



OVERVIEW AND SCRUTINY COMMITTEE

Thursday 3 November 2016 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 the 21 September 2016

(Pages 3 - 4)

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 Treasury Management Mid-Year Review

(Pages 5 - 14)

7 External Auditor Appointment 2017/18

(Pages 15 - 16)

8 Internal Audit - First Progress Report 2016/17

(Pages 17 - 24)

- 9 **KPMG Annual Audit Letter 2015/16** (Pages 25 - 32)
- 10 **Scrutiny Review - Flood Management in Ryedale** (Pages 33 - 56)
- 11 **KPMG Technical Update - October 2016** (Pages 57 - 70)
- 12 **Timetable of Meetings 2017/18** (Pages 71 - 74)
- 13 **Any other business that the Chairman decides is urgent.**

Overview and Scrutiny Committee

Held at Council Chamber, Ryedale House, Malton
on Wednesday 21 September 2016

Present

Councillors Acomb (Vice-Chairman), Cussons, Gardiner, Jainu-Deen, Jowitt, Keal (Chairman), Potter, Sanderson and Wainwright

In Attendance

Fiona Brown, Peter Johnson, Rashpal Khangura and Rob Walker and Will Baines

Minutes

31 **Apologies for absence**

Apologies were received from Councillor Duncan.

32 **Minutes of the Meeting held on the 28 July 2016**

Decision

That the minutes of the Overview and Scrutiny Committee held on the 28 July 2016, be approved and signed by the Chairman as a correct record.

33 **Urgent Business**

There were no items of urgent business.

34 **Declarations of Interest**

There were no declarations of interest.

35 **KPMG External Audit Report 2015/16**

Considered the External Audit Report 2015/16 prepared by KPMG.

Decision

That the report be received.

36 **Statement of Accounts 2015/16**

Considered the Statement of Accounts for 2015/16.

Decision

That the Statement of Accounts be received.

37 **Management Representation Letter 2015/16**

Considered the Management Representation Letter 2015/16.

Decision

That the letter be received.

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

There being no further business the meeting closed at 7:15pm.

OVERVIEW AND SCRUTINY ITEM, FOR CONSIDERATION PRIOR TO FULL COUNCIL

**RYEDALE
DISTRICT
COUNCIL**



REPORT TO: COUNCIL

DATE: 8 DECEMBER 2016

REPORT OF THE: FINANCE MANAGER (s151)
PETER JOHNSON

TITLE OF REPORT: TREASURY MANAGEMENT MID-YEAR REVIEW

WARDS AFFECTED: ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

1.1 To report on the treasury management activities to date for the financial year 2016/17 in accordance with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (the Code).

2.0 RECOMMENDATIONS

2.1 It is recommended that:

- (i) Members receive this report; and
- (ii) The mid-year performance of the in-house managed funds to date is noted.

3.0 REASON FOR RECOMMENDATIONS

3.1 The Council has adopted the Code. A provision of the Code is that a mid-year review report must be made to the Full Council relating to the treasury activities of the current year.

4.0 SIGNIFICANT RISKS

4.1 There are significant risks when investing public funds especially with unknown institutions. However, by the adoption of the CIPFA Code and a prudent investment strategy these are minimised. The employment of Treasury Advisors also helps reduce the risk.

REPORT

5.0 BACKGROUND AND INTRODUCTION

5.1 The Council operates a balanced budget, which broadly means cash raised during

the year will meet its cash expenditure. Part of the treasury management operations ensures this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering maximising investment return.

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

5.3 Treasury management in this context is defined as:
"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

5.4 The CIPFA Code of Practice on Treasury Management 2009 was adopted by this Council on 22 February 2010 and this Council fully complies with its requirements.

5.5 The primary requirements of the Code are as follows:

1. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
2. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
3. Receipt by the Full Council of an annual Treasury Management Strategy Statement (including the Annual Investment Strategy and Minimum Revenue Provision Policy) for the year ahead, a Mid-Year Review Report and an Annual Report covering activities during the previous year.
4. Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
5. Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body, which in this Council is the Overview and Scrutiny Committee.

5.6 This mid-year report has been prepared in compliance with CIPFA's Code of Practice and covers the following:

- An economic update for the first six months of 2016/17;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- A review of the Council's investment portfolio for 2016/17;
- A review of compliance with Treasury and Prudential Limits for 2016/17.

6.0 POLICY CONTEXT

6.1 The Council has adopted the CIPFA Code of Practice on Treasury Management in Local Authorities and this report complies with the requirements under this Code.

7.0 CONSULTATION

7.1 The Council uses the services of Capita Asset Services (Sector Treasury Services

Limited) to provide treasury management information and advice.

8.0 REPORT DETAILS

Economic Update

- 8.1 UK GDP growth rates in 2013 of 2.2% and 2.9% in 2014 were strong but 2015 was disappointing at 1.8%, though it still remained one of the leading rates among the G7 countries. Growth improved in quarter 4 of 2015 from +0.4% to 0.7% but fell back to +0.4% (2.0% y/y) in quarter 1 of 2016 before bouncing back again to +0.7% (2.1% y/y) in quarter 2. During most of 2015, the economy had faced headwinds for exporters from the appreciation during the year of sterling against the Euro, and weak growth in the EU, China and emerging markets, plus the dampening effect of the Government's continuing austerity programme. The referendum vote for Brexit in June this year delivered an immediate shock fall in confidence indicators and business surveys, pointing to an impending sharp slowdown in the economy. However, subsequent surveys have shown a sharp recovery in confidence and business surveys, though it is generally expected that although the economy will now avoid flat lining, growth will be weak through the second half of 2016 and in 2017.
- 8.2 The Bank of England meeting on August 4th addressed this expected slowdown in growth by a package of measures including a cut in Bank Rate from 0.50% to 0.25%. The Inflation Report included an unchanged forecast for growth for 2016 of 2.0% but cut the forecast for 2017 from 2.3% to just 0.8%. The Governor of the Bank of England, Mark Carney, had warned that a vote for Brexit would be likely to cause a slowing in growth, particularly from a reduction in business investment, due to the uncertainty of whether the UK would have continuing full access, (i.e. without tariffs), to the EU single market. He also warned that the Bank could not do all the heavy lifting and suggested that the Government will need to help growth by increasing investment expenditure and possibly by using fiscal policy tools (taxation). The new Chancellor Phillip Hammond announced after the referendum result, that the target of achieving a budget surplus in 2020 will be eased in the Autumn Statement on November 23. The Inflation Report also included a sharp rise in the forecast for inflation to around 2.4% in 2018 and 2019. CPI has started rising during 2016 as the falls in the price of oil and food twelve months ago fall out of the calculation during the year and, in addition, the post referendum 10% fall in the value of sterling on a trade weighted basis is likely to result in a 3% increase in CPI over a time period of 3-4 years. However, the MPC is expected to look thorough a one off upward blip from this devaluation of sterling in order to support economic growth, especially if pay increases continue to remain subdued and therefore pose little danger of stoking core inflationary price pressures within the UK economy.
- 8.3 The American economy had a patchy 2015 with sharp swings in the growth rate leaving the overall growth for the year at 2.4%. Quarter 1 of 2016 disappointed at +0.8% on an annualised basis while quarter 2 improved, but only to a lacklustre +1.4%. However, forward indicators are pointing towards a pickup in growth in the rest of 2016. The Fed. embarked on its long anticipated first increase in rates at its December 2015 meeting. At that point, confidence was high that there would then be four more increases to come in 2016. Since then, more downbeat news on the international scene and then the Brexit vote, have caused a delay in the timing of the second increase which is now strongly expected in December this year.

8.4 In the Eurozone, the ECB commenced in March 2015 its massive €1.1 trillion programme of quantitative easing to buy high credit quality government and other debt of selected EZ countries at a rate of €60bn per month; this was intended to run initially to September 2016 but was extended to March 2017 at its December 2015 meeting. At its December and March meetings it progressively cut its deposit facility rate to reach -0.4% and its main refinancing rate from 0.05% to zero. At its March meeting, it also increased its monthly asset purchases to €80bn. These measures have struggled to make a significant impact in boosting economic growth and in helping inflation to rise from around zero towards the target of 2%. GDP growth rose by 0.6% in quarter 1 2016 (1.7% y/y) but slowed to +0.3% (+1.6% y/y) in quarter 2. This has added to comments from many forecasters that central banks around the world are running out of ammunition to stimulate economic growth and to boost inflation. They stress that national governments will need to do more by way of structural reforms, fiscal measures and direct investment expenditure to support demand in the their economies and economic growth.

8.5 *The Council's treasury advisor, Capita Asset Services, has provided the following forecast:*

	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19
Bank rate	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.25%	0.25%	0.25%	0.25%	0.50%
5yr PWLB rate	1.00%	1.00%	1.10%	1.10%	1.10%	1.10%	1.20%	1.20%	1.20%	1.20%	1.30%
10yr PWLB rate	1.50%	1.50%	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.70%	1.80%
25yr PWLB rate	2.30%	2.30%	2.40%	2.40%	2.40%	2.40%	2.50%	2.50%	2.50%	2.50%	2.60%
50yr PWLB rate	2.10%	2.10%	2.20%	2.20%	2.20%	2.20%	2.30%	2.30%	2.30%	2.30%	2.40%

Capita Asset Services undertook a quarterly review of its interest rate forecasts after the MPC meeting of 4th August cut Bank Rate to 0.25% and gave forward guidance that it expected to cut Bank Rate again to near zero before the year end. The above forecast therefore includes a further cut to 0.10% in November this year and a first increase in May 2018, to 0.25%, but no further increase to 0.50% until a year later. Mark Carney, has repeatedly stated that increases in Bank Rate will be slow and gradual after they do start. The MPC is concerned about the impact of increases on many heavily indebted consumers, especially when the growth in average disposable income is still weak and could well turn negative when inflation rises during the next two years to exceed average pay increases.

Treasury Management Strategy Statement and Annual Investment Strategy Update.

8.6 The Treasury Management Strategy (TMSS) for 2016/17 was approved by this Council on 23 February 2016. There are no policy changes to the TMSS, the details in this report update the position in the light of the updated economic position and budgetary changes already approved. Council's Annual Investment Strategy, which is incorporated in the TMSS, outlines the Council's investment priorities as follows:

- Security of capital
- Liquidity

- 8.7 The Council will also aim to achieve the optimum return on investments commensurate with the proper levels of security and liquidity. In the current economic climate it is considered appropriate to keep investments short term (maximum loan period of 12 months) and only invest with highly credit rated financial institutions, using Sector's suggested creditworthiness approach, including sovereign rating and credit default swap (CDS) overlay information provided by Sector.
- 8.8 Investments during the first six months of the year have been in line with the strategy and there have been no deviations from the strategy.
- 8.9 As outlined above, there is still some uncertainty and volatility in the financial and banking market, both globally and in the UK. In this context, it is considered that the strategy approved on 23 February 2016 is still fit for purpose in the current economic climate.

