member to be invited to attend any official opening event
Ryedale Carers Support	Supporting Carers in the Community	£832	Standard Grant Conditions RDC logo to be included on all RCS print and digital material for 1 year (including letters/information sent to users regarding day out and support groups). Short project evaluation to be submitted at conclusion of funding term, content to be agreed with grant officer
Thornton Dale Village Hall	Refurbishment	£5000	Standard Grant Conditions RDC to be acknowledged by the permanent display of plaque and on any printed or online material which the hall committee produce for three years. RDC Ward Member to be invited to any official opening event. Subject to secure funding package in place
Gillamoor and Fadmoor Playing Field	Play Equipment	£2500	Standard grant conditions Confirmation from NYMNP that the proposed equipment is covered by the terms of planning approval NYM/2005/0137/FL. RDC to be acknowledged by the permanent display of a plaque and on any printed or online material which the committee produce for three years
Malton White Star Band	Upgrade of toilet facilities	£3938	Standard Grant Conditions New facilities to be DDA compliant. Evidence that FME has no intention to evict (preferably for at least a 10 year period) The Band should work with the Creative Economy Officer to develop a business plan to support the future sustainability of the band. The Band should work with the Funding Officer from RVA to explore additional funding opportunities. RDC logo to be on all marketing material that the band produces (including online) for a 3 year period
Cold Kirby Institute	Improvement Project	£1500	Standard Grant Conditions RDC to be acknowledge by the permanent display of plaque and on any printed or online material which the hall committee produce for three years RDC Ward Member to be invited to attend any official opening event. Subject to planning permission
Staxton Playing Fields	Renew Artificial Practice Area	£1500	Standard Grant Conditions RDC to be acknowledged by the permanent display of a plaque and on any printed or online material which the hall

			committee produce for three years. RDC Ward Member to be invited to attend any official opening event. Secure match funding package to be in place. Consult the Energy Efficiency Centre or Rural Action Yorkshire for advice on the sustainable community building
Nunnington Village Hall	Kitchen Refurbishment	£1000	Standard Grant Conditions RDC to be acknowledged by the permanent display of a plaque and on any online or printed material which the hall committee produce for three years. RDC Ward Member to be invited to attend any official event

38 **Any other business that the Chairman decides is urgent**

There being no other business, the meeting closed at 7:45pm.