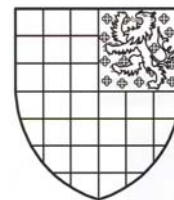


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**LEWES
TOWN
COUNCIL**

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To All Members of Lewes Town Council

A Meeting of **Lewes Town Council** will be held on **Thursday 19th July 2012**, in the **Council Chamber, Town Hall, Lewes** at **7:30 pm** which you are requested to attend.

S Brigden, Town Clerk 12th July 2012

AGENDA

1. QUESTION TIME

To consider any questions received regarding items on the agenda for this meeting.

2. MEMBERS' DECLARATIONS OF INTERESTS

To note any declarations of personal or prejudicial interest in items to be considered at this meeting.

3. APOLOGIES FOR ABSENCE

To consider apologies tendered by Members unable to attend the meeting.

4. MAYOR'S ANNOUNCEMENTS

To receive any announcements from the Mayor.

5. MINUTES

To agree Minutes of the Council's meeting, held on 14th June 2012.

(attached page 3)

6. WORKING PARTIES & OUTSIDE BODIES

To consider matters arising from working parties; members serving on outside bodies *etc.*

a) Audit & Governance Panel 10th July 2012

(minutes will be available at the meeting)

7. CONSULTATIONS

To consider consultations as

a) DCLG Second Round Sustainable Communities Act 2007 extension to parishes

(attached page 10)

b) DCLG Draft Local Audit Bill (abridged documents)

(attached page 19)

c) Uckfield Rail Link Parishes Groups

(oral report by Cllr M Kent)

8. ELECTRONIC COMMUNICATIONS

To consider the motion attached

(NOM008/2012 attached page 46)

9. LEWES BUS STATION

To consider the motion attached

(NOM009/2012 attached page 47)

10. BUS SHELTERS

To consider the motion attached

(NOM010/2012 attached page 47)

11. COMMUNITY ASSETS

To consider the motion attached

(NOM011/2012 attached page 47)

12. PLANNING PRINCIPLES

To consider the motion attached

(NOM012/2012 attached page 48)

13. ANNUAL REPORT 2011/12

To consider a revised draft *(item referred from previous meeting)*

(document to follow)

14. UPDATE ON MATTERS IN PROGRESS

(Oral report by Town Clerk)

15. NOTICE of ITEMS IN PROSPECT

(Oral report by Town Clerk)

For further information about items on this agenda please contact the Town Clerk at the above address

This agenda and supporting papers can be downloaded from www.lewes-tc.gov.uk



PUBLIC ATTENDANCE: Members of the public have the right, and are welcome, to attend meetings of the Council – questions about items on the agenda may be heard at the start of each meeting with the Chairman's consent. Questions or requests to address the Council should, whenever possible, be submitted in writing to the Town Clerk at least 24 hours in advance. General questions can be raised at our offices between 9am and 5pm Mons- Thurs; 9am and 4pm on Fridays – our staff will be pleased to assist.

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**LEWES
TOWN
COUNCIL**

MINUTES

Of the meeting of **Lewes Town Council** held on
Thursday, 14th June 2012, in the **Council Chamber, Town Hall, Lewes** at **7:30pm**.

NB if a record of voting was requested, this is shown in a table appended to these Minutes.

PRESENT:

Councillors S Catlin (Wischusen); M Chartier (*Mayor*); J Daly; M Kent; P Kingham; L F Li; D Lamport; M Milner; R Murray; S Murray; R O'Keeffe (*Deputy Mayor*); A Price; R Rudkin; J Stockdale and Dr M Turner.

In attendance: S Brigden (*Town Clerk [TC]*); M Larkin (*Mace Bearer*); Ms E Martin (*C'ttee Administration*)

Observing: Mrs V McLachlan (*Finance Administration Officer*); Ms L Zeyfert (*All Saints Centre Manager*)

FC2012/14 QUESTION TIME:

There were four members of the public present. Mrs A Cross asked for and was offered re-assurance that a varied programme of “mainstream” films would still be shown at the All Saints Centre on a regular basis even if anticipated increase in income was not realized.

FC2012/15 MEMBERS' DECLARATIONS OF INTEREST:

Cllrs Chartier; S Murray; R Murray; O'Keeffe; Price and Turner declared interests *iro* agenda item 8c) (Grants Panel recommendations) as they were influential members of applicant bodies.

FC2012/16 APOLOGIES FOR ABSENCE: Apologies were received from Cllr I Eiloart. No message had been received from Cllrs Dean or MacCleary.

FC2012/17 MAYOR'S ANNOUNCEMENTS:

It was announced that Items 6 (Lewes District Council Presentation) and 13 (Lewes Cinema Petition) would be moved forward on the agenda, for the convenience of visitors attending solely for those items.

The Mayor thanked Members and staff for their help at recent events held in the Town Hall over the Jubilee weekend.

Thanks were also recorded to Members who had attended the “tea and talk” for international students from Sussex Downs College.

The Mayor had responded to a letter published on the 8th June 2012 in the Sussex Express decrying a “lack of effort” over flags and bunting in the town during the Jubilee weekend and at Christmas time, outlining the efforts made by both Town and District Councils in this regard.

There was a reminder regarding deadlines and times related to the imminent annual Rotary Club Skittles Tournament, and congratulations were offered to Cllr Catlin for the amount of publicity he had managed to generate on the subject of dangerous pavement surfaces throughout the town.

FC2012/18 CONSULTATION:

The Mayor welcomed Mr Greg McDonald, Economic Regeneration Project Officer from Lewes District Council, who was attending in response to Members' request for more information regarding the District Council's draft Public Realm Framework (*copy in minute*

Continues...

book). Mr McDonald outlined that it was a project to improve the public realm, initially in the main towns of the District, to enhance the quality of life for residents and to attract more visitors. He explained that it would cost an estimated £10,000 for Consultants to evolve a local vision and costed work-programme for Lewes and that £4,000 was available from Lewes District Council and £2,000 from the South Downs National Park Authority. A contribution of £4,000 was sought from the Town Council.

Questions followed, on such topics as: a need to expand the focus of the brief for consultants; integration with Neighbourhood Plan and Local Plan proposals; whether local people and organizations would be better than consultants in identifying needs; and potential effects on current issues such as Lewes bus station. Members also highlighted well-understood aspects such as “de-cluttering” - reducing the number of street signs. Mr McDonald insisted that there was a need for a structured document, which could inform strategic decision-makers and assist when seeking funds for projects. It was anticipated that solutions might be as simple as a defined “brand” for signage, perhaps by specifying a particular typeface, or coordinated colours and presentation for public areas within the National Park, or development of the “shared-space” concept where vehicles and pedestrians mingle. Delivery would “probably” be through a stakeholder steering group. There were many other questions for Mr McDonald, and of specific interest to Members was the integration with the rest of Lewes District, and with the emerging Local Plan. He replied that: whilst it would be preferable to seek consultants to prepare a District-wide scheme (at an estimated cost of £50,000), it was feasible to address towns individually. It had been hoped that a start might be made in August, with a final report produced for the end of the year. Members stated that they were uncomfortable with the timing of this proposal in relation to Local and Neighbourhood Plan frameworks, and felt that there needed to be more clarity before any commitment could be made. It was subsequently

resolved that:

FC2012/18.1 Lewes Town Council is willing to continue dialogue regarding Lewes District Council’s draft Public Realm Framework although does not agree to the current proposal (*copy in minute book*) and the attendant request for a financial contribution.

FC2012/19

PETITION:

Members considered report FC005/2012 (*copy in minute book*) regarding a petition presented on 29th May 2012 by Lewes Cinema Ltd. Where comments had been recorded by signatories these were analysed, and responses grouped into representative categories so far as practicable. An error in presentation within the report was noted and corrected. Council noted the premise of the petition and the gist of comments recorded, and Members spoke to explain that the Council was embarked upon its plans for film screenings at All Saints, and trusted that the community would come to understand the decision taken by Council. The All Saints Steering Group would be asked to take account of any relevant comments made by signatories. The service was scheduled to begin in September 2012.

It was resolved that:

FC2012/19.1 Lewes Town Council notes the petition submitted on 29th May 2012 by Lewes Cinema Ltd, and asks the Council’s All Saints Steering Group to take due account of relevant comments made by signatories.

FC2012/20

MINUTES:

The minutes of the Council meeting held on 17th May 2012 were received and signed as an accurate record.

FC2012/21

GENERAL POWER of COMPETENCE:

Members considered report FC001/2012 (*a copy of which is in the Minute Book*) regarding the adoption of the General Power of Competence arising from the Localism Act 2011. The report explained that this allowed a council that satisfied eligibility criteria to do anything

that competent individuals may lawfully do, and eligibility depended upon a resolution that (at the time the resolution is passed) the Council satisfied the statutory conditions: that a minimum two-thirds of members were declared to be elected at ordinary elections or a by-election, and the Clerk is qualified as stipulated in the legislation, including specific training in exercise of the Power.

Constraints and practical considerations were outlined in the report, and Members were advised that the Council met the prescribed electoral conditions, and the Town Clerk held the necessary qualification.

Subsequently, following a brief discussion **it was resolved that:**

FC2012/21.1 Lewes Town Council declares that it meets the conditions, prescribed in Article 2 paragraph 2 of The Parish Councils (General Power of Competence) (Prescribed Conditions) Order 2012 (SI2012/965), and hereby resolves to adopt the General Power of Competence as provided in the Localism Act 2011 ss1-8.