Investment Portfolio 2016/17

- 8.10 In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity and to obtain an appropriate level of return which is consistent with the Council's risk appetite.
- 8.11 As set out earlier in the report, it is a very difficult investment market in terms of earning the level of interest rate commonly seen in previous decades as rates are very low and in line with the 0.25% Bank Rate.
- 8.12 The Council's investment position at the beginning of the financial year was as follows:

Type of Institution	Investments (£)
UK Clearing Banks	7,160,000
Foreign Banks	2,000,000
Building Societies	2,500,000
Total	11,660,000

- 8.13 A full list of investments held as at 30 September 2016, compared to Sectors counterparty list and changes to Fitch, Moodys and S&P's credit ratings during the first six months of 2016/17 is shown in annex B and summarised below:

Type of Institution	Investments (£)
UK Clearing Banks	12,845,057
Foreign Banks	3,000,000
Building Societies	2,500,000
Total	18,345,057

- 8.14 As illustrated in the economic background section above, investment rates available in the market are at a historical low point. The average level of funds available for investment purposes in the first six months of 2016/17 was £16.8m. These funds were available on a temporary basis and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and the progress of the capital programme.

- 8.15 The table below compares the investment portfolio yield for the first six months of the

year against a benchmark of the average 7 day LIBID rate of 0.28%.

	Average Investment (£)	Average Gross Rate of Return	Net Rate of Return	Benchmark Return	Interest Earned (£)
Cash Equivalents	5,591,530	0.26%	n/a	n/a	6,951
Fixed Term Deposits	1,160,644	0.70%	n/a	0.28%	40,788

8.16 The Council's budgeted investment return for 2016/17 is £65k and performance during the financial year to 30 September 2016 is £48k, **which is on target to out perform the budget.**

8.17 The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management function.

Compliance with Treasury and Prudential Limits

8.18 It is a statutory duty for the Council to determine and keep under review the "Affordable Borrowing Limits". The Council's approved Treasury and Prudential Indicators (affordability limits) are outlined in the approved Treasury Management Strategy Statement (TMSS).

8.19 During the financial year to date the Council has operated within the treasury limits and Prudential Indicators set out in the Council's TMSS and in compliance with the Council's Treasury Management Practices. The Prudential and Treasury Indicators are shown in annex A.

8.20 The level of gross borrowing remains at £1.75m, full details can be found at annex B. Repayments have been made in line with the loan repayment schedule. In order to fulfil the funding requirements of the current Capital Programme the Council still has a borrowing requirement of £320k, however it is unlikely that we will look to borrow the remaining sum in the current financial year.

9.0 IMPLICATIONS

9.1 The following implications have been identified:

- a) Financial
The results of the investment strategy affect the funding of the capital programme. The investment income return to 30 September 2016 was £48k, which is in excess of the profiled budget. The cost of borrowing affects the revenue account. Borrowing costs to 30 September 2016 were £29k, which is below the profiled budget.
- b) Legal
There are no additional legal implications within this report.
- c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental, Crime & Disorder)
There are no additional implications within this report.

Peter Johnson
Finance Manager (s151)

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Background Papers:

None

Background Papers are available for inspection at:

N/a

PRUDENTIAL AND TREASURY INDICATORS

Prudential Indicators

	2015/16	2016/17		
	Actual	Original Estimate	Current Position	Revised Estimate
Capital Expenditure	£1.076m	£1.295m	£0.120m	£2.220m
Net borrowing requirement	-£9.339m	-£6.700m	-£16.595m	-£7.020m
Capital Financing Requirement as at 31 March (excl borrowing by finance lease)	£2.351m	£2.764m	n/a	£2.764m
Annual change in Capital Financing Requirement	£0.825m	£1.238m	n/a	£1.238m

Treasury Management Indicators

	2016/17	
	Original Limits	Revised Estimate
Authorised Limit for external debt -		
Borrowing	£10.0m	£10.0m
Other long term liabilities	£1.0m	£1.0m
Total	£11.0m	£11.0m
Operational Boundary for external debt -		
Borrowing	£5.0m	£5.0m
Other long term liabilities	£0.8m	£0.8m
Total	£5.8m	£5.8m

Investment Portfolio as at 30 September 2016

Investment by Institution	Investment £	Duration of Investment	Latest Capita Duration Band Rating	Sovereignty Rating
UK Clearing Banks				
Lloyds Bank	5,245,057	On Call	6 Months	AA
Nationwide B.S.	1,500,000	6 Months	6 Months	AA
Santander	1,000,000	95 Days Notice	6 Months	AA
Santander	1,500,000	95 Days Notice	6 Months	AA
Bank of Scotland	1,500,000	3 Months	6 Months	AA
CIC	1,000,000	6 Months	6 Months	AA
Barclays Bank	1,000,000	6 Months	6 Months	AA
Nationwide B.S.	1,000,000	6 Months	6 Months	AA
DBS Bank Ltd	1,000,000	9 Months	12 Months	AAA
CIC	1,000,000	6 Months	6 Months	AA
Lloyds Bank	1,500,000	6 Months	6 Months	AA
Barclays Bank	1,100,000	6 Months	6 Months	AA
Grand Total	18,345,057			

Fitch, Moody's and S & P's Sovereignty Rating for the UK is AA.
All the above borrowers met the required credit rating at the time of investment.

Borrowing Schedule as at 30 September 2016

Lender	Principal	Type	Interest Rate	Maturity
PWLB	£1.00m	Maturity	3.69%	50 years
PWLB	£0.75m	EIP	2.99%	19 years

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22 September 2016

Peter Johnson
Director of Finance
Ryedale District Council
Ryedale House
Malton
North Yorkshire
YO17 7HH

Email auditorappointments@psaa.co.uk

Dear Mr Johnson

Ryedale District Council - confirmation of auditor appointment for 2017/18

I am writing to confirm the appointment of KPMG LLP to audit the accounts of Ryedale District Council for 2017/18.

This is an extension of the appointment made under section 3 of the Audit Commission Act for the audit of the accounts up to 2016/17, under the audit contracts previously let by the Audit Commission. The auditor appointment has been extended for one year as a consequence of the extension of the transitional arrangements made by the Department of Communities and Local Government.

The appointment of KPMG LLP under the current audit contracts will conclude with the completion of the audit of the accounts for 2017/18.

Extension of the transitional arrangements

Following the closure of the Audit Commission in 2015, the Secretary of State for Communities and Local Government delegated statutory functions on a transitional basis from the Audit Commission Act 1998 to PSAA. These were delegated by a commencement order made under the Local Audit and Accountability Act 2014.

In October 2015, the Secretary of State confirmed that the transitional provisions would be amended to allow an extension of the audit contracts for a period of one year for audits of principal local government bodies only. A commencement order was made on 27 June 2016, supported by a revised letter of delegation to PSAA.

The audit contracts novated to PSAA have therefore also been extended for one year for principal local government bodies, and will end with the completion of the audits of the 2017/18 accounts.

Changes to auditor appointments

Please be aware that it is a statutory requirement for PSAA to make the auditor appointment for principal local government bodies for 2017/18, on the basis of the provisions set out in the Audit Commission Act 1998.

If you wish to make representations about the extension of the current auditor appointment, please send them by email to auditorappointments@psaa.co.uk by **7 October 2016**. Your email should set out the reasons why you think the appointment should change. Any changes in auditor appointments can only be made under these audit contracts for the 2017/18 audit.

We will consider carefully any representations you make about your current auditor appointment. If we accept your representations, we will consult you on an alternative appointment.

Local auditor appointment requirements from 2018/19

The arrangements for local auditor appointment set out in the Local Audit and Accountability Act will apply for audits of the accounts of principal local government bodies from 2018/19 onwards. Auditor appointments must be made for 2018/19 audits by 31 December 2017, as required by section 7 of the Local Audit and Accountability Act 2014. Appointments may be made by the audited body itself, by groups of audited bodies, or by a specified appointing person.

PSAA has been specified by the Secretary of State for Communities and Local Government as the appointing person for principal local government bodies under the provisions of the 2014 Act. This means that PSAA will make auditor appointments to relevant principal local government bodies that choose to opt into the national appointment arrangements PSAA is developing. We will be communicating with audited bodies separately on this.

If you have any questions about your auditor appointment, please email us at auditorappointments@psaa.co.uk.

Yours sincerely



Jon Hayes
Chief Officer



REPORT TO:	OVERVIEW AND SCRUTINY COMMITTEE
DATE:	3 NOVEMBER 2016
REPORT OF THE:	FINANCE MANAGER (s151) PETER JOHNSON
TITLE OF REPORT:	INTERNAL AUDIT – FIRST PROGRESS REPORT 2016/17
WARDS AFFECTED:	ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

1.1 The report summarises the outcome of internal audit work undertaken between 1 April 2016 and 20 October 2016, inclusive.

2.0 RECOMMENDATION(S)

2.1 It is recommended the Committee note the results of audit work undertaken as part of 2016/17 audit plan.

3.0 REASON FOR RECOMMENDATION(S)

3.1 To enable the Committee to fulfil its responsibility for considering the outcome of internal audit work.

4.0 SIGNIFICANT RISKS

4.1 The Council will fail to comply with proper practice requirements for internal audit and the Council's Audit Charter if the results of audit work are not considered by an appropriate Committee.

5.0 POLICY CONTEXT AND CONSULTATION

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

6.0 REPORT DETAILS

6.1 The work of internal audit is governed by the Accounts and Audit (England) Regulations 2015 and relevant professional standards. These include the Public Sector Internal Audit Standards (PSIAS) and CIPFA guidance on the application of those standards in Local Government. In accordance with the standards, the Head of Internal Audit is required to report on the results of audit work undertaken.

- 6.2 Veritau is progressing in the delivery of the agreed internal audit plan. Within the report there is a summary of progress made against the plan and information on planned start dates for the remaining work. Draft timings for future 2016/17 audits have been discussed and agreed with officers. There are no significant delays anticipated and therefore the programme of work is expected to be completed by the end of the year.
- 6.3 In the period between 1 April 2016 and 20 October 2016 one internal audit review has been completed. Work is also ongoing on 3 other areas and is being planned for 4 audits. It is expected all audits will have had draft reports issued by the end of April 2017.
- 6.4 It is important that agreed actions are formally followed-up to ensure that they have been implemented by managers. The internal audit team carries out follow-up work throughout the year and escalates any issues that have not been addressed, with senior managers. Where necessary, the issues will also be brought to the attention of this committee. There are no matters to report so far from the work following up findings in 2016/17.

7.0 IMPLICATIONS

- 7.1 The following implications have been identified:
- a) Financial
None
 - b) Legal
None
 - c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental, Crime & Disorder)
None

Peter Johnson
Finance Manager (s151)

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Background Papers:
2016/17 Internal Audit Plan



Ryedale District Council
Internal Audit Progress Report 2016/17
Period to 20 October 2016

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

Circulation List: Members of the Overview and Scrutiny Committee
Chief Executive
Finance Manager (S151 Officer)

Date: 20 October 2016



Background

- 1 The work of internal audit is governed by the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards (PSIAS). In accordance with the PSIAS, the Head of Internal Audit is required to report progress against the internal audit plan and to identify any emerging issues which need to be brought to the attention of the Committee.
- 2 Members of this Committee approved the 2016/17 Internal Audit Plan at their meeting on the 16 April 2016. The total number of planned audit days for 2016/17 was 225. This report summarises the progress made in delivering the agreed plan.
- 3 This is the first Internal Audit progress report to be received by the Overview and Scrutiny Committee in 2016/17. This report updates therefore the Committee on the work completed between 1 April 2016 and 20 October 2016.

Internal Audit work completed

2016/17

- 4 In the period between 1 April and 20 October 2016 we have completed one internal audit review to final report stage (Data Protection and Security). 3 further assignments are ongoing and planning work has started for 4 other audits.
- 5 We have agreed timings with management for all 2016/17 audits. For those audits we have yet to start then we have provided proposed start dates in **Appendix A**. We are on target to deliver the agreed Audit Plan by the end of April 2017.
- 6 The findings from the Data Protection and Security audit are summarised in **Appendix B**.

Audit Opinions

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

Wider Internal Audit work

- 8 In addition to undertaking assurance reviews, Veritau officers are involved in a number of other areas relevant to corporate matters:
 - **Support to the Overview and Scrutiny Committee**; this is mainly ongoing through our attendance at meetings of the Committee and the provision of advice, guidance and training to Members as required.
 - **Ongoing support to management and officers**; we meet regularly with management to identify emerging issues and provide advice on a range of specific business and internal control issues. These relationships help to

provide 'real time' feedback on areas of importance to the Council. We have been working with senior management as part of the ongoing 'Towards 2020 Programme', providing support, advice and challenge.

- **LGA Corporate Peer Challenge;** the Head of Internal Audit has supported and was interviewed as part of the October 2016 work undertaken by the LGA.
- **Follow up of previous audit recommendations;** it is important that agreed actions are regularly and formally 'followed up'. This helps to provide assurance to management and Members that control weaknesses have been properly addressed. In 2016/17 we have worked with officers to ensure all findings are now being recorded on the Council's 'Covalent' performance management system. This will allow audit matters to be highlighted, considered and then addressed alongside other relevant performance matters. We are continuing to review agreed actions either as part of our ongoing audit work, or by separate review. We currently have no matters to report to Members as a result of our follow up work.

Table of 2016/17 audit assignments to 20 October 2016

Audit	Status	Assurance Level (if Completed) / Planned Start date (if Not Started)	Audit Committee
Strategic Risk Register			
Business Continuity	Not started	November 2016	
Disaster Recovery	Not started	November 2016	
Training	Not started	January 2017	
Customer Expectations / Delivering Efficiencies	In progress	-	
Performance Management and Data Quality	Not started	January 2017	
Fundamental/Material Systems			
Housing Benefits	Not started	November 2016	
Payroll	Not started	December 2016	
Council Tax / NNDR	Planning	-	
Sundry Debtors	Not started	December 2016	
Creditors	Not started	February 2017	
Income	Planning	-	
General Ledger – Banking arrangements	In Progress	-	
Regularity Audits			
Contract Management	Planning	-	
Risk Management	Not started	December 2016	
Environmental Health	Planning	-	
General Network and Key System Controls	In Progress	-	
Technical/Project Audits			
Data Protection and Security	Completed	Reasonable Assurance	November 2016
IDEA data analytics and data matching	Planning		
Strategic Asset Management	Planning		
Follow-Ups	In Progress		

Summary of Key Issues from audits completed to 20 October 2016; not previously reported to Committee

Appendix B

System/Area	Opinion	Area Reviewed	Date Issued	Comments	Management Actions Agreed
Data Protection and security	Reasonable Assurance	<p>The Council holds and processes large amounts of personal and sensitive data. Senior management recognise there are information governance risks associated with holding this information, and that appropriate practices need to be followed by RDC staff.</p> <p>We performed an unannounced visit and review of Ryedale House in July 2016.</p> <p>The objective of the visit was to assess the extent to which data was being held securely in the Council's offices. This included hard copy personal and sensitive information as well as electronic items such as laptops and removable media.</p> <p>Our previous visit in August 2015 had noted areas of weakness and non compliance with expected practice. That audit awarded a limited assurance opinion.</p>	September 2016	<p>Strengths We have seen some improvements since the visit in 2015. Key safes have been installed and are being used. The Clear Desk policy was being observed in most cases. Some new procedures have been put in place and there was a number of doors locked preventing access to areas of Ryedale House.</p> <p>Areas for Improvement Whilst the frequency of weaknesses was less than in 2015, we still found a number of instances where documents had not been secured.</p> <p>Personal and sensitive information had been left on desks, filing trays, unlocked drawers and cupboards.</p> <p>So whilst progress has been made in some areas, there is still a need to fully embed good information security practice at Ryedale House.</p>	<p>The findings from the visit have been discussed by Corporate Management Team and have been communicated to staff.</p> <p>The importance of robust information governance procedures will continue to be stressed. A further unannounced visit will take place which will enable progress to be further measured.</p>

Audit Opinions and Priorities for Actions

Audit Opinions

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

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

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

Priorities for Actions

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



Annual Audit Letter 2015/16

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Ryedale District Council
13 October 2016



Agenda Item 9

Contents

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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. Public Sector Audit Appointments issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointment's website (www.psaa.co.uk).

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

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

This Annual Audit Letter summarises the outcome from our audit work at Ryedale District Council in relation to their 2015/16 audit year.

Although it is addressed to Members of the Authority, it is also intended to communicate these key messages to key external stakeholders, including members of the public, and will be placed on the authority's website.

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VFM conclusion	<p>We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2015/16 on the 27th September 2016. This means we are satisfied that during the year that Authority had proper arrangements for informed decision making, sustainable resource deployment and working with partners and third parties.</p> <p>To arrive at our conclusion we looked at the Authority's arrangements to make informed decision making, sustainable resource deployment and working with partners and third parties.</p>
VFM risk areas	<p>We undertook a risk assessment as part of our VFM audit work to identify the key areas impacting on our VFM conclusion and considered the arrangements you have put in place to mitigate these risks.</p> <p>We identified one VFM risk in our External Audit Plan 2015/16 issued in March 2016 relating to the High Court Judgement quashing the permission granted by The Ryedale District Planning Committee relating to Wentworth Street Car park. In his Judgement Mr Justice Dove view was that officers misled the Planning Committee meeting on 24 April 2014 when the decision was taken.</p> <p>Having reviewed the circumstances of this decision we concluded that there are no matters of any significance arising as result of our audit work in this VFM risk area. We therefore concluded that the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.</p>
Audit opinion	<p>We issued an unqualified opinion on the Authority's financial statements on the 27th September 2016. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year.</p>
Financial statements audit	<p>Our audit identified one significant audit adjustment of a movement of balances between short and long term creditors with a total value of £1.398million. The impact of this adjustment was to:</p> <ul style="list-style-type: none"> —Decrease the balance on Short Term Creditors as at 31 March 2016 by £1.398million; and —Increase the balance on Long Term Creditors as at 31 March 2016 by for the year by £1.398 million. <p>It should be noted that the movement in balances above had no impact on the financial position of the Authority.</p> <p>This was adjusted by management.</p>
Annual Governance Statement	<p>We reviewed your Annual Governance Statement and concluded that it was consistent with our understanding.</p>

Section one

Headlines (cont)

This Annual Audit Letter summarises the outcome from our audit work at Ryedale District Council in relation to their 2015/16 audit year.

Although it is addressed to Members of the Authority, it is also intended to communicate these key messages to key external stakeholders, including members of the public, and will be placed on the Authority's website.

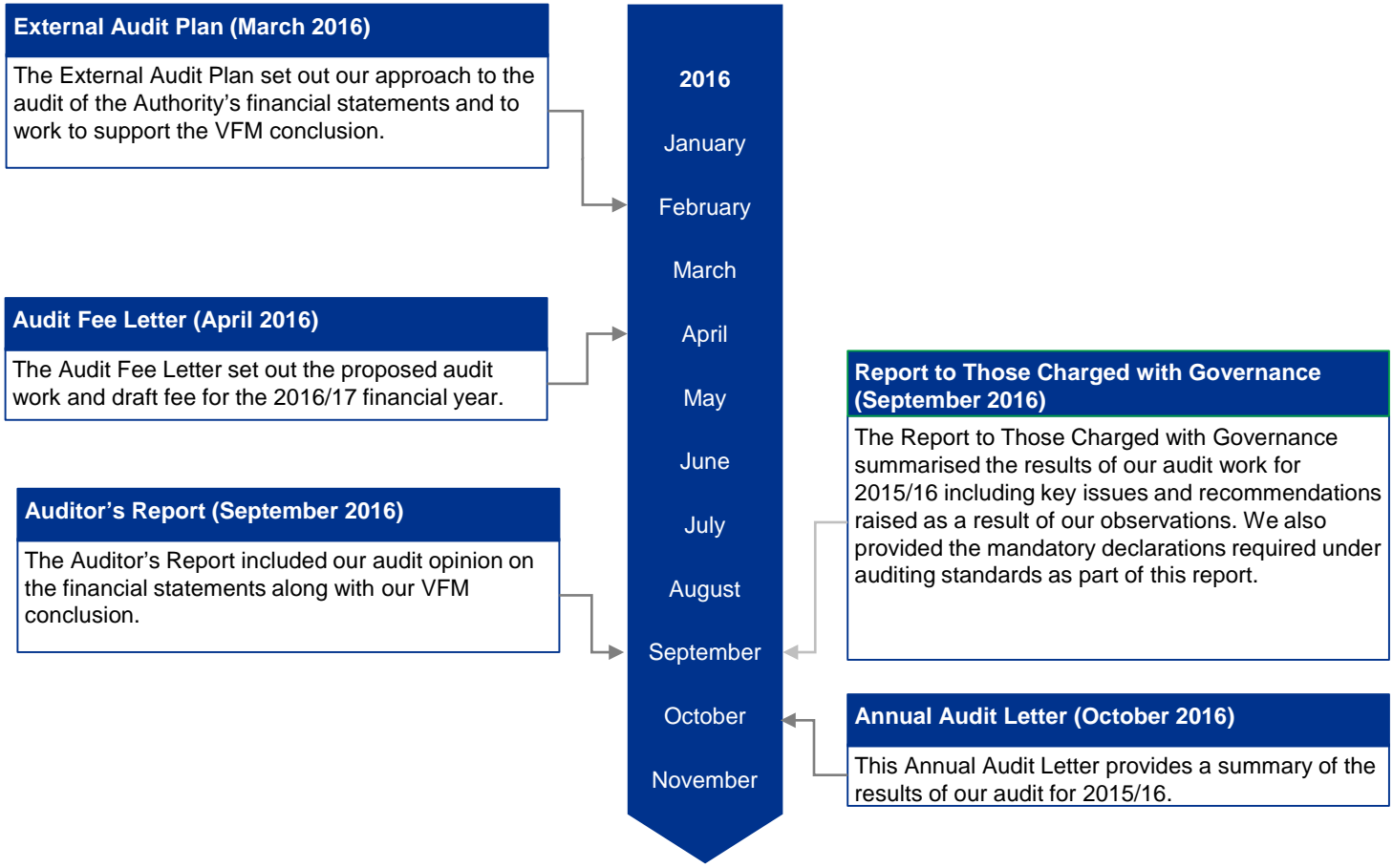
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Whole of Government Accounts	The Authority prepares a consolidation pack to support the production of Whole of Government Accounts by HM Treasury. We are not required to review your pack in detail as the Authority falls below the threshold where an audit is required. As required by the guidance we have confirmed this with the National Audit Office.
Certificate	We issued our certificate on the 27 th September 2016. The certificate confirms that we have concluded the audit for 2015/16 in accordance with the requirements of the Local Audit & Accountability Act 2014 and the Code of Audit Practice.
Audit fee	Our fee for 2015/16 was £45,424, excluding VAT. Further detail is contained in Appendix 2.