FC2012/22

WORKING PARTIES AND OUTSIDE BODIES:

Members were reminded that anyone who may have attended a meeting of any recognized outside body which had covered issues that deserved attention by the Council, should ensure that TC was aware of this before the meeting, and preferably before the agenda deadline. Reports on all activities of the organization were not expected.

a] *All Saints Steering Group 12th April 2012.* The Minutes of this meeting were received and **it was resolved that:**

FC2012/22.1 Minutes of the All Saints Steering Group meeting of 12th April 2012 (*copy in minute book*) are noted.

b] *Friends of Lewes liaison meeting 12th April 2012.* The notes of this meeting were received and a minor error corrected, and **it was resolved that:**

FC2012/22.2 Minutes of the meeting with representatives of The Friends of Lewes, on 12th April 2012 (*copy in minute book*) are noted

c] *Grants Panel 23rd May 2012.* Members considered report FC002/2012 (*copy in minute book*) which contained the panellists' recommendations and **it was resolved that:**

FC2012/22.3 The grant payments recommended in column E of report FC002/2012 be approved.

d] *Commemorations Working Party 31st May 2012.* The Minutes of this meeting (*copy in minute book*) were received and **it was resolved that:**

FC2012/22.4 Minutes of the Commemorations Working Party of 31st May 2012 are noted.

e] *Audit and Governance Panel 7th June 2012.* Members received and noted the minutes of the Panel (*copy in minute book*) and **it was resolved that:**

FC2012/22.5 Minutes of the Audit & Governance Panel meeting of 7th June 2012 are noted

f] *Standing Orders/Financial Regulations Review Working Party of 8th June 2012.* Members received and noted draft minutes which had been distributed earlier, and an oral report from Councillor O'Keeffe who had chaired the Working Party. The minutes identified in detail a number of amendments that had been agreed after lengthy scrutiny and debate. Cllr Stockdale raised a question regarding notes he had submitted for consideration in his absence, and was assured that these had been exhaustively considered, alongside all other proposals. Consequently **it was resolved that:**

FC2012/22.5 Detailed amendments to Lewes Town Council's Standing Orders and Financial Regulations are adopted as:

SO2 (x) insert after "power of wellbeing" the words "or current equivalent"

SO7 amend note to read "a revised Code of Conduct is in prospect at time of adoption of these SO's – this shall not alter the sense of SO7 c) below"

- SO9 d) replace “he” with “his/her”
- SO9 e) delete paragraph
- SO10 c) replace “he” with “he/she”
- SO11 a) replace “six councillors” with “nine councillors”
- SO17 d) replace “six councillors” with “nine councillors”
- SO23 a) insert comma after “committee”
- SO25 Amend heading to read “General Power of Competence”
- SO25 a) replace “power to promote well-being” with “General Power of Competence”
- SO25 c) replace “power to promote well-being” with “General Power of Competence”
- SO A1.11 replace references to “two minutes” with “three minutes”, and “six minutes with “nine minutes”
- SO A2.2 replace references to “two minutes” with “three minutes”, and “six minutes with “nine minutes”
- Appendix 2 s3.1 (4) replace “©” with “(c)” to correct typographical error
- FR 1.2 replace “shall be” with “is”
- FR11.1 (b) replace “£50,000” with “£60,000”
- FR11.1 (f) replace “£50,000” with “£60,000”
- FR11.1 (g) replace “£50,000” with “£60,000”

FC2012/23 COUNCIL’S ANNUAL REPORT:

Members considered a draft Annual Report on the activities of the Council in the 2011/2012 year. It was mooted that this did not mention several notable initiatives and actions of the Council in the year, and that it included references to activities and elements that were not the province of the Council. Following consideration it was decided that the report would not be adopted in its present form and that Members should offer any comments and prepare suggested amendments in time for a revised draft to be presented to the next meeting. TC offered to edit these.

FC2012/24 ANNUAL REPORT & DRAFT ACCOUNTS Year Ended 31st March 2012:

Members considered report FC003/2012 (*a copy of which is included in the Minute book*), the draft annual accounts statements; the statutory annual return to the Audit Commission; and the final report for the year by the internal auditor and **it was resolved that:**

FC2012/24.1 Lewes Town Council approves the statutory annual return as required for the year 1st April 2011 to 31st March 2012, for submission to the Audit Commission’s appointed external auditor (*a copy is included in the Minute book*).

FC2012/24.2 Lewes Town Council approves financial accounts statements for the year 1st April 2011 to 31st March 2012, as provided with report FC003/2012. (*a copy is included in the Minute book*.)

FC2012/25 CORPORATE RISK ASSESSMENT:

Members considered report FC004/2012, on the assessment of risks associated with the operations and functions of the Council for the forthcoming municipal year (*a copy is included in the Minute book*).

Following a short discussion **it was resolved that**

FC2012/25.1 Lewes Town Council notes the Corporate Risk Assessment report, reference FC004/2012 (*a copy is included in the Minute book*) and the summary table of assessed risks appended to it.

FC2012/26 NEW STANDARDS REGIME:

Members considered interim arrangements for a local Code of Conduct for Members (CoCM). From July 2012, Councils would be free to adopt a CoCM of their choosing, provided that these encompass new statutory regulations on disclosure of pecuniary interests. Due to an hiatus between the demise of the Standards for England authority and the introduction of these new rules, the responsible officers for the principal authorities in East Sussex had jointly drafted a suitable Code for interim use and had followed closely the terms of the existing statutory Code as this was familiar to all. The Local Government Association and the Government's Department for Communities & Local Government had each drafted similar templates. These three examples were offered for consideration by the District Solicitor, who also provided some helpful and objective advice as to the merits of each, with the information that Lewes District Council and most other principal authorities locally had adopted the "East Sussex Draft Code" pending the publication of regulations and the opportunity to gather feedback on the new standards regime. Following a brief discussion **it was resolved that**

FC2012/26.1 Lewes Town Council adopts, with effect from 1st July 2012, a Code of Conduct for Members following the draft document included with the agenda for this meeting (14th June 2012) and labelled "the Draft East Sussex Code" (*copy in minute book*).

FC2012/27 REPLACEMENT CHAIRS:

Members considered report FC006/2012 (*copy in minute book*) regarding replacement chairs for the Lecture Room at the Town Hall. This described the results of an exercise carried out to elicit public preference. Bearing in mind constraints such as durability; portability; ease of storage; ease of cleaning and repair; comfort; and cost, sample chairs of appropriate designs had been obtained from manufacturers. These were placed in the Lecture Room for six weeks ending on 25th May 2012, and room users were invited to indicate their preference by ballot-paper. The duration of the survey had allowed all members of regular-user organizations and others to vote. These groups represented a total of approximately 680 people per week. There was a brief discussion and it was established that the chair overwhelmingly favoured by users of the room was provided by a UK manufacturer. There followed an amusing interlude when Members tested the chairs for themselves, and subsequently **it was resolved that:**

FC2012/27.1 Replacement chairs shall be purchased for the Lecture Room at Lewes Town Hall as described* in report FC006/2012(*copy in minute book*), funded from the agreed reserve set up for that purpose and shown in the Council's 2012/13 estimated budgets as P11 (value £6,000).

** these being: 50 units of the example depicted and labelled "model F", which are stackable, and 30 units of "model E", with arms.*

FC2012/28 DOMESTIC ABUSE CHAMPIONS:

Members considered a request from Lewes District Council to nominate a Councillor as Domestic Abuse Champion to help raise awareness of domestic abuse in the community. The Champion would attend training offered by the Lewes District Community Safety Partnership and Lewes District Domestic Abuse Action Group, which includes representation from Lewes District Council; Sussex Police; Refuge (charity) and voluntary organizations providing support services.

Cllr Price volunteered for the role and **it was resolved that:**

FC2012/28.1 Lewes District Council applauds the initiative of the Lewes District Domestic Abuse Action Group, and nominates Cllr Ashley Price to act as Champion within the framework described in the letter (*copy in minute book*) dated 8th June 2012 from Lewes District Council's Head of Housing Strategy & Needs.

FC2012/29 BIOSPHERE RESERVE PROJECT:

Members considered a motion (*NOM 006/2012, copy in minute book*) that the Town Council expresses its desire that the town be included in the proposed Biosphere Reserve in the area. The Biosphere Partnership hoped to achieve international recognition from the United Nations for the special nature of our environment – urban, rural and marine – as a UNESCO Biosphere Reserve. It sought this status as a way to integrate and encourage action to better care for, manage, understand and enjoy the local area and bring people and nature closer together. It was noted that UNESCO promoted a global network of such Biosphere Reserves, with 8 already in the UK including North Devon, mid-Wales and SW Scotland. There were precedents for Biospheres based on a city – the city surrounds of Paris, Cape Town and Rio de Janeiro, for instance, were recognised. The Partnership was aiming for widespread participation in its bid, which it hoped to submit in September 2013, and already involved district councils in the area, plus the National Trust, Sussex Wildlife Trust and others. The lead had come from Brighton and Hove City Council. Following a short debate **it was resolved:**

FC2012/29.1 Lewes Town Council expresses its desire to see the town included in the proposed Biosphere Reserve in our area and its surprise that it is not currently included in proposals; when it has been established, through campaigning to get Lewes included in the National Park, that it is indeed an integral part of our chalk landscape.