Appendix 1: Summary of reports issued

This appendix summarises the reports we issued since our last Annual Audit Letter.

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Appendix 2: Audit fees

This appendix provides information on our final fees for the 2015/16 audit.

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To ensure transparency about the extent of our fee relationship with the Authority we have summarised below the outturn against the 2015/16 planned audit fee.

External audit

Our final fee for the 2015/16 audit of Ryedale District Council was £45,424 plus VAT .

This fee was higher than that highlighted within our audit plan agreed by the Audit Overview and Scrutiny Committee in March 2016 of £41,826 plus VAT. A Scale fee adjustment of £3,598 plus VAT was agreed for the additional VFM risk based work on Wentworth Street Car Park.

Our scale fee for certification for the HBCOUNT was £11,484 plus VAT in 2015/16.

Other services

We did not charge any additional fees for other services.



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The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

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PART A:	RECOMMENDATIONS TO POLICY & RESOURCES
REPORT TO:	OVERVIEW AND SCRUTINY COMMITTEE
DATE:	3 NOVEMBER 2016
REPORT OF THE:	HEAD OF ENVIRONMENT, STREETSCENE & FACILITIES
TITLE OF REPORT:	SCRUTINY REVIEW – FLOOD MANAGEMENT IN RYEDALE
WARDS AFFECTED:	ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

- 1.1 This report includes recommendations to Policy and Resources Committee arising from the review of the Councils flood management and response in Ryedale.

2.0 RECOMMENDATION

- 2.1 That Members agree the final report.

3.0 REASON FOR RECOMMENDATION

- 3.1 To enable the Council to both deliver and support a range of local solutions that matter to a number of communities across the District.
- 3.2 The recommendations seek to ensure a range of improvements to flood response across all flood risk management partners whilst supporting and enabling communities prone to flooding impacts to develop and strengthen their own resilience and response.

4.0 SIGNIFICANT RISKS

- 4.1 There are no significant risks in considering the recommendations although without support some communities are at risk of recurring flooding impacts.

5.0 POLICY CONTEXT AND CONSULTATION

- 5.1 The recommendations endorse the Councils commitment to supporting all communities across the district affected by flooding in accordance with the Local Flood Risk Strategy.

REPORT

6.0 REPORT DETAILS

6.1 Attached to this report is the final report of the review undertaken by the Scrutiny Committee into the flooding affecting the district in December 2015 and following a motion to Council on 14 January 2016 as follows.

"In the light of recent floods, we call upon the Council to commit reserves to install permanent pumps at Brawby, Old Malton, and Castlegate, Malton/Church Street, Norton."

6.2 The review has examined the following:

- The different types of flooding affecting the district
- The roles and responsibilities of Ryedale District Council regarding flooding affecting our communities
- The roles and responsibilities of other risk management authorities regarding flooding
- The context, extent and location of flooded properties in the whole of the Ryedale area
- The Arup Flood Study commissioned by NYCC for Malton, Norton and Old Malton and an appraisal of the potential flood alleviation options and the associated funding implications
- The effectiveness of Community Resilience Planning
- The specific impacts of flooding and a range of potential solutions for communities who have experienced flooding
- Potential financial support to be allocated by Ryedale District Council to a range of solutions which will give long term benefits to all communities affected by flooding and enable an improved overall response to flooding

7.0 IMPLICATIONS

7.1 The following implications have been identified:

- a) Financial
The recommendations have a one-off impact on the revenue budget of £15,000 and a commitment of up to £400,000 in the capital programme for Flood Schemes Support.
- b) Legal
There are no significant legal issues in considering this report.
- c) Other
There are no significant other issues in considering this report.

Beckie Bennett
Head of Environment, Streetscene and Facilities

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E-Mail Address: beckie.bennett@ryedale.gov.uk

Background Papers:
See the review report attached



Scrutiny Review

The Role of the Council in Flood Management

DRAFT

Scrutiny Committee
3 November 2016

Executive Summary

This Report sets out the results of a review of the flooding affecting the district which has been carried out by Ryedale District Council's Scrutiny Committee.

The scope of the review is summarised below:

- The role and responsibility regarding flooding for Ryedale DC.
- The role and responsibility of other agencies regarding flooding
- The context, extent and location of flooded properties in the whole of the Ryedale area
- Review of the North Yorkshire Malton, Norton and Old Malton recently commissioned Flood study.
- Appraisal of flood alleviation options regarding the North Yorkshire commissioned flood study and potential indicative costs of this (from NYCC) and any solutions put forward for Brawby regarding the sewage treatment works (from YWA)
- Should/how RDC propose to fund/commission technical support regarding examination of flood alleviation schemes for Malton, Norton and Brawby and/or other areas in Ryedale where flooding is of concern be considered along with community resilience.
- Understanding of Ryedale's current and future financial position regarding financial constraints on potential funding for flood alleviation measures
- To look at options to deliver community resilience in Ryedale.

The review involved:

- An assessment of all the different types of flooding affecting the district
- The production of a map to identify locations and indicate the extent of the flooding impacts across the areas
- Understanding the resource levels the Council deploys to support communities when it floods
- Understanding the roles of the various risk management authorities responsible for both flood response and flood alleviation solutions
- Several meetings with all key partners to be clear on specific objectives and responsibilities
- A presentation by NYCC Emergency Planning on the support available to communities to develop their own specific community resilience plans
- Bringing together all current flood related issues to facilitate further consideration on the level of financial support that the Council may decide to commit towards short, medium and long term solutions to improve flood management and flood response across the district

Key findings included:

- That a number of communities across the district are affected by various types of flooding with different types impact which require a range of solutions to improve future flood response and to reduce the number of properties actually flooded
- A multi-agency approach to flood response and management is key to ensuring the efficient and effective achievement of objectives and responsibilities shared by all risk management authorities and there is continued commitment to continue to work together on the Malton, Norton and Old Malton Flood Project Group
- There are established examples of best practice already working really well in some communities who have developed their own community resilience plans

- Support is available from NYCC to assist communities in working together to develop their own specific community resilience plans
- Natural flood management solutions are a key consideration in improving flooding impacts
- There is national recognition together with increased funding opportunities to support flood management improvements.
- The Malton, Norton and Old Malton £3.2m Project is included on the DEFRA Grant In Aid 6 year programme with a funding allocation of £1.2m. Bids have been submitted to the YNY&ER LEP Growth Fund and the Letwin Fund to secure funding towards the £1.8m gap
- NYCC as Lead Flood Authority is committed to engaging with stakeholders to secure additional funding towards this project and to commissioning consultants to progress with the next phase of the Project
- There are a number of short, medium and long term solutions to improve flood response and flood management across the district which have revenue and capital implications and this Committee makes the following recommendations to Council:

Recommendations:

To Council

1. That RDC commits £12,000 funding (up to a maximum of 20%) to resource a project manager to progress delivery of the Malton, Norton and Old Malton Flood Study project and drive partnership working, and seeks match funding from the partners of the Malton and Norton Project Group
2. RDC commits £2.5k (20%) funding towards a CCTV monitoring survey to understand the drainage system in Old Malton.
3. That Natural Flood Management (NFM) should be a consideration in all local flood management solutions and that RDC facilitates the link into the Derwent Catchment Plan
4. That RDC allocates a sum of £50,000 to a grant fund to support local flood solutions. Parish Councils should be eligible to apply, as should any fully constituted community group, with any grant conditional on the preparation of a Community resilience plan to ensure sustainability and linkage to NYCC and other flood risk management partner organisations.
Any contribution RDC makes towards a local solution involving equipment is on the basis that:
 - a) The community group or parish council engage with NYCC to set up a community resilience group (CSG)
 - b) The CSG undertake training and take responsibility for deploying and insuring the pump with sign off from NYCC
5. That funding be allocated from the New Homes Bonus towards the funding gap of £1.8m of the approved GiA scheme for the alleviation of flooding in Malton, Norton and Old Norton. That any contribution should be to a maximum of 20% of the funding gap.

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

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2. Scope of the review

The terms of reference for the Review were agreed at the Overview and Scrutiny Committee on the 18 February 2016. (See Appendix A). The review followed recent flooding events in December 2015 and January 2016, and notice on motion to Council in January 2016 as follows:

"In the light of recent floods, we call upon the Council to commit reserves to install permanent pumps at Brawby, Old Malton, and Castlegate, Malton/Church Street, Norton."

The review will make recommendations to Council on the level of financial support too be committed to a range of solutions to improve flood response and flood management affecting our communities.

3. Membership of the Committee

Councillor G Acomb (Vice-Chairman)

Councillor D Cussons

Councillor K C Duncan

Councillor B Gardiner

Councillor T Jainu-Deen

Councillor E Jowitt

Councillor D E Keal (Chairman)

Councillor M Potter

Councillor J E Sanderson

Councillor CR Wainwright

Scrutiny Review Task Group supporting officers:

Clare Slater, Head of Corporate Services

Beckie Bennett, Head of Environment, Streetscene and Facilities

William Baines, Transformation Officer

4. Methodology

The Task Group approached the review initially by considering the how flooding affects the district and the responsibilities of the various agencies involved.

In considering the above the task group looked at:

- The different types of flooding affecting the district
- The roles and responsibilities of Ryedale District Council regarding flooding affecting our communities
- The roles and responsibilities of other risk management authorities regarding flooding
- The context, extent and location of flooded properties in the whole of the Ryedale area
- The Arup Flood Study commissioned by NYCC for Malton, Norton and Old Malton and an appraisal of the potential flood alleviation options and the associated funding implications
- The effectiveness of Community Resilience Planning
- The specific impacts of flooding and a range of potential solutions for communities who have experienced flooding
- Potential financial support to be allocated by Ryedale District Council to a range of solutions which will give long term benefits to all communities affected by flooding and enable an improved overall response to flooding

The task group met a number of times on the following dates:

7 April 2016
12 May 2016
21 July 2016
29 September 2016

and invited partner organisations including representatives from :

North Yorkshire County Council
Environment Agency
Yorkshire Water
Pickering Internal Drainage Board

5 Findings

The Types of Flooding Affecting Ryedale

For many years Ryedale has been affected by flooding and several large flood alleviation schemes have been delivered, supported by the Council including permanent pumps and flood defences in Malton and the Slowing the Flow project in Pickering.

On Boxing Day 2015, once again flooding affected the district and this review has considered the extent of this, what the solutions might be and how the Council may support further improvements and proposals to minimise the impacts of future flooding in the area.

Types of flooding affecting Ryedale are:

- Fluvial - Main River
- Pluvial - surface water and drains
- Ground Water - springs
- Sewer flooding - the impact of fluvial, pluvial and ground water flooding on sewerage systems

A summary of some of the flooding experienced in 2015/16 includes the following.

Pumping stations are overwhelmed by surface water flooding at:

- Chandlers Wharf/Castlegate, Malton
- Church Street/Lidl Site, Norton
- Lascelles Lane, Old Malton
- Brawby

Spring water:

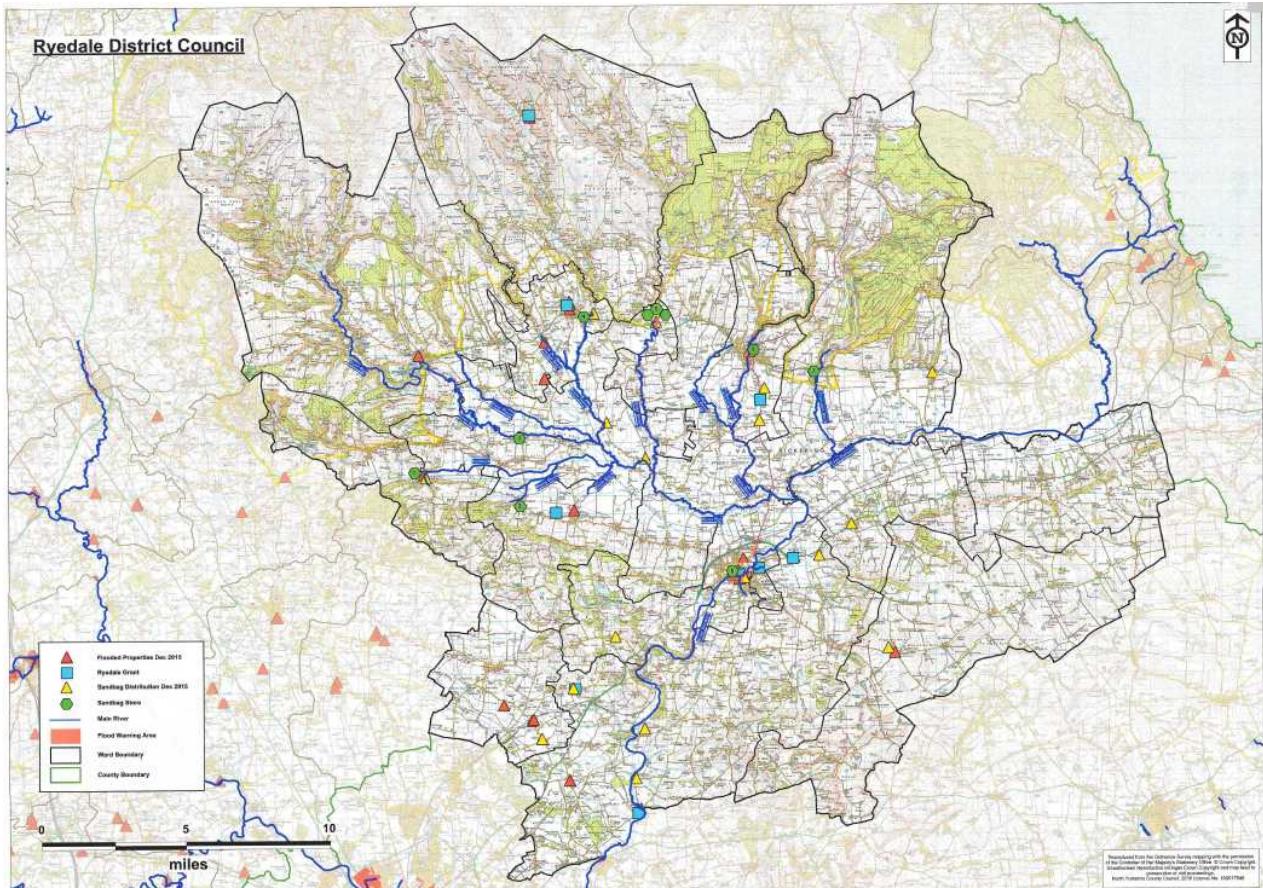
- Castlegate
- Sheepfoot Hill

Surface water from higher fields:

- Manor Vale, Kirkbymoorside
- Park Lane, Castlegate areas

Mapping was undertaken for the whole of the Ryedale District to illustrate:

- the location of affected properties in 2015, 20 residential and 4 business properties.
- areas affected by any sort of flooding and type of flooding,
- properties in receipt of funding support
- location of sandbag stores
- the Malton and Norton pump plan



A larger format PDF of this map is attached at Annex C

Who is Responsible for Managing Flood Risk?

In response to the 2008 report by Sir Michael Pitt, 'lessons learnt from the 2007 floods', the government introduced the Flood and Water Management Act (2010) (FWMA). The act gave county councils and unitary authorities a new leadership role (and the new title, 'lead local flood authority') in local flood risk management, designed to work closely with a new national leadership role for the Environment Agency (EA).

The Flood and Water Management Act 2010 (FWMA) defines certain organisations as 'Risk Management Authorities' with responsibility for management of flood risk.

In addition to the specific responsibilities and functions that each RMA is required to deliver, they also share:

- A duty to act consistently with the Local Flood Risk Strategy when carrying out flood risk management functions
- A duty to work in partnership to manage flood risk in the area and to co-ordinate flood risk management activities
- A duty to share information and data relating to their flood risk management activities
- A duty to be subject to the scrutiny of the LLFA's democratic processes in respect of their flood risk management activities

In the Yorkshire region, four sub-regional partnerships have been developed to assist with the coordination of these flood risk management activities. The North Yorkshire Flood Risk Partnership comprises representatives from North Yorkshire County Council, City of York Council, the Environment Agency, Yorkshire Water, and representation from the Internal Drainage boards, the districts and the coastal authority in the sub-region.

The relevant authorities in the North Yorkshire Authority area are identified in the table below

Risk Management Authority	Organisation responsible within North Yorkshire
Lead Local Flood Authority	North Yorkshire County Council
Environment Agency	Environment Agency (Yorkshire - North East)
District / Borough Councils	District Councils: Craven, Hambleton, Ryedale, Richmondshire and Selby Borough Councils: Harrogate and Scarborough (Scarborough are also the coastal authority for their administrative area)
Water companies	Majority of County: Yorkshire Water Small areas near the northern border: Northumbria Water and United Utilities
Highways Authority	Trunk roads: Highways Agency Non trunk roads: North Yorkshire County Council
Internal Drainage Boards	There are six Internal Drainage Boards (within consortiums) that operate across the County

The North Yorkshire County Council Local Flood Risk Strategy is available by following this link: <http://www.northyorks.gov.uk/article/29725/North-Yorkshire-local-flood-risk-strategy>

Ryedale District Council Flood Response

The following is an example of the level of response from RDC Streetscene Services, in partnership with the other responsible agencies, during a flood event in Ryedale:

- 3 vehicles - with 3 teams of 2 people
- Resources may be diverted to flood support including 5 vans and additional operatives
- sand bag stores need to be maintained, co-ordinated and managed, over 2,500 were distributed during a recent flooding event
- RDC has three pumps which need maintenance and deployment, including operatives and fuel.
- The cost of each event to the Council can vary and the costs are not recoverable.
- A further impact on the resources of the Council is the level to which resources are diverted away from service delivery during a flood event.

Community Resilience

Officers from NYCC attended a task group meeting and a number of ward meetings in Thornton le Dale and Amotherby Wards. There are examples in Ryedale of effective Community Resilience Plans in Hovingham, Sinnington and Thornton le Dale. As a result of these plans being in place, with clear roles and responsibilities, communities such as Hovingham are able to respond to local flood events without recourse to RDC for help or resources during a flooding event. This is therefore a more sustainable and responsive solution to the management of a local flood event than a requirement for RDC to provide ongoing resources.

The Council is currently developing an approach to working more closely with Ward members and Parishes through the Ward Planning and Town Team pilots. There is an appetite within the pilot areas for developing community resilience planning further.

It is clear from the discussions with NYCC officers and community representatives that there is potential within the communities affected by some types of flooding, for them to take local action to minimise the impact of the flooding in their communities. Should the Council agree to fund local solutions then a community resilience plan should be a condition of any funding support. This would ensure linkage to the lead flood authority - NYCC, clear accountability for maintaining any local solution is in place and also the longer term responsibility for resourcing this.

For some communities a local community led solution, developed with support from the responsible authorities, could resolve their flood management issues, with the leadership of the parish or town council.

- It is therefore recommended That RDC allocates a sum of £50,000 to a grant fund to support local flood solutions. Parish Councils should be eligible to apply, as should any fully constituted community group, with any grant conditional on the preparation of a Community resilience plan to ensure sustainability and linkage to NYCC and other flood risk management partner organisations.
Any contribution RDC makes towards a local solution involving equipment is on the basis that:
 - a) The community group or parish council engage with NYCC to set up a community resilience group.
 - b) The community resilience group undertake training and take responsibility for deploying and insuring the pump with sign off from NYCC

Malton, Norton and Old Malton Flood Study (Attached at Annex B)

The major issue arising from discussions about the development and delivery of the Malton Norton and Old Malton Flood Study is the need to develop the Multi Agency working and maintain the momentum towards delivery, resolving who should lead the project and identifying resources to develop the programme of projects. Funding bids have been submitted to support delivery of the project with an estimated budget of £3m. Defra Grant in Aid funding is identified for £1.2m and a bid has been submitted to the Local Growth Fund for the gap in funding. It may be that the flood risk partners will need to provide funding towards the project. Stakeholder engagement will be a vital next step in the development of the project. The timing of the delivery of the projects recommended through the study will be clarified as the programme for delivery is developed.

The monitoring of the flows of water through the drainage system below Old Malton is required to provide baseline data to ensure that any alleviation measures designed around Old Malton are adequate.

It is recommended that:

- That RDC commits £12,000 funding (up to a maximum of 20%) to resource a project manager to progress delivery of the Malton, Norton and Old Malton Flood Study project and drive partnership working, and seeks match funding from the partners of the Malton and Norton Project Group
- RDC commits £2.5k (20%) funding towards a CCTV monitoring survey to understand the drainage system in Old Malton
- That funding be allocated from the New Homes Bonus towards the funding gap of £1.8m of the approved GiA scheme for the alleviation of flooding in Malton, Norton and Old Norton. That any contribution should be to a maximum of 20% of the funding gap.

Multi Agency working and Linkages

Officers and members of RDC are engaged in the following partnerships and working groups:

- Norton and Malton Flood Project Group and flood risk management partners
- Yorkshire Derwent Partnership Board - whole catchment area approach
- Land Drainage Board
- Land Drainage Liaison Group

and it is vital that linkages are made with NYCC emergency planning and Natural England for any flood management solutions.

Officers and Members will continue to contribute the multi-agency and partnership working through these existing arrangements. However the level of involvement must be proportionate the level of responsibility the Council has for managing flood risk.

- A recommendation is that Natural Flood Management (NFM) should be a consideration in all local flood management solutions and that RDC facilitates the link into the Derwent Catchment Plan

Conclusion

The framework for whole catchment area working in place, as is that for multi agency working to manage flood risk. There is an ongoing issue with who should lead the delivery of solutions. Members are of the view that some funding may be required from the Council to move solutions forward. This is reflected in the recommendations, as is the suggested contribution level of 20%.

A wide range of solutions is available to communities across Ryedale. The recommendations reflect that range, from supporting multi-agency delivery of major projects for Malton, Norton and Old Malton, to a grant scheme to enable local communities to develop sustainable locally managed solutions.

The Council is not in a position to support flood management work indefinitely and so it is vital that sustainable solutions are supported in the community, to reduce the pressure on RDC services. It is also vital that all communities have the opportunity to access the resources to support the development of a local solution.