FC2012/29.2 To lobby Lewes District Council and the Biosphere Partnership asking that Lewes town itself and not just Landport Bottom, the Railway Land and other surrounding downland be included.

FC2012/30

CARDBOARD RECYCLING:

Members considered a motion (*NOM 007/2012, copy in minute book*) proposing that the Town Council cooperate with Lewes District Council to ensure a more comprehensive cardboard collection strategy for the neighbourhoods and residents of Lewes Town. Aspects of the existing service were discussed, and suggestions made by the District Council's Cabinet Member for District Services were considered.

Following a short debate **it was resolved that:**

FC2012/30.1 Lewes Town Council will assist, where practical, Lewes District Council in researching a more comprehensive cardboard collection strategy for the neighbourhoods and residents of Lewes town.

FC2012/31

UPDATE ON MATTERS IN PROGRESS:

a) *Paddock Road Wall:* Members were informed that the scheduled work on the wall was almost complete; however, the structural engineer had revisited as the works progressed, and reported that increased distress in three sections of the wall suggested a more extensive rebuild than had been originally intended for those areas. This would be most advantageously dealt-with while the contractor was still on-site, by two variations to the contract at additional costs of £7,100 and £14,400, compared with a potential estimated cost of over £12,000 and £20,000 respectively if the work were to be offered as a separate contract at a later date. In the light of the engineer's revised advice; if a variation were to be agreed for this element, the works required to the remaining sections (which were not so urgent) would cost an estimated maximum of £37,000. Following a short debate **it was resolved that:**

FC2012/31.1 Variations be agreed to the current contract for rebuilding of the flint wall at Paddock Road, Lewes, as recommended by the District engineer in the sums of £7,100 and £14,400.

b) *Malling Community Centre:* Members were brought up-to-date and made aware of discussions arising from an independent approach by a third party seeking to refurbish and take over a redundant section of the building. The Council's tenant was involved in these discussions and the Mayor and TC were due to meet shortly with their representatives and an architect to identify implications which might affect the current

joint plan to refurbish the Centre. TC sought confirmation from Council that the direction of these discussions was appropriate and that it agreed further investigation along those lines. This was **agreed**.

c) *All Saints Centre (ASC)*: there was nothing further to report on issues surrounding the cinema project.

d) *Lewes Town Centre 20mph speed limit proposals*: An exhibition would be set up by East Sussex County Council in the Town Hall Foyer between 26th June – 20th July. Facilities for public feedback would be offered, and Highways Dept officers would be present on three occasions to answer questions (Tues 10th July 1-5pm; Thurs 12th July 5-9pm; Sat 14th July 10am-2pm).

FC2012/32

NOTICE OF ITEMS IN PROSPECT: Members were advised of the following events:-

- a) The next Landport Bottom Joint Management Committee meeting would take place on 20th June 9.30am on site and then at 11.00am at Lewes House.
- b) The Planning Committee would meet on Tuesday, 3rd July at 7pm in the Yarrow Room.
- c) The next Councillors “drop-in” surgery would take place on Saturday July 7th which Councillor O’Keeffe would attend.
- d) Audit Panel would meet on Tuesday 10th July.
- e) The next meeting of Council was scheduled for Thursday, 19th July 2012 at 7.30pm in the Council Chamber, with the deadline for submission to the Town Clerk of proposed items for the agenda being 12 noon on Monday 9th July.
- f) To be confirmed were Meetings of Malling CC Liaison Party; Communications Working Party and All Saints Centre steering group.
- g) The next meeting of the Commemorations Working Party would be on 30th July at 11.00am.

FC2012/33

There being no further business the Mayor declared the meeting closed, and invited those present to join him in the Parlour for refreshments.

The meeting ended at 10:15pm

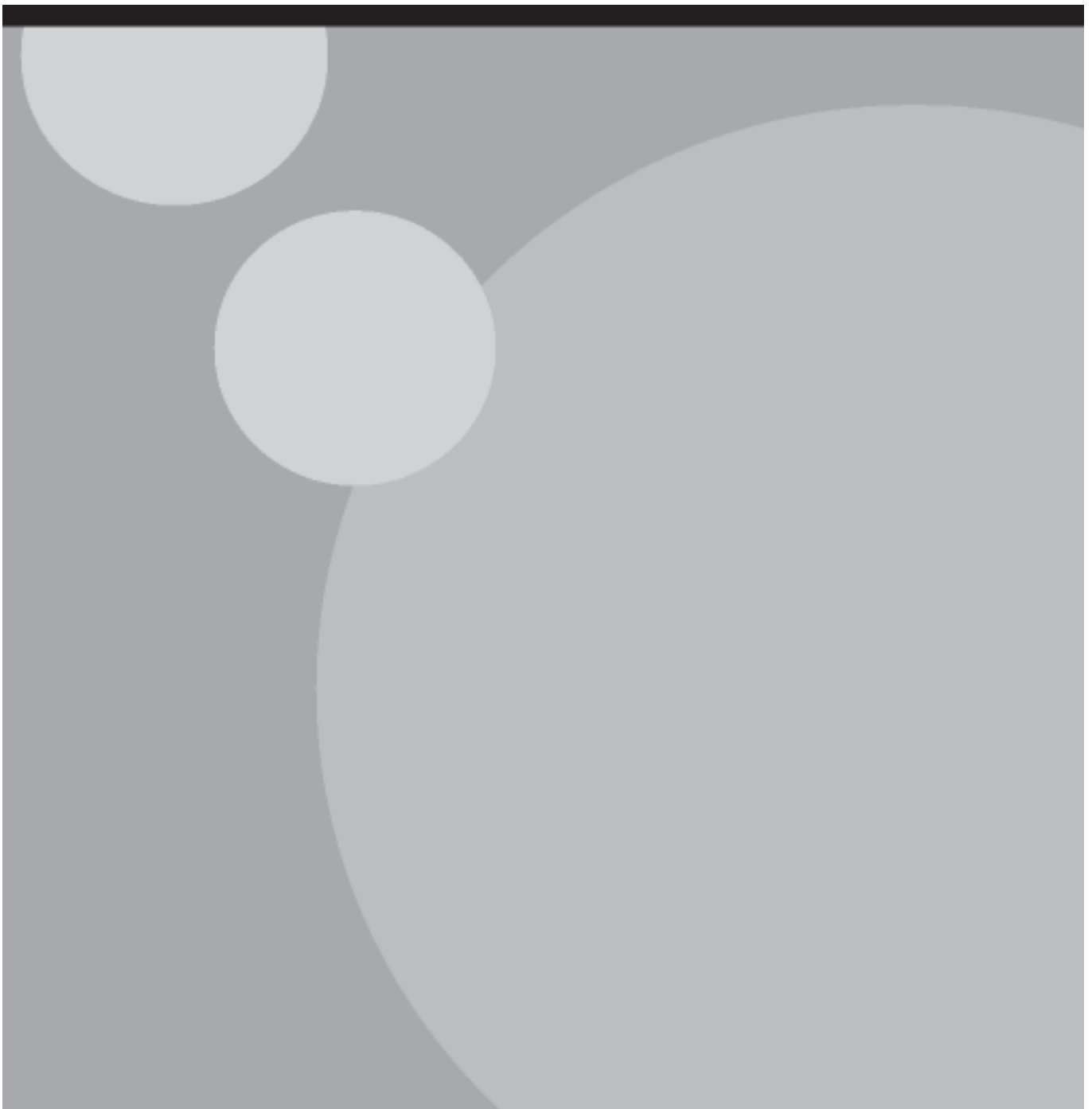
Signed:

Date:



Proposals from town and parish councils under the Sustainable Communities Act 2007

Second Round Invitation



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June, 2012

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Section 2: Powers to submit Sustainable Communities Act proposals	6
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About this consultation

Scope of the consultation

Topic of this consultation:	Under section 5C of the Sustainable Communities Act 2007 the Secretary of State may make an order specifying additional persons who may make proposals. If the Secretary of State wishes to make an order, he is required to consult local authorities and representative bodies.
Scope of this consultation:	Following the second invitation under the Sustainable Communities Act issued on 15 December 2010, this consultation invites views on whether the existing regulation governing the submission of Sustainable Communities Act proposals is sufficient.
Geographical scope:	The Sustainable Communities Act extends to England and Wales, but the regulations only apply to local authorities in England.
Impact Assessment:	Impact Assessments are needed where proposals impact upon business or the voluntary sector, or have significant costs (above £5m pa) for the public sector. Our assessment is that the proposals in this consultation will not bring about such impacts; although this consultation seeks the views of those likely to be affected by the proposals.

Basic Information

To:	The consultation seeks the views of local government, its partners, communities and individuals.
Body/bodies responsible for the consultation:	The Barrier Busting and Sustainable Communities Act policy team in the Department for Communities and Local Government is responsible for this consultation.