6 Recommendations

To Council

1. That RDC commits £12,000 funding (up to a maximum of 20%) to resource a project manager to progress delivery of the Malton, Norton and Old Malton Flood Study project and drive partnership working, and seeks match funding from the partners of the Malton and Norton Project Group
2. RDC commits £2.5k (20%) funding towards a CCTV monitoring survey to understand the drainage system in Old Malton.
3. That Natural Flood Management (NFM) should be a consideration in all local flood management solutions and that RDC facilitates the link into the Derwent Catchment Plan
4. That RDC allocates a sum of £50,000 from the New Homes Bonus to a grant fund to support local flood solutions. Parish Councils should be eligible to apply, as should any fully constituted community group, with any grant conditional on the preparation of a Community resilience plan to ensure sustainability and linkage to NYCC and other flood risk management partner organisations.
Any contribution RDC makes towards a local solution involving equipment is on the basis that:
 - a) The community group or parish council engage with NYCC to set up a community resilience group.

- b) The community resilience group undertake training and take responsibility for deploying and insuring the pump with sign off from NYCC
- 5. That funding be allocated from the New Homes Bonus towards the funding gap of £1.8m of the approved GiA scheme for the alleviation of flooding in Malton, Norton and Old Norton. That any contribution should be to a maximum of 20% of the funding gap.

Background Documents:

<http://www.northyorks.gov.uk/article/29725/North-Yorkshire-local-flood-risk-strategy>

The Malton, Norton and Old Malton Flood Study

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Terms of Reference - Scrutiny Review on Flooding within Ryedale

<p>Aim of the Review</p>	<p>The review will make recommendations to the policy committees of the Council and appraise the options available regarding funding for flood alleviation solutions</p> <p>Notice on Motion Proposed by Councillor Burr and seconded by Councillor P Andrews. "In the light of recent floods, we call upon the Council to commit reserves to install permanent pumps at Brawby, Old Malton, and Castlegate, Malton/Church Street, Norton."</p> <p>Aim of the review should be to examine the request, determine both the councils responsibility and ability to fund the motion</p>
<p>Why has this review been selected?</p>	<p>The review follows recent flooding events in Malton and Norton over December and January 2015. A notice on motion was referred from Council</p> <p>The scope of the review is set around considerable uncertainty regarding the effect of the 2015 budget and LG settlement regarding reforms in Local Government funding. These include reductions in RSG and new homes bonus, greater retention of business rates with the potential of costs of appeals etc. Potential estimates calculate that the total cost that remains to be saved from the revenue budget through the 2020 programme ranges from £1.3M to £1.7 from a £6.8 net revenue budget. The additional saving being required from 2017/18 onwards</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) • Corporate Director • Head of Environment, Streetscene and Facilities • Support will be provided by members of Streetscene <p>Members should note that as RDC has no statutory responsibility for flooding it employs no technical staff to determine, appraise or cost the appropriateness of flooding solutions</p>
<p>How the review will be carried out?</p>	<p>The task group will consider the implications of the councils budgetary position and also the councils role regarding flood alleviation. Potential questions that the committee could consider in scoping the review include:</p> <ul style="list-style-type: none"> • The role and responsibility regarding flooding for Ryedale DC. • The role and responsibility of other agencies regarding flooding • The context, extent and location of flooded properties in the whole of the Ryedale area, and should these be included in the scope of the review • Review of the North Yorkshire Malton, Norton and Old Malton recently commissioned Flood study. • Appraisal of flood alleviation options regarding the North Yorkshire commissioned flood study and potential indicative costs of this (from NYCC) and any solutions put forward for Brawby regarding the sewage treatment works (from YWA) • Should/how RDC propose to fund/commission technical support regarding examination of flood alleviation schemes for Malton, Norton and Brawby and/or other areas in Ryedale where flooding is of concern be considered along with community resilience.



	<ul style="list-style-type: none"> • Understanding of Ryedale's current and future financial position regarding financial constraints on potential funding for flood alleviation measures • To look at options to deliver community resilience in Ryedale.
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 regarding the motion proposed
Timescale	It is anticipated that the group will conclude the outcomes of the review by June 2016. Progress reports will be submitted to the committee throughout the review.

Malton, Norton and Old Malton Flood Study

Final Report



October 2015

Report Summary

North Yorkshire County Council (NYCC), in our capacity as Lead Local Flood Authority (LLFA) has commissioned this study to identify an initial business case for measures to reduce local flood risk to the communities of Malton, Norton and Old Malton.

The report summarises that work, identifying a range of potential options and their relative economic and technical merits. It also includes an economic assessment of the benefit of continuation of the existing levels of support.

Options presented in this report do not represent a final decision to be implemented; rather the report identifies the likely front running options, as well as the work required to make them a reality.

Significant flooding occurred in Malton, Norton and Old Malton in November 2012. The areas most significantly affected were as follows:

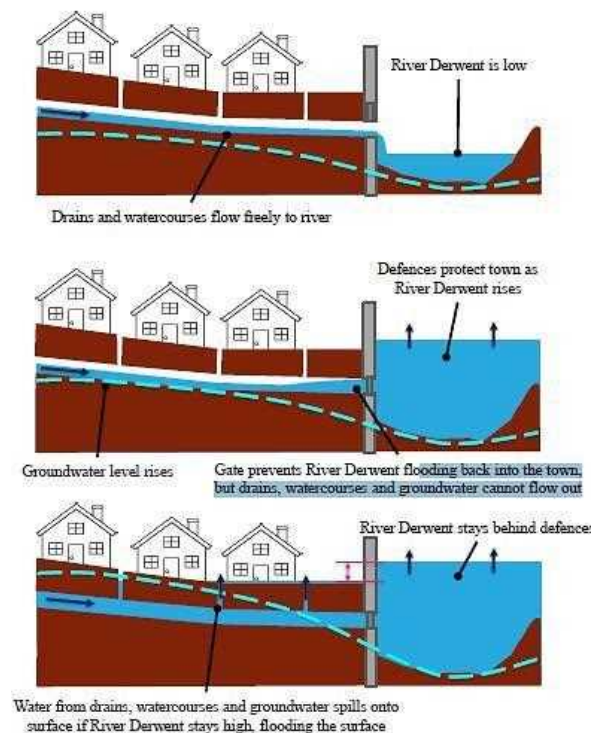
- Castlegate, Sheepfoot Hill and Railway Street, Malton;
- Welham Road, Church Street and St Nicholas Street, Norton;
- Old Malton Road and Town Street, Old Malton.

The combination of existing defences and operational response ensured that the level of property flooding that occurred was relatively low – only 20 properties suffered internal flooding. However, the distress and disruption within the community was still significant.

Flood risk from the Main River in Malton, Norton and Old Malton is currently managed through operation and maintenance of: the River Derwent flood defences. The broader flood risk management system includes mechanisms to stop the river pushing back into the drainage systems, flood gates and land drainage pumping stations, in addition to highway and land drains and the combined sewer network with associated sewerage pumping stations.

The remaining risk (which is primarily that associated with surface water flooding) is currently managed through river monitoring, flood warning, emergency preparedness, planning and response measures. Should all these activities cease, the Net Present Value (NPV) cost of the flood damages that would occur over the next 100 years is estimated to be just under £30m.

The primary cause of the flooding problems experienced in 2012 is 'flood-locking', whereby the drainage systems cannot flow into the river because of the high river levels, as illustrated in this schematic.



Surface water flooding generally happens when flows in the River Derwent exceed 80m³/s, (cubic metres per second). This corresponds broadly with the threshold at which the gravity drainage systems become impeded.

There have been seven occasions when a flow of greater than 80m³/s has occurred in the River Derwent, Malton since the Main River flood defences were constructed in 2003. In 2012 this flow was exceeded for ten days, requiring a major operation to over-pump the flood defences using temporary pumps.

Despite these efforts, property flooding could not be avoided and because of the source of the flooding brought with it additional problems summarised below:

- Whilst local surface water and ground water flooding may not affect as many properties as would flood from the River Derwent, infiltration and overloading of the combined public sewer network makes it particularly unpleasant for the residents and businesses affected;
- Flood warnings in Malton are based on the river levels, so warning and response surface water and groundwater flooding relies on anecdotal and eyewitness accounts;
- The emergency pumping plan developed by the Multi-Agency group while having proved effective in the 2012 flood has its limitations;
 - Although a number of agencies are involved, pumps are not absolutely guaranteed to be available when required;
 - There are no formal 'well' points connected into the drainage systems in which to deploy the pumps;

- Arrangements still result in disruption to local residents and the local transport network.
- The residual risk of surface and groundwater flooding in Malton, Norton and Old Malton is potentially too high for the emergency response procedures to fully make sense as a long-term solution, if an economically viable investment now could save costs in the longer term.

In assessing potential options to reduce flood risk to businesses and communities the study has been guided by two overriding objectives:

- To reduce flood risk in a way which represents best value for money in the short, medium and long term;
- To propose solutions that are socially and environmentally acceptable to local people and statutory authorities, which respect the heritage setting and avoid disruption to local residents and businesses where possible.

The consultant employed to carry out the study have gained an understanding of the catchment and flood mechanisms from a combination of local knowledge and experience, technical data and hydrologic models.

From this they developed a range of measures based on their engineering judgement and experience, which were then assessed in respect of their technical and economic viability, as well as their social/environmental impacts. A table of the Long List of options considered can be found in Section 4 of the main report and the Short List in Section 5.

The options appraised include, for each area of study, the 'Walk Away' scenario – where all spending on activities and infrastructure to reduce flood risk would cease. This theoretical scenario provides a baseline against which all schemes are compared, in line with national guidance.

An explanation of the process can be found in the full technical final report and the outputs detailed in the appendices to the report

[INSERT HYPERLINK HERE?](#)

The shortlisted options across the 3 sites can be generally described as follows:

Option 1: Under this purely theoretical scenario, all spending on activities and infrastructure to reduce flood risk would cease.

Option 2: Maintain existing levels of support.

Option 3: Improve local flood warning procedures; construct permanent pumping chambers in which to deploy the temporary pumps. Reduce the residual risk with property level protection measures.

Option 4: As option 3 but with wider changes to the various drainage systems and pumping arrangements. In Malton, this option involves groundwater control measures in Castlegate.

Option 5: As above, but with installation of permanent pumps within the pump chambers, with associated telemetry and control systems.

The tables below summarise the initial estimates of the costs and benefits of the five options for each site, together with an indication of the local partnership funding required in order to secure central government money.

An explanation of the terms used in the tables is shown below;

Flood and Coastal Erosion Risk Management Grant in Aid - (FCERM GiA) – Central Government Funding for flood risk management schemes administered by the Environment Agency. Eligibility for this is based on the cost/benefit ratio and the availability of local partnership funding.

Partnership Funding – (PF) Locally secured funding from private or public sources.

Residual Damages - the flood damages that would still be expected to be incurred after the measures in this option are put in place. Used along with the damages avoided to calculate the **Benefits** of an option.

Costs - estimated by a Quantity Surveyor from a specification of the measures contained under each option.

Benefit Cost Ratio (BCR) – comparison of the costs of the scheme versus the benefits it would provide. This is used to calculate the portion of the costs eligible for FCERM GiA, and therefore the amount that would need to be met by local Partnership Funding (**PF**).

	Malton Options				
	M1	M2	M3	M4	M5
Residual Damages (£)	10,189,000	4,527,000	1,901,000	1,868,000	1,556,000
Benefits (£)	-	5,662,000	8,288,000	8,321,000	8,633,000
Costs (£)	-	42,000	1,311,000	1,104,000	1,091,000
BCR		134.7	6.32	7.54	7.92
Costs eligible for FCERM GiA (£)			724,000	726,000	744,000
PF contribution required (£)			587,000	377,000	347,000

	Norton Options				
	N1	N2	N3	N4	N5
Residual Damages (£)	15,428,000	12,047,000	5,410,000	5,168,000	4,774,000
Benefits (£)	-	3,381,000	10,017,000	10,259,000	10,654,000
Costs (£)	-	42,000	2,278,000	2,176,000	2,545,000
BCR		80.4	4.40	4.71	4.19
Costs eligible for FCERM GiA (£)			1,007,000	1,020,000	1,042,000
PF contribution required (£)			1,271,000	1,156,000	1,503,000

	Old Malton Options				
	OM1	OM2	OM3	OM4	OM5
Residual			1,276,000	506,000	485,000

Damages (£)	3,759,000	2,671,000			
Benefits (£)	-	1,087,000	2,482,000	3,252,000	3,274,000
Costs (£)	-	84,000	1,004,000	746,000	1,150,000
BCR		12.9	2.47	4.36	2.85
Costs eligible for FCERM GiA (£)			388,000	431,000	432,000
PF contribution required (£)			616,000	315,000	718,000

The study concludes that 'cost beneficial' options exist for reducing flood risk in the communities, and that consequently there is a 'good economic case' for the proposals identified. However, it is important to note that none of the options would be wholly fundable from central government FCERM Grant in Aid (FDGiA). All proposals would therefore require significant partnership funding contributions, from local or private sources, to achieve the cost/benefit scores required for the options to proceed.

The study goes on to identify potential sources of funding and proposes next steps.

The most promising likely sources of funding identified are:

- Funds within the Multi-Agency Flood Group organisations, as well as other organisations, individuals and local businesses with vested interests in the reduction of flood risk;
- Key local businesses including landowners and property developers affected or those with a financial interest in the area;
- Local residents and community groups benefitting from the proposals.

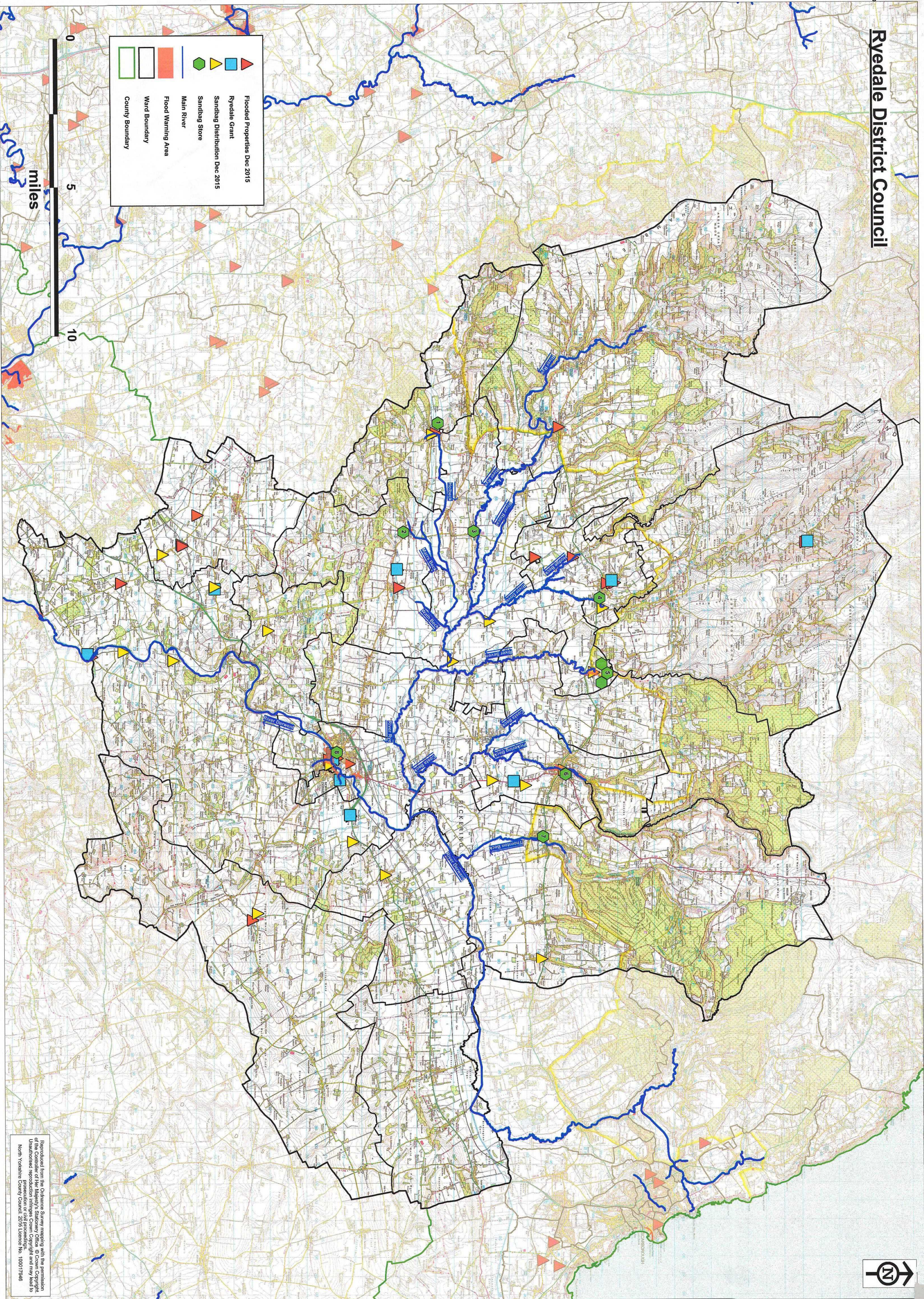
Other potential options include, for example, Local Enterprise Partnership - European Strategic and Investment Fund (ESIF), Regional Flood and Coastal Committee (RFCC) Local Levy funding, Community Infrastructure Levy and/or setting up a Business Improvement District.

The recommended next steps are as follows:

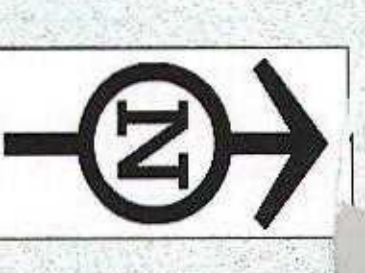
- Consultation with stakeholders, potential contributors and affected parties;
- Preparation of Partnership Funding calculations, factoring in the likely contributions;
- Discussions with the Environment Agency with a view to developing a full Project Appraisal Report (PAR) and application for FCERM GiA, making best use of this report, which contains all the essential elements of such an application.

Development of a full PAR will involve further refinement of scheme design and costs, as well as discussion with the communities, individuals and organisations affected by the proposals.

Ryedale District Council



	Flooded Properties Dec 2015
	Ryedale Grant
	Sandbag Distribution Dec 2015
	Sandbag Store
	Flood Warning Area
	Ward Boundary
	County Boundary



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Technical update

Ryedale District Council
October 2016

Contents

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KPMG resources





Technical developments

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This report provides the audit committee with an overview on progress in delivering our responsibilities as your external auditors. The report also highlights the main technical issues which are currently having an impact in local government. If you require any additional information regarding the issues included within this report, please contact a member of the audit team. We have flagged the articles that we believe will have an impact at the Authority and given our perspective on the issue:

 High impact  Medium impact  Low impact  For information



KPMG resources

Publication 'Value of Audit - Perspectives for Government'

What does this report address?

This report builds on the Global Audit campaign – *Value of Audit: Shaping the future of Corporate Reporting* – to look more closely at the issue of public trust in national governments and how the audit profession needs to adapt to rebuild this trust. Our objective is to articulate a clear opinion on the challenges and concepts critical to the value of audit in government today and in the future and how governments must respond in order to succeed.

Through interviews with KPMG partners from nine countries (Australia, Canada, France, Germany, Japan, the Netherlands, South Africa, the UK and the US) as well as some of our senior government audit clients from Canada, the Netherlands and the US, we have identified a number of challenges and concepts that are critical to the value of audit in government today and in the future.

What are the key issues?

- The lack of consistent accounting standards around the world and the impacts on the usefulness of government financial statements.
- The importance of trust and independence of government across different markets.
- How government audits can provide accountability thereby enhancing the government's controls and instigating decision-making.
- The importance of technology integration and the issues that need to be addressed for successful implementation
- The degree of reliance on government financial reports as a result of differing approaches to conducting government audits

The *Value of Audit: Perspectives for Government* report can be found on the KPMG website at <https://home.kpmg.com/xx/en/home/insights.html>

The *Value of Audit: Shaping the Future of Corporate Reporting* can be found on the KPMG website at www.kpmg.com/sg/en/topics/value-of-audit/Pages/default.aspx

Publication 'Reimagine - Local Government'

KPMG have published a number of reports under the headline of *Reimagine – Local Government*. These are summarised below:

Council cash crunch: New approach needed to find fresh income

- By 2020, councils must generate all revenue locally.
- More and more are looking towards diversifying income streams as an integral part of this.
- Councils have significant advantages in becoming a trusted, independent supplier.
- To succeed, they must invest in developing commercial capability and capacity.

Councils can save more than cash by sharing data

- Better data sharing in the public sector can save lives and money.
- The duty to share information can be as important as the duty to protect it.
- Local authorities are yet to realise the full value of their data and are wary of sharing information.
- Cross-sector structures and the right leadership is the first step to combating the problem.

English devolution: Chancellor aims for faster and more radical change

- Experience of Greater Manchester has shown importance of strong leadership.
- Devolution in areas like criminal justice will help address complex social problems.
- Making councils responsible for raising budgets locally shows the radical nature of these changes.
- Cuts to business rates will stiffen the funding challenge, even for the most dynamic councils.

Senior public sector pensions

- Recent changes to pensions taxation have particularly affected the public sector, with fears senior staff may quit as pension allowances bite.
- 'Analyse, control, engage' is the bedrock of an effective strategy.

Time for the *Care Act* to deliver

- Momentum behind last year's *Care Act* risks stalling.
- Councils are struggling to create an accessible care market with well-informed consumers.
- Local authorities must improve digital presence and engage providers.
- Austerity need not be an impediment to progress. It could be an enabler.