Duration:	This consultation will run from 13 June 2012 to 5 September 2012.
Enquiries:	For further information on this consultation document please email sca@communities.gsi.gov.uk or telephone 030 3444 0000 and ask for the Barrier Busting Team.
How to respond:	Please email responses to sca@communities.gsi.gov.uk
Additional ways to become involved:	This is an online consultation only. However if you would like this document in another format, or would like to feed in your views in another way, please contact the Department.
After the consultation:	A summary of responses to the consultation and the Government's response will be made available after the closing date and will be published on the Department for Communities and Local Government's website.
Compliance with the Code of Practice on Consultation:	This consultation complies with the Code of Practice on consultation at http://www.bis.gov.uk/policies/better-regulation/consultation-guidance .

Background

Getting to this stage:	The Department has had discussions with external partners about the scope of the Sustainable Communities Act 2007 and the principle that while any individual or community group can submit a proposal to the Barrier Busting Portal, only local authorities are able to submit Sustainable Communities Act proposals. The consultation last year on regulations under the Sustainable Communities Act did not specifically consult on whether there was a need to change this principle. However it was an issue that was raised in a number of consultation responses, in particular asking for town and parish councils to be able to submit Sustainable Communities Act proposals.
Previous engagement:	The Sustainable Communities Act 2007 requires that the power to add persons who may make SCA proposals must be by way of an order. As there is a separate statutory requirement relating to the making of such an order, we must consult before changes can be made.

Section 1

Background

- 1.1 On 15 December 2010 the Secretary of State issued a second invitation to local authorities under the Sustainable Communities Act 2007 (“the Act”). He invited councils to consult people, ask them how they would like to see their local area improved and to take appropriate action to make it happen. The Localism Act has given them far more freedom and flexibility to do this.
- 1.2 If councils, having consulted and reached agreement with their local communities, find that a bureaucratic barrier prevents them from taking action, they can submit a formal ‘proposal’ under the Sustainable Communities Act 2007 asking Government to remove the barrier through the online portal at <http://barrierbusting.communities.gov.uk>. This portal is also open to anyone who wishes to ask the Government to remove a barrier which is stopping local action.
- 1.3 Under the second invitation, local authorities have an opportunity to have their proposals reconsidered where they are unhappy with the decision of the Secretary of State. They can ask the Selector (an organisation that represents the interests of local authorities) to re-submit the proposal to the Secretary of State.
- 1.4 Town and parish councils, community groups and individuals can also submit proposals to remove barriers to the Barrier Busting Portal but because they do not have powers under the Sustainable Communities Act 2007 to submit barrier busting proposals they cannot ask for their proposals to be reconsidered after the Secretary of State’s decision.
- 1.5 This consultation is seeking views on whether the existing arrangements for submitting barrier busting proposals are appropriate or whether town and parish councils should be able to submit proposals using the Sustainable Communities Act as well as local authorities.

Section 2

Powers to submit Sustainable Communities Act proposals

Statutory requirements following the first invitation

- 2.1 The Sustainable Communities Act 2007 (Amendment) Act 2010 introduced new arrangements for submitting proposals under the Sustainable Communities Act 2007. These were announced in the second invitation letter issued on 15 December 2010. Regulations governing the new arrangements are due to come into force in July 2012.

Arrangements for submitting Sustainable Communities Act proposals

- 2.2 We want to ensure that the process for submitting proposals to remove barriers through the Barrier Busting Portal continues to capture barriers where legislation, national policy, or the way central government does business, prevents local action from taking place.
- 2.3 The decision to submit a barrier busting proposal is entirely voluntary and any individual, community group or organisation is welcome to use the Portal. However only local authorities are able to submit proposals using the Sustainable Communities Act 2007 and thus only local authorities can ask the selector (a person appointed by the Secretary of State to represent the interests of local authorities) to re-submit and review a proposal that has previously been declined by the Secretary of State.
- 2.4 The Government recognises the increasing role of town and parish councils in improving the conditions for local action. Currently a town or parish council can submit a proposal to the Barrier Busting Portal to remove a barrier. The decision on their proposal is final and if they are unhappy with it, they cannot challenge or ask the Secretary of State to review his decision, (although the barrier busting case worker is available to discuss issues arising from that decision).
- 2.5 However, rather than submitting a proposal directly to the Barrier Busting Portal, a town or parish council can ask their local authority whether it would consider submitting their proposal under the Sustainable Communities Act 2007. This will allow the local authority to ask the Selector to consider resubmitting the proposal if a town or parish council is unhappy with the Secretary of State's initial decision.
- 2.6 We would like to know whether the current position gives town and parish councils sufficient opportunities to ask for barriers to be removed or whether it

prevents town and parish councils from asking for barriers to be removed. We would like to know the reasons for your views.

- 2.7 We also want to know your views on whether town and parish councils should be able to have the same right as local authorities to submit Sustainable Communities Act proposals and thus be able to ask the Selector to submit proposals to the Secretary of State's for re-consideration. If such a power was given to town and parish councils they will be able to submit proposals under the Sustainable Communities Act 2007 after trying to reach agreement with their communities and will not need to ask their local authority to submit the proposal on their behalf.
- 2.8 We would like to know what the advantages and disadvantages would be of enabling town and parish councils to submit proposals under the Sustainable Communities Act 2007 and would welcome your views.
- 2.9 To add additional persons who can submit Sustainable Communities Act proposals, the Government is required to consult and your views are invited on the following questions:

1. Town and parish councils can already decide whether they want to submit a barrier busting proposal independently of their local authority or whether they want to jointly submit it with their local authority as a Sustainable Communities Act proposal. Does this current arrangement prevent barriers being submitted by town and parish councils? If so, please let us know why?

2. Do you think that we should introduce legislation allowing town and parish councils to submit proposals under the Sustainable Communities Act (2007)? Please let us know your reasons for agreeing or disagreeing with this question.

3. What are the advantages and disadvantages to enabling town and parish councils to submit proposals under the Sustainable Communities Act 2007 rather than submitting proposals jointly with their local authority? Please let us have reasons with your response to this question.

Your opinions are valuable to us. Thank you for taking the time to read this document and respond.

Are you satisfied that this consultation has followed these criteria at [http://www.bis.gov.uk/policies/better-regulation/consultation-guidance.?](http://www.bis.gov.uk/policies/better-regulation/consultation-guidance.) If not or you have any other observations about how we can improve the process please contact:

DCLG Consultation Co-ordinator
Zone 6/H10
Eland House
Bressenden Place
London
SW1E 5DU

or by e-mail to: consultationcoordinator@communities.gsi.gov.uk

Consultation process

Please note that responses to this consultation document should be received no later than 5 September 2012.

Responses and any comments about this consultation should be emailed to sca@communities.gsi.gov.uk

The consultation document will only be available on the DCLG website at www.communities.gov.uk/corporate/publications/consultations/

A summary of responses to this consultation paper will be published on the DCLG website within three months of the closing date of this consultation. Unless you specifically state that your response, or any part of it, is confidential, we shall assume that you have no objection to it being made available to the public and identified on the DCLG website. Confidential responses will be included in any numerical summary or analysis of responses.



Department for Communities and Local Government

Draft Local Audit Bill

Presented to Parliament by the Secretary of State
for Communities and Local Government
by Command of Her Majesty

July 2012

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NOTE - sections 5, 6 and Annexes A, B, and C are not reproduced on this agenda as they extend to over 200 pages. Members wishing to refer to the complete text of the Draft Bill are welcome to contact the Town Clerk, who will advise.

MINISTERIAL FOREWORD

I am delighted to present for pre-legislative scrutiny this draft Local Audit Bill, which sets out our vision for the future of local audit. It has been designed to implement our commitment to disband the Audit Commission and re-focus audit on helping local people hold their councils and other local public bodies to account for local spending decisions.

The current audit arrangements for local public bodies are inefficient and unnecessarily centralised. The Audit Commissioner acts as regulator, commissioner and provider of local audit services, creating a system with weak cost incentives that is too focused on reporting to central Government rather than to local people. The new audit regime set out in this draft Bill will be locally-focused, whilst retaining the high quality of audit we expect.

The programme to disband the Audit Commission and implement a new local audit regime is already bringing significant benefits to local bodies and taxpayers. In 2010 we put an end to the top-down regime of routine inspection and assessment of local bodies. This has reduced the burden on local public bodies so they can concentrate on service delivery and meeting the needs of local people.

The outsourcing of the Commission's in-house practice, undertaken this year, also represents a considerable saving to the taxpayer. Local bodies are already seeing the prospect of reductions of 40% on their 2011/12 audit fee, and this, together with the ending of assessment and inspection, and the slimming down and closure of the Commission, will mean savings to the public purse of more than £650m over the next five years.

We expect these reforms to bring significant long-term savings to taxpayers. By 2017-18 the saving to the public purse is estimated to be around £160m per year. The majority of this will be realised in savings to local government, representing a significant reduction that will help councils in managing their budgets during this challenging period, whilst ensuring the same high audit standards are maintained to safeguard public money.

That said, the benefits of the new audit regime stretch far wider than the immediate financial savings to taxpayers. The new regime will be more localist, allowing local bodies to appoint their own auditors, with appropriate safeguards on independence. The reforms will complement our existing initiatives to increase transparency and enable local scrutiny of public bodies. Additionally, the reforms address the fragmentation and duplication within the current regulatory regime, by merging the regulatory framework for local public audit as far as possible with the Companies Act 2006 system that governs the audit of private sector companies.

This draft Bill sets out our vision for this new local audit framework, where bodies will be able to appoint their own auditors from an open and competitive market, on the advice of an independent auditor appointment panel. The Bill gives new responsibilities to the Financial Reporting Council, which will act as the overall regulator for auditors; the National Audit Office, which will set the code of audit practice; and the professional audit bodies will also have a role in regulating and monitoring auditors.

The new framework will also include a proportionate regime for smaller local public bodies (with an annual turnover below £6.5m). The National Association of Local Councils and the Society of Local Council Clerks have come forward with a proposal to establish a sector-led body to procure and appoint audit services on behalf of smaller bodies. It's good to see the sector working together to come up with its own proposal, and I am happy to make provision for this in the new audit framework. In developing the new framework, I want to place a higher level of trust in the sector, matched with an expectation of greater openness in return.

As well as setting out our proposals, this draft Bill asks a number of questions, to which I welcome responses from any interested parties during the process of pre-legislative scrutiny. Your contribution will help us to refine this draft Bill and our proposals for smaller bodies before full legislation is introduced in Parliament in due course.

A handwritten signature in black ink, reading "Grant Shapps". The signature is written in a cursive, flowing style with a period at the end.

Rt. Hon Grant Shapps MP

1. INTRODUCTION

1. In August 2010 the Government announced its intention to disband the Audit Commission, transfer the work of the Audit Commission's in-house practice to the private sector and put in place a new local audit framework. In this framework, local bodies would be able to appoint their own auditors from an open and competitive market. A robust regulatory framework would be established, ensuring that high standards of auditing continue to be upheld.
2. Earlier that year the Government ended the top-down regime of routine assessment and inspection of local government, as part of its commitment to replacing centralised oversight of local public bodies with greater public transparency and accountability. The Government has brought an end to centrally-imposed targets and indicators for local government, and introduced a new code of recommended practice for local authorities on data transparency. Under the code councils are encouraged to publish key data, including all spending over £500, making it accessible to taxpayers. Together these reforms have brought significant benefits to local bodies and local people. Councils no longer face the burden of compliance with this top-down regime. Instead of reporting upwards to central government, they can concentrate on delivering services to best meet local needs and ensuring that they are properly accountable to their electorate. Local people can see exactly where their money is being spent and hold local government to account.
3. The reforms to local audit complement and enhance the Government's programme to make councils more open and accountable to the electorate by increasing transparency at these bodies. Importantly, the reforms proposed in this draft Bill will protect the rights of taxpayers to inspect the accounts and raise objection to the statement of accounts if they think there are matters that the auditor should report on in the public interest, or items of unlawful spending or ensuring that local people can continue to use this mechanism to hold their local bodies to account.
4. The Government also intends to give greater force to the code of recommended practice on local authority publicity by putting compliance with the code on a statutory basis. We will publish our proposals on this separately in due course and will seek to legislate at the earliest opportunity.
5. Between March and June 2011 the Government consulted on its proposals for the new audit framework. More than 450 responses were received, and the Government response to the future of local audit consultation was published in January 2012. This set out the key themes and views that were raised by the consultation, and what the Government now proposes for the audit of principal local public bodies (bodies with an annual turnover above £6.5m). A copy of the Government response is available at:
<http://www.communities.gov.uk/publications/localgovernment/localauditgovresponse>
6. This draft Local Audit Bill abolishes the existing regime and sets out the proposed new audit framework for local public bodies which were previously covered by the Audit Commission regime. It sets out the process for the appointment of auditors, and the regulatory framework for local public audit. A full explanation of the policy content of the draft Bill can be found in Chapter 2: Policy Overview, along with

consultation questions on the clauses. The draft Bill should also be read in conjunction with the Explanatory Notes at Chapter 6. We will seek to shorten and simplify the Bill, if at all possible, before it is formally introduced to Parliament as a final Bill.

Impact Assessment

7. An impact assessment has been prepared to accompany the draft Local Audit Bill. This estimates the monetised and non-monetised impact of the proposals for principal local bodies, and estimates the savings to the public purse to be over £1bn during a ten-year period, of which £650m will be realised in the next five years. A final impact assessment will be prepared to accompany the full legislation, and will include an assessment of the impact of the reforms on smaller bodies. A summary of the draft impact assessment and consultation questions can be found in Chapter 3. The full draft impact assessment is at Annex C.

Audit of local health bodies

8. Following the Royal Assent of the Health and Social Care Act 2012, it is proposed that local health bodies will be subject to audit under the new local public audit framework.
9. The detailed audit arrangements are still under development and will cover:
 - a. The code of audit practice;
 - b. The regulation and quality assurance of audits;
 - c. The appointment of auditors; and
 - d. The scope of the audit.
10. The detail of the audit arrangements for these local health bodies will be published in time for the scrutiny of the draft Local Audit Bill by Parliament and the Government intends that the provisions on the audit arrangements for local health bodies will be included in the final Bill.

Audit of Smaller Bodies

11. The Audit Commission currently applies a lighter touch and more proportionate system of audit to smaller local public bodies (with a turnover below £6.5m). The new framework will continue to specify a proportionate regime for these bodies, with a power in the draft Bill to vary elements of the new framework for smaller local public bodies in regulations. This includes varying the regulations governing appointment of an auditor so that smaller bodies will be able to appoint an auditor using a sector-led body. Additionally, there will be a more proportionate regulatory regime. The limited assurance form of audit currently used by the Audit Commission will continue to apply to smaller bodies. The National Audit Office will produce a schedule to the code of audit practice specifying how the limited assurance audit regime will operate. These proposals, and consultation questions, are set out in detail in Chapter 4.
12. This document has been developed by the Department for Communities and Local Government. Our proposals have been discussed with a wide range of partners and bodies affected by the changes. These include the Audit Commission, the National Audit Office, the Financial Reporting Council, professional accountancy bodies, local government, other local public bodies and government departments with an interest.

2. POLICY OVERVIEW

13. This section outlines the Government's proposals for the new audit arrangements for local public bodies.
14. The proposals contained in the draft Bill have been formulated with four key design principles in mind. These are:
- a. **Localism and decentralisation** - enabling local bodies to appoint their own independent external auditors, subject to appropriate safeguards.
 - b. **Transparency** - ensuring that results of audit are accessible to the public, enabling local bodies to be held to account for local spending decisions.
 - c. **Lower audit fees** - ensuring that the audit fees paid by local public bodies are competitive.
 - d. **High standards of auditing** - ensuring that there is effective and transparent regulation of public audit, and conformity to the principles of public audit.
15. In achieving the principle of high standards of auditing, regard has also been given to the principles of local public audit, which were codified in 1998 by the Public Audit Forum, but have deep historical roots. These are:
- a. Independence of public sector auditors from the organisations being audited;
 - b. The wide scope of public audit, covering the audit of financial statements, regularity, propriety and value for money; and
 - c. The ability of public auditors to make the results of their audits available to the public, to democratically elected representatives, and other key stakeholders.
16. In setting out the Government's proposals this section follows the structure of the draft Bill, so as to facilitate cross-referencing between the two. A clause by clause explanation of the draft Bill can be found in Chapter 6: Explanatory Notes.
17. There are a number of questions posed in this section that we would welcome your views on as part of the consultation process for this draft Bill. The full list of questions and details of how to respond can be found at Annex A.

Part 1 – Abolition of existing regime

18. This section of the draft Bill abolishes the Audit Commission and repeals the Audit Commission Act 1998. It also makes provision for the transfer of the Audit Commission's property, rights and liabilities on closure (as set out in Schedule 1).
19. In the new audit framework there will be no need for a central body to appoint auditors to or oversee the audits of local public bodies, as these functions will rest with the bodies themselves. The Commission's in-house practice will have already transferred to the private sector. A new regulatory regime will govern the new public audit framework, and other functions will either end or transfer elsewhere.
20. On closure, the Audit Commission will have various outstanding liabilities, which will need to transfer to another body. The major liability being property leases running beyond the lifetime of the Commission. It is agreed in principle any

remaining liability will transfer to DCLG in late 2013 when the Commission ceases to have any estates management capability.

21. On closure, the current audit contracts that the Audit Commission has with private sector firms for carrying out the audit of local bodies will be transferred to another body. The current contracts were let in 2012 and will run until 2017 (with the possibility of extension until 2020). As it is envisaged that the Commission will have been abolished before that date, the contracts will transfer so they can run for their full duration. The Government is currently exploring options for where the contracts might transfer to be managed after the Audit Commission closes.

Q1. Do you have any comments on the clauses in Part 1 or Schedule 1?

Part 2 – Basic concepts and requirements

22. Part 2 of the draft Bill sets out the general accounting and audit requirements for local public bodies. The accounting requirements have been recast in a modern form closely following the accounting provisions of the Companies Act 2006 and the Charities Act 2011. A clear distinction is drawn between the accounting records that must be maintained during the year and the annual statements of accounts that must be published after the year end. Previous legislation requiring the accounts to be made up annually was based on an outdated approach to maintaining accounts and was a source of confusion. The accounts are required to be audited by an auditor appointed by the body.
23. The draft Bill will apply to bodies in England only, and port health authorities and internal drainage boards that may be partly in England and partly in Wales. A full list of bodies that the draft Bill applies to is set out at Schedule 2 of the Bill. Schedule 2 does not yet include local health bodies, but the Government intends that these bodies will be included in full legislation.
24. In order to ensure that the new audit framework is proportionate for all bodies, the arrangements for smaller and larger local public bodies will be different in various respects. The draft Bill therefore includes a power to vary the provisions for smaller bodies in regulations. In the draft Bill, smaller bodies are defined as those with an annual turnover of less than £6.5m, as set out in the current Accounts and Audit regulations. The £6.5m threshold was set in 2011 and may be reviewed and amended by the Secretary of State.
25. In order to ensure that bodies do not move across the threshold on an annual basis, bodies are required to exceed the threshold of £6.5m for three consecutive years before they are considered to be 'larger authorities'. Detailed proposals for the audit of smaller bodies are set out in Chapter 4.

Q2. Do you have any comments on the clauses in Part 2 or Schedule 2?

Part 3 – Appointment etc of auditors

26. In the new audit framework local public bodies will appoint their own auditors. This section of the draft Bill sets out the requirements of that process.
27. Independence is a key principle of public audit, and the Government believes that safeguarding independence during the process of appointing an auditor is vital. Therefore, the draft Bill sets out the requirement for local bodies to take into consideration the advice of an independent panel before making the appointment

of their auditor. This independent 'auditor panel' must consist of a majority of independent members, and have an independent chair. To be classified as independent, a panel member must not have been a member or officer of the body within the last five years, and must not at that time be a relative or close friend of a member or officer of the body.

28. Provided they meet the requirements for the auditor panels, the draft Bill will allow bodies to nominate their existing audit committee to act as its independent auditor panel. The draft Bill also aims to allow separate bodies to share auditor panels, and enable joint procurement arrangements.
29. The draft Bill includes provisions to vary these arrangements for specific bodies, to reflect their particular requirements and structures. As signalled in the Government response, we recognise that it may be appropriate to use this to strengthen safeguards for some non-elected bodies, while balancing the need for independence with minimising any additional bureaucratic burdens. For local authorities operating executive arrangements, the draft Bill ensures that the appointment is made by full council and not delegated to the executive. Similarly for the Greater London Authority it requires that the appointment is made by the Mayor and London Assembly acting jointly. Chief Constables' accounts will be audited by the auditor appointed by the Police and Crime Commissioner to audit the commissioner's own accounts.
30. The draft Bill specifies three functions of the auditor panel:
 - a. To advise on the appointment of an auditor;
 - b. To advise the local body on the maintenance of an independent relationship with the auditor; and
 - c. To advise on proposals for a public interest report.

Bodies will be able to delegate further functions to the panel as they see fit. The draft Bill includes a power to provide more details on these specified functions, or to confer additional functions for the panel, by regulations. It also allows for guidance to be issued on their role and practical operation.

31. Transparency is key to the new audit framework and the arrangements for auditor appointment. The draft Bill requires bodies to publicise appointments, the advice of the auditor panel and, if that advice has not been followed, the reasons why.
32. In the event of a body failing to appoint an auditor, the Secretary of State will in these circumstances be able to direct the body to appoint an auditor, or appoint an auditor on its behalf.
33. The draft Bill includes provision for the Secretary of State to make regulations regarding the resignation or removal of an auditor from a local public body. It is envisaged that a resigning auditor would provide a statement explaining their reasons for resignation to the audited body and its independent auditor panel, and to the auditor's supervisory body. The local public body would then be required to make and publish a response to this statement.
34. In the case of removal of an auditor, the audited body would be required to give notice of its intent to remove the auditor to both the independent auditor panel and the auditor – including a statement of reasons. The auditor will be able to respond to this statement, with that response considered by the auditor panel. The body's decision to terminate the appointment will then be subject to the advice of the

auditor panel. Regulations will also set out any provisions to address any potential gap between the resignation and removal of an auditor and their replacement.

Q3. Do you have any comments on the clauses in Part 3?

Q4. Do the clauses in Part 3 strike the right balance between ensuring independence in the audit process and minimising any burden on local bodies?

Q5. Does Clause 11 provide sufficient flexibility to local bodies to set up joint panel arrangements and / or put in place other arrangements to suit local circumstances?

Q6. Does the draft Bill strike the right balance in terms of prescription and guidance on the role of auditor panels?

Q7. Do you have any comments on the proposals set out above on removal and resignation?

Part 4 – Eligibility and regulation of auditors

35. In the new local public audit framework, new arrangements will be required to ensure that those firms and individuals undertaking local public audit work have the right level of skills, qualifications and experience necessary to undertake that work. In order to assure audit quality there also needs to be appropriate arrangements in place to ensure that the work of local public auditors is reviewed on a regular basis. An appropriate system of registering local public auditors and regulating their work therefore needs to be put in place.
36. The Government has therefore proposed that, as under the Companies Act 2006, the Financial Reporting Council will be responsible for oversight of the regulation of local public audit. In Part 4 of the draft Bill, the Secretary of State takes powers allowing him to authorise professional accountancy bodies to act as recognised supervisory bodies for local public audit. In practice, the Secretary of State would delegate these powers to the Financial Reporting Council. This mirrors the arrangements under the Companies Act 2006.
37. The Financial Reporting Council will be able to authorise existing and additional professional accountancy bodies to be recognised supervisory bodies in respect of local public audit.
38. The draft Bill sets out the role of the recognised supervisory bodies in relation to registration, monitoring and discipline for local public audit. The recognised supervisory bodies will have delegated authority to put in place rules and practices covering:
- a. The eligibility of firms to be appointed as local public auditors (subject to the Financial Reporting Council's oversight, which might include guidance produced by the Council); and
 - b. The qualifications, experience and other criteria that individuals must have before being permitted to carry out a local public audit and sign off an audit report.

39. The Secretary of State will make regulations requiring the keeping of a register of those firms and individuals eligible to undertake local public audit work; it is envisaged that such a register would be held by one or more of the recognised supervisory bodies. Thus in order to be eligible for appointment as a local auditor, a firm will have to be registered to carry out local public audit with a recognised supervisory body. The recognised supervisory bodies will also hold a list of those individuals linked to each firm who are eligible to sign an audit report on behalf of that firm and able to take responsibility for local public audit work. In line with the Companies Act, the draft Bill makes it a criminal offence for a person to carry on as a local auditor if they are ineligible. It will also be an offence for auditors and regulatory bodies to provide misleading, false or deceptive information or for individuals to pretend to be an auditor or for a body to pretend to be a recognised supervisory body or recognised qualifying body.
40. The draft Bill also requires an auditor to meet particular independence requirements to be eligible for appointment to a body, for example they cannot be a member or officer of that body, or an officer or employee of an entity connected with that body (full details are given at clause 20). Connected entities are defined in the draft Bill as an entity whose financial transactions are consolidated into the group accounts of any of the main bodies covered by the new audit framework.
41. We have chosen not to replicate the criminal offence in the Companies Act that relates to lack of independence, as we consider that the current Ethical Standards and existing disciplinary powers of the recognised supervisory bodies provide sufficient safeguards for auditor independence (although it will be an offence for a person to act as a local auditor if they are not eligible to do so). Independent auditor panels will also play an important role in ensuring auditor independence. In addition, if an audit is not carried out by an eligible person, the Secretary of State will have powers to require a second audit by an appropriate person.
42. The responsibility for deciding which firms are eligible to undertake local public audit will lie with the recognised supervisory bodies. Schedule 3 of the draft Bill sets out the legal framework governing the recognised supervisory bodies.
43. Schedule 3 also specifies the arrangements for the monitoring of audits and auditors. In the new audit framework, the recognised supervisory bodies will have responsibility for monitoring the quality of audits undertaken by their member firms. This work will include:
- a. Reviews of individual audit engagements;
 - b. Reviews of the policies, procedures and internal controls of those firms licensed to carry out public sector audits;
 - c. Reporting on the quality of audit to the registration body;
 - d. Investigating complaints or disciplinary cases, as well as issues identified during their monitoring process; and
 - e. Removing a firm from the register of eligible local public auditors.
44. There will be an additional level of oversight and monitoring for audits of significant local public bodies. The Financial Reporting Council will have responsibility for monitoring the quality of what will be termed “major audits”. The draft Bill provides a power for the Secretary of State to establish which bodies would have their audits defined as ‘major audits’. The Government is currently exploring the options for which bodies’ audits would fall into this category. Bodies could then be listed in

regulations. Additionally, the Financial Reporting Council will be able to decide on an annual basis if any other public bodies should be subject to similar additional monitoring. The Financial Reporting Council will then publish the scope of its inspections, following consultation with relevant government departments and the professional accountancy bodies.

45. Under the Companies Act 2006, as well as being subject to additional monitoring, auditors of public interest entities (essentially companies listed on the main London market) are also subject to requirements for the rotation of the key audit partner and additional independence reporting requirements. The draft Bill does not include equivalent requirements around rotation of auditors, as these will be covered in Ethical Standards. The draft Bill also does not replicate the provision for the auditor to report on issues surrounding their independence to the body's audit committee at least once a year. Instead, the draft Bill includes a requirement for bodies to have an independent auditor panel to advise the body on the appointment of its auditor and on the maintenance of an independent relationship on an ongoing basis. In discharging this duty the panel will establish that the auditor is suitably independent to act as such. Further details on the role for the panel in ensuring auditor independence will be set out in statutory guidance or in regulations on the functions of the audit panel (see clause 13).
46. Significant public interest disciplinary cases, including those referred to them by the recognised supervisory bodies, will continue to be dealt with under the Financial Reporting Council's Accountancy and Actuarial Disciplinary Schemes, which can impose a range of sanctions on those auditors found to have committed misconduct.
47. In the new local public audit framework, auditors will need to be suitably qualified to carry out local public audit. Auditors will need to hold an appropriate qualification which could either be a qualification recognised under Part 42 of the Companies Act 2006, or another qualification recognised under the draft Bill. The Secretary of State will be able to make regulations setting out the minimum requirements that other qualifications will need to meet in order to be recognised for the purposes of local public audit. As well as the requirement for an auditor to hold an appropriate qualification, recognised supervisory bodies will be required to have rules in place to ensure that those eligible to sign an audit report on behalf of a firm have suitable experience.
48. Part 4 of the draft Bill also makes provision for recognised supervisory bodies and recognised qualifying bodies, and any person eligible for appointment as a local public auditor to disclose information to the Secretary of State.

Q8. Do you have any comments on the clauses in Part 4 or Schedules 3 and 4?

Q9. Do you agree with the proposed definition of connected entities at clause 20?

Q10. Do you have any views on how major audits should be defined in regulations?

Part 5 – Conduct of audit

49. The draft Bill sets out how, in the new audit framework the National Audit Office¹ will set a code of audit practice. The process of setting the code will have the following features:
- a. The National Audit Office will be able, should it wish, to produce more than one code of audit practice, if different codes are required for different types of accounts.
 - b. The National Audit Office will need to consult key interested parties on the code before finalising and publishing the code. The code will then be laid before Parliament, where it will be passed after 40 days as long as there have been no resolutions against it.
 - c. A new code will need to be produced and agreed by Parliament at least every five years.
50. The audit outputs and scope of the audit will remain broadly the same as they currently are. The auditor must enter onto the audited body's statement of accounts a certificate that the auditor has completed the audit in accordance with statutory requirements together with the auditor's opinion on the statement. The auditor must, by examination of the accounts and otherwise, be satisfied that:
- a. The accounts comply with the requirements of the legislative provisions that apply to them;
 - b. Proper practices have been observed in the preparation of the statement of accounts; and
 - c. The authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
51. The National Audit Office will set out more detailed requirements within the code of audit practice and related supporting guidance. The National Audit Office is committed to develop a risk based and proportionate approach which maintains audit standards.
52. A risk based and proportionate approach to the auditor's assessment of the authority's arrangements for securing economy, efficiency and effectiveness in its use of resources has the potential for a consequent decrease or increase in the level of audit work that some local public bodies might experience – but we would not expect this in itself to result in an overall increase in the total cost of audit.
53. The draft Bill retains the right of auditors to access documents and information from audited local public bodies. It also gives local auditors the right to access information from connected entities and their auditors for group accounts purposes. This will help to ensure there is proper scrutiny of the accounts of subsidiary bodies that are responsible for public money, such as local government companies.
54. The draft Bill makes it a criminal offence for an individual at an audited body, a connected entity, or the auditor of a connected entity to prevent the local auditor from having access to any information they require.

¹ The draft Bill clauses place all legal duties on the Comptroller and Auditor General, although references in the covering narrative are to the National Audit Office. We will review this before the final Bill.

55. The draft Bill makes provision for auditors to continue to make reports in the public interest and recommendations to local public bodies in the new audit framework, and sets out the key features of this process. Most elements will remain the same in the new framework as under the current audit regime. In the new framework:

- a. If an auditor issues a public interest report, this may be reported either immediately or at the conclusion of the audit.
- b. Auditors will also be able to make a public interest report on connected entities. Public interest reports issued on connected entities will be supplied to and considered by the relevant 'parent' body.
- c. The auditor must send a copy of public interest report and their recommendations to the appropriate Secretary of State (rather than the Audit Commission under the current framework) when they are sent to the audited body.
- d. There will be a new requirement for an audited body to publish a public interest report on their website if they have one, with the objective of improving transparency. The body must also publish a notice of the meeting at which a public interest report or auditor's recommendation is to be discussed, providing details of the meeting and the subject matter of the auditor's report or recommendation.
- e. Public interest reports and auditors' recommendations must be considered at a meeting held within one month of the report being received by the auditor. If the Greater London Authority receives a public interest report then it must be considered by the London Assembly, with the Mayor of London in attendance.
- f. Having considered the public interest report's recommendations, the audited body must notify its auditor of any decisions that have been taken relating to the report, and publish a summary of these decisions in a manner that is likely to bring them to the attention of the public.
- g. As under the current system, the auditor may charge the audited body for reasonable work involved in undertaking a public interest report.

56. Local electors will continue to be able to inspect and make copies of the statement of accounts and auditor's reports of a local body. We have removed the criminal offences relating to these requirements that are currently in the Audit Commission Act and instead have placed a duty on the audited body to ensure access to the public. Interested persons will retain the right to inspect the accounting records to be audited and documents relating to them. Local electors will also retain the ability to question the auditor about the accounts, and raise objection to the statement of accounts if they think there are matters that the auditor should report on in the public interest, or items of unlawful spending.

57. Local electors will retain the right to make objections to the accounts. However, the draft Bill provides a power for the auditor to exercise discretion and reject vexatious, repeated or frivolous objections. This is because there are now many more mechanisms by which the electorate can hold local public bodies to account than when the right to object to the accounts was introduced more than 150 years ago, and the costs of auditors investigating objections can be disproportionate to the sums involved.

58. The draft Bill retains the right for an auditor to apply to the court for a declaration if the auditor considers that an item of account is contrary to law. It also retains the ability for an auditor to issue an advisory notice if the auditor thinks that the body:
- a. is about to make or has made a decision which incurs unlawful expenditure;
 - b. is about to take or has begun to take a course of action which would be unlawful and likely to lead to loss; or
 - c. is about to enter an item of account which would be unlawful.
59. The draft Bill retains the right for an auditor to make an application for judicial review of a decision of the audited body or a failure by that body to act, which it is reasonable to believe would have an impact on the accounts of that body.
60. The draft Bill replicates the provision in the Audit Commission Act 1998 for the Secretary of State to make regulations about how local public bodies should keep their accounts (Accounts and Audit Regulations).

Q11. Do you have any comments on the clauses in Part 5?

Q12. Do you agree that public interest reports issued on connected entities should be considered by their 'parent' local body?

Part 6 – Data matching

61. The Audit Commission Act 1998 gives powers to the Audit Commission to require data to be provided by local public bodies for the purposes of data matching. The Audit Commission exercises these powers through a data-matching service for local public bodies called the National Fraud Initiative. These powers are used to match data provided by local public sector bodies, with potential fraud matches returned to the bodies that provided the data for further investigation. The National Fraud Initiative has been very successful, enabling participants to detect £919m in fraud, errors and overpayments since 1996.
62. The draft Bill transfers the Commission's current data-matching powers to the Secretary of State, who in practice will delegate them to the new operational owner of the National Fraud Initiative which will transfer to a new organisation. The National Fraud Authority (an executive agency of the Home Office), the Department for Work and Pensions and the Cabinet Office (ERG) have expressed an interest in taking on operational ownership of the National Fraud Initiative and discussions are on-going.
63. Local public bodies will continue to be required to provide data for data matching purposes. The draft Bill removes the criminal offence relating to this provision in the Audit Commission Act, instead placing a duty on local public bodies to provide this information. The results of data matching will be returned to those from which the matches came, and it will be up to individual bodies to follow up their matches. There will still be a requirement to publish a fee scale and a code of data matching practice, both of which will be formally consulted on. The draft Bill also retains the restrictions and protections around the disclosure of personal information, making it a criminal offence to disclose information obtained through a data matching exercise.

Q13. Do you have any comments on the clauses in Part 6?

Q14. Do you have any views on the new owner(s) of the National Fraud Initiative?

Part 7 – Inspections, studies and information

64. The draft Bill contains amendments to provisions in Section 10 of the Local Government Act 1999. Currently, under that Act, the Secretary of State can require the Audit Commission to carry out an inspection of a local authority. The provision in the draft Bill gives the Secretary of State a similar power to appoint an inspector to carry out such an inspection, following the abolition of the Audit Commission. We envisage that this power would be rarely used, only where there are concerns about significant governance failure in a local authority.
65. Schedule 5 sets out that the person appointed as inspector would have the same powers of access to an authority's documents that an Audit Commission inspector currently has.
66. As it plans for closure, the Audit Commission is winding down its programme of national 'value for money' studies looking at how local public bodies have used the resources available to them. Remaining studies will focus on summarising the results of audits and on material drawn from the support and information provided to auditors. The Government would like to see a smaller, coherent and complementary programme of value for money studies on local issues.
67. Whilst not directly replacing the Audit Commission's work, there is an opportunity for the National Audit Office to enhance the assurance it provides to Parliament by developing gradually its own value for money programme to include a small number of studies which more explicitly take in local delivery, thus giving a more end-to-end, systemic view on the use of public money. The National Audit Office will not be undertaking the full range of types of studies that the Audit Commission did. It will not have a locus to assess the performance of individual councils nor to hold them to account in the way it does central government departments. The National Audit Office believes these studies will be useful in its role in holding central government to account for the money it provides to local public bodies. This work will also support and encourage improved performance locally, by identifying examples of what works in different circumstances.
68. The draft Local Audit Bill includes new powers for the National Audit Office to undertake these studies and access information held by local government. We are exploring the case for the National Audit Office to be able to undertake thematic value for money studies regarding all local public sectors whose bodies are subject to audit under the new audit framework.
69. The National Audit Office recognises that it will need to take account of the work of others when taking forward a future work programme, including sector-led improvement programmes led by the Local Government Association and the work of relevant inspectorates and regulators such as the Care Quality Commission and Her Majesty's Inspectorate of Constabulary (if the powers were to be provided for it to undertake studies within the police sector).
70. The National Audit Office envisages undertaking a small programme of local studies - increasing to six studies in 2014/15. It is committed to working collaboratively regarding its programme of work with local government. With agreement from the sector, the National Audit Office has already established a local government reference panel comprising representatives from local government. The panel provides insight, challenge and advice to help inform the Comptroller and Auditor General's consideration of the programme including

testing whether the overall programme is useful to the sector, scope of individual studies, sources of evidence, types of output and reporting arrangements.

71. The draft Bill also restricts the disclosure of information relating to an individual or a body that is obtained by an auditor or inspector through an audit or inspection, or that is provided to other specified bodies in connection with the exercise of their functions, making it a criminal offence to disclose this information, except in specified circumstances.

Q15. Do you have any comments on the powers provided to the Comptroller and Auditor General to undertake studies and access information within clause 94?

Q16. Do you think that the National Audit Office should be able to undertake thematic value for money studies regarding all sectors whose bodies are subject to audit under this draft Bill?

Q17. Do you have any comments on the other clauses in Part 7 or Schedule 5?

Part 8 – General provisions

72. This section sets out the process by which the Secretary of State can make regulations or amend primary legislation using the powers contained in the draft Bill, the territorial extent of the provisions and how various terms in the draft Bill should be interpreted.

3. SUMMARY OF IMPACT ASSESSMENT

73. This section summarises the consultation stage impact assessment that has been prepared alongside the draft Local Audit Bill. The full consultation stage impact assessment is published at Annex C of this document.

74. The Government intends to work closely with partners in the coming months to ensure that the figures in the impact assessment which would be presented alongside any final Bill are as accurate as possible.

Methodology

75. The draft impact assessment sets out the costs and benefits of the programme to disband the Audit Commission and implement a new local audit regime programme over ten years, starting in 2010/11.

76. The draft impact assessment estimates the full cost of the regime as it changes over each of these ten years, and compares this with the full cost of the regime in the baseline year, which is taken to be 2009/10, as this was the last year of the full Audit Commission regime before the reforms were announced. The difference between the baseline year and each subsequent year is taken to be the net benefit (avoided cost).

Total savings

77. The draft impact assessment estimates that, by the time the new framework is fully operational in 2017-18, the savings produced by the reforms will be around £164m per annum. The savings in previous years are less than this, and so the average saving of the ten-year period is £137m per year. The net present value of the total savings over ten years is estimated as £1,151m, with £650m worth of savings realised over the next five years.

78. The savings can be divided into the saving to local government, and the saving to central government. Once the new framework is fully implemented local government will see a saving of around £140m per year.

The Audit Commission framework

79. The costs of the Audit Commission framework have been broken down into key strands. The table below details the total costs in the baseline year (2009/10) and in the final year of the residual Audit Commission (2014/15).

Type of cost	Total cost in baseline year (2009/10)	Forecast costs in 2014/15 (final year of residual Audit Commission)
Paid to firms for outsourced audit work	£40.15m	£73.80m
Paid to researchers, contractors and consultants	£14.31m	-
Costs of in-house auditors (minus overhead)	£97.27m	-
Cost of assessment/inspection (minus overhead)	£21.31m	-
Audit Commission statutory responsibilities, support and overhead costs	£48.00m	£9.00m
Transitional liabilities	-	£1.20m
Surplus: contribution to reserves	-	-£0.70m
Cost to local bodies of compliance	£25.50m	-
Total costs	£246.54m	£83.30m

Note: these are estimates and forecasts, and their limitations as estimates must be acknowledged.

80. In effect, these costs are covered by the audit fees charged to local public bodies, with a small contribution from central government for undertaking particular workstreams, such as Comprehensive Area Assessment. In 2009/10, the Audit Commission's fee income was £175.53m. By 2014/15 it is estimated that this will have reduced to around £81.3m.
81. The Government recognises that these figures are estimates, and will continue to work with the Audit Commission to ensure that the figures published in the full impact assessment alongside any full legislation are as accurate as possible.

The new audit framework

82. The costs in the new audit framework have been identified as the cost to local bodies of their external audit services, the cost of regulating local public audit, the cost of other continuing non-audit functions that will transfer elsewhere following the disbandment of the Audit Commission, and local bodies' compliance costs.

Type of cost	Total annual cost from 2017/18
Cost of external audit service	£74.50m
Cost of National Audit Office regulation and of non-audit functions transferred elsewhere	£3.80m
Local Bodies' Compliance costs	£4.43m
Total costs	£83.23

Note: these are estimates and forecasts, and their limitations as estimates must be acknowledged.

83. The cost of external audit will be the fees paid by local public bodies directly to their auditors. The price of audit in the final year of the outsourced contracts plus an estimate for regulation (£74.5m) is taken to be the baseline cost of audit for when bodies begin to procure their own auditors, as this will set the benchmark for fee negotiations.
84. The draft impact assessment recognises that there are a number of external drivers that could impact on audit fees. Section G sets out fourteen potential drivers of local bodies' audit fees, some of which may act as upward pressures, others as downward pressures, and others with an unidentifiable effect.

Q18. Does the impact assessment identify the main components that will affect the level of fees in future? Are there any other drivers on fees?

85. In the new system, regulatory costs will be shared between those bodies who take on the Audit Commission's regulatory functions. These are the Financial Reporting Council, the National Audit Office, and the professional bodies. The draft impact assessment estimates that the regulatory costs will remain the same as under the Audit Commission regime, which are estimated at £4m. The costs to the National Audit Office will be scrutinised and agreed by Parliament, and funded by the Exchequer, whereas those from other regulatory bodies are likely to be passed on to firms and ultimately factored into audit fees, as currently. As an estimate of costs, the draft impact assessment splits the £4m equally between the National Audit Office and the other regulatory bodies.

86. The Government recognises that local bodies will face some costs in order to comply with the new audit framework. As commissioners of audit, local public bodies will face procurement costs, and the costs of recruiting and remunerating an independent auditor panel. The total cost of compliance is estimated to be around £4.43m per year. A full explanation of this figure is given at section H of the draft impact assessment. These figures are estimates, and we would welcome any views as to their accuracy.

Q19. Are the estimates of local bodies' compliance costs realistic?

87. The Government also recognises that audit firms will face increased tendering costs in the new audit regime, as they will tender to individual bodies or groups of bodies rather than to one organisation. However, audit firms will also benefit from the opening up of the audit market to competition, as they will have increased opportunity to realise profits. Firms will also no longer surrender part of the audit fee charged to local bodies to the Audit Commission. Instead they may have to contribute a small regulatory charge, although it is likely that this too will be included in fees.

88. The costs and benefits to businesses of the new regime are considered to be indirect, as only firms that choose to participate in the market will have access to benefits and incur any costs. Full details of how we have calculated the changing costs and benefits during the period of the reforms are given in section I of the draft impact assessment. However, we recognise that these are rough estimates, and would welcome any further information about the costs and benefits of the reforms to businesses.

89. It is also envisaged that the new system will bring important non-monetised benefits, including increased localism, transparency and accountability.

Q20. Are the estimates of the costs and benefits to businesses realistic?

4. PROPOSALS FOR THE AUDIT OF SMALLER LOCAL PUBLIC BODIES

90. Since 2002 the Audit Commission has operated a separate ‘limited assurance’ framework for the c.10,000 smaller local public bodies with an annual turnover below £6.5m.² Limited assurance is a lighter touch form of audit, conducted off-site, reviewing limited financial and other information provided by the body in an annual return to the auditor, and is thus proportionate to the small amounts of public money they control.
91. The Future of Local Audit consultation document, published in March 2011, proposed that different arrangements for smaller bodies would apply in the new audit framework. It also recognised the burden on smaller bodies of the local auditor appointment models proposed for larger public bodies and outlined different options for auditor appointment. In the Government response to the consultation, published in January 2012, we proposed to do further work with the sector to explore and build consensus around the options for smaller bodies before firming up proposals and setting out our preferred approach.
92. Clause 5 in the draft Local Audit Bill makes provision for bodies to be defined as ‘smaller authorities’, and includes a power for the Secretary of State to make regulations as to how the new framework will apply to these bodies. This will allow for the continuation of a more proportionate regime for smaller local public bodies, ensuring that the requirements placed on them are in line with their size. ‘Smaller authorities’ are defined in the draft Bill as bodies with a turnover below £6.5m, which is in line with the current definition in the Accounts and Audit regulations. This definition may be amended by regulations, should this threshold need to be altered at a future date.
93. The key features of the new framework for the audit of smaller local public bodies are:
- A threshold below which smaller local public bodies would not be automatically subject to an external audit, coupled with increased transparency requirements. A mechanism will be retained for auditor