The publications can be found on the KPMG website <https://home.kpmg.com/uk/en/home/insights/2016/04/reimagine-local-government.html>



Technical developments

Appointment of external auditor

Level of impact: ● (Medium)	KPMG perspective
<p>Following the Audit Commission's closure local authority external audits are currently governed by transitional arrangements under the <i>Local Audit and Accountability Act 2014</i>, with audit contracts overseen by Public Sector Audit Appointments Ltd (PSAA). These transitional arrangements end with the audit of 2017/18 financial years, so auditors must be appointed under the new arrangements from 2018/19. In practice this decision must be made by 31 December 2017. There are three main options for local authorities to consider:</p> <ol style="list-style-type: none">1. Undertake an individual auditor procurement and appointment exercise;2. Undertake a joint audit procurement and appointing exercise with other bodies, for example those in the same locality; or3. Join a 'sector led body' arrangement where an approved third party procures audit on behalf of multiple bodies. <p>As the relevant supervisory body, the Institute of Chartered Accountants in England and Wales (ICAEW) maintains a register of audit firms and 'key audit partners' who have been recognised as meeting the eligibility criteria for local audit. Whatever the approach taken, local authorities can only appoint audit firms from the ICAEW register. KPMG has been registered by ICAEW for local audit work and has 21 Partners and Directors recognised as meeting the eligibility criteria, providing comprehensive national coverage through an experienced senior team.</p> <p>For options 1 and 2, the Act requires an Auditor Panel to be established. Guidance on auditor panels at local authorities has been issued by the CIPFA – see www.cipfa.org/policy-and-guidance/publications/g/guide-to-auditor-panels-pdf</p> <p>One option, subject to complying with EU procurement rules, might be to continue with your current auditor for an initial period. Although this would delay testing the market, fees could be benchmarked for reasonableness against published data or by comparing to similar bodies. This would provide stability of service in the short term and avoid the 'rush to market' as other local authorities undertake procurement exercises within a short time period, allowing tendering later in a more settled market.</p>	<p><i>Members may wish to discuss the options open to them on how to procure their auditor for 2018/19 and beyond and ensure they formulate a timetable for making this decision.</i></p>

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Appointment of external auditor (cont.)

Level of impact: ● (Medium)	KPMG perspective
<p>The Audit Commission produced a report and slide pack summarising the lessons learnt from its 2012 and 2014 procurements of audit services, providing the reader with a list of factors that contributed to the delivery of successful outcomes for both procurements. A copy of this document can be found on the PSAA website at www.psa.co.uk/wp-content/uploads/2016/01/Learning-the-lessons-from-the-2012-and-2014-Audit-Commission-procurements-of-audit-services.pdf</p> <p>The lessons learnt may be helpful in generally informing procurements of audit services undertaken by individual local public bodies or collective procurement bodies under the new arrangements. However, it should be noted that the procurements undertaken by the Audit Commission were unique to the Commission's regime and the approaches taken may not be relevant in their entirety to other procurements.</p> <p>For option 3, in July 2016 the Secretary of State for Communities and Local Government specified PSAA as an appointing person under regulation 3 of the <i>Local Audit (Appointing Person) Regulations 2015</i>. This means that PSAA can make auditor appointments from 2018/19 to relevant principal authorities that choose to opt into its national collective scheme. For further information, see PSAA's website - www.psa.co.uk/supporting-the-transition/appointing-person/</p>	

Business Rates Retention

Level of impact: ● (Medium)	KPMG perspective
<p>The Chancellor of the Exchequer has proposed some radical reforms of local government finance. The proposals are that by the end of the decade, councils will retain all locally raised business rates but will cease to receive core grant from Whitehall.</p> <p>Under the proposals, authorities will be able to keep all the business rates that they collect from local businesses, meaning that power over £26 billion of revenue from business rates will be devolved.</p> <p>The uniform national business rate will be abolished, although only to allow all authorities the power to cut rates. Cities that choose to move to systems of combined authorities with directly elected city wide mayors will be able to increase rates for specific major infrastructure projects, up to a cap, likely to be set at £0.02 on the rate.</p> <p>The system of tariffs and top-ups designed to support areas with lower levels of business activity will be maintained in its present state.</p> <p>Committee members may wish to be aware that, as a result of these proposals, DCLG has launched two consultations on its proposals for 100% retention of business rates by the local government sector.</p> <p>The first consultation seeks to identify issues that should be kept in mind when designing the reforms; the second is a call for evidence to inform the government's fair funding review of what the needs assessment formula should be following the implementation of 100% business rates retention. Both consultations close on 26 October 2016.</p> <p>The consultation documents and information about how to respond are available for both at www.gov.uk/government/consultations/self-sufficient-local-government-100-business-rates-retention</p>	<p><i>The Committee may wish to enquire of officers whether their Authority responded to the consultation and the views expressed.</i></p>

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NAO Report on Capital Expenditure and Resourcing

Level of impact: ● (Low)	KPMG perspective
<p>Committee members may wish to be aware that the National Audit Office has published its report <i>Financial Sustainability of Local Authorities: Capital Expenditure and Resourcing</i>. This report found that local authorities in England have maintained their overall capital spending levels but face pressure to meet debt servicing costs and to maintain investment levels in their existing asset bases.</p> <p>The report can be accessed via the NAO website at www.nao.org.uk/report/financial-sustainability-of-local-authorities-capital-expenditure-and-resourcing/</p>	<p><i>The Committee may wish to seek assurances that the impact for their Authority is understood.</i></p>

PSAA's Value For Money Tool

Level of impact: ● (Low)	KPMG perspective
<p>The PSAA's Value for Money Profiles tool (VFM Profiles) was updated on 1 July 2016.</p> <p>The VFM profiles have been updated with the latest available data. The adult social care section has been re-designed based on the new adult social care financial return (ASC-FR). Data is available from 2014/15 onwards with no comparable data from earlier years. The children and young people section has also been updated with 2014/15 data.</p> <p>The VFM profiles have also been updated with the latest available data from the following sources:</p> <ul style="list-style-type: none">— Annual Population Survey (2015)— Finance and General Statistics (2014/15)— Revenue Collection (2014/15)— Claimant count (2016)— Affordable housing supply (2014-15)— Active people survey (2014/15)— Public Health Outcomes Framework (2014/15)— Conception Statistics, England and Wales (2014)— First time entrants into the Youth Justice system (2014/15) <p>The Value For Money Profiles can be accessed via the PSAA website at http://vfm.psaa.co.uk/nativeviewer.aspx?Report=/profiles/VFM_Landing</p>	<p><i>The Committee may wish to seek further understanding for areas where their Authority appears to be an outlier.</i></p>

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Government contracting

Level of impact: ● (For Information)

The NAO has recently published an overview of its work on the government's management of contracting which Committee members may wish to be aware of, particularly in relation to value for money arrangements.

The publication examines subjects including the government's commercial capability, accountability and transparency, and its management of contracted-out service delivery. It finds that government now spends about £225 billion a year with private and voluntary providers. The role of providers in the public sector has evolved from relatively simple contracts to provide goods or established services, to innovative high profile commissioning arrangements in sensitive public service areas such as health and justice

The overview is available from the NAO website at www.nao.org.uk/report/government-commercial-and-contracting-an-overview-of-the-naos-work/

2016/17 Work Programme and Scale of Fees

Level of impact: ● (For Information)

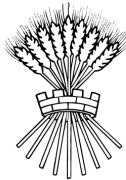
Following consultation, Public Sector Audit Appointments Ltd (PSAA) has published the work programme and scale fees for the audits of the 2016/17 accounts of principal audited bodies. There are no changes to the overall work programme for 2016/17.

The 2016/17 work programme documents and scale fees for individual audited bodies are now available to view on the PSAA website at www.psa.co.uk/audit-and-certification-fees/201617-work-programme-and-scales-of-fees



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PART B:	RECOMMENDATIONS TO COUNCIL
REPORT TO:	POLICY AND RESOURCES COMMITTEE
DATE:	24 NOVEMBER 2016
REPORT OF THE:	COUNCIL SOLICITOR ANTHONY WINSHIP
TITLE OF REPORT:	TIMETABLE OF MEETINGS 2017-2018
WARDS AFFECTED:	ALL
FOR INFORMATION TO:	OVERVIEW AND SCRUTINY COMMITTEE 3 NOVEMBER 2016
	PLANNING COMMITTEE 22 NOVEMBER 2016

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

1.1 This report presents the draft timetable of meetings for 2017-2018 for approval.

2.0 RECOMMENDATION

2.1 That Council is recommended to approve the timetable of meetings for 2017-2018, attached as Annex A to this report.

3.0 REASON FOR RECOMMENDATION

3.1 To provide a timetable for all decision making, advisory and overview and scrutiny meetings for use by Members, officers, the public and other interested parties.

4.0 SIGNIFICANT RISKS

4.1 There are no significant risks relating to this recommendation.

5.0 POLICY CONTEXT AND CONSULTATION

5.1 A timetable of meetings is agreed and published for each municipal year. This is an essential part of making the Council's decision making process open and accessible to all interested parties. Management Team have been consulted on the draft timetable of meetings for 2017-2018.

REPORT

6.0 REPORT DETAILS

- 6.1 The draft timetable of meetings, attached as Annex A of the report, has been based on the meeting cycle used in 2016-17. The date of the Budget Council meeting has been adjusted to take account of the fact that the County Council budget meeting is scheduled to be held later than in previous years, and therefore the meeting will be held on a Thursday, rather than the usual Tuesday.
- 6.2 The schedule at Annex A takes account of particular reporting requirements relating to the Annual Governance Statement and Statement of Accounts. No meetings have been scheduled to coincide with Maundy Thursday (29 March 2018) and the Ryedale Show (25 July 2017). Mondays have also been kept free of meetings as this is when the majority of parish and town councils meet.
- 6.3 Members have the option to approve, amend or reject the draft timetable of meetings attached at Annex A. If the current draft timetable is not acceptable to Members, an alternative will need to be agreed.

7.0 IMPLICATIONS

- 7.1 The following implications have been identified:
- a) Financial
The costs of meetings within the Council are built into existing budgets.
 - b) Legal
None.
 - c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental, Crime & Disorder)
None. An equality impact assessment was carried out six years ago when start times to meetings were reviewed.

8.0 NEXT STEPS

- 8.1 Once the timetable of meetings has been approved it will be published on the Council's website using the Modern.gov committee management system.

Anthony Winship Council Solicitor

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Background Papers:
None.



TIMETABLE OF MEETINGS MAY 2017 TO MAY 2018

COMMITTEE	MAY 2017	JUN	JULY	AUG	SEPT	OCT	NOV	DEC	JAN 2018	FEB	MAR	APR	MAY	Day
Council	18*		6	31		12		14		22	1**	12	17*	Thurs
Policy & Resources		15			21		23			8	15			Thurs
Scrutiny		22				5	30			15	22			Thurs
Audit			27		20 Wed		2		25			19		Thurs
Planning Committee and Licensing Committee		6	4	1 & 30 Wed	26	24	21	19	16	13	13	10	8	Tues (6pm)
Resources Working Party		1			7		9		18		8			Thurs
Parish Liaison Meeting		7				18								Wed (7pm)
Member Development					6	11	8	6	10***		7	4		Wed

All meetings start at 6.30pm unless otherwise indicated.

NOTES

- * Annual Council at 3 pm
- ** Reserve date for business not transacted on 22 February 2018
- *** Budget Briefing

Bank Holidays

Spring Bank Holiday	- Monday 29 May 2017
Late Summer Bank Holiday	- Monday 28 August 2017
Christmas Bank Holiday	- Monday 25 & Tuesday 26 December 2017
New Year's Day Holiday	- Monday 1 January 2018
Council Offices closed	- Saturday 23 Dec 2017 to Monday 1 Jan 2018 inclusive
Easter	- Friday 30 March and Monday 2 April 2018
May Day	Monday 7 May 2018

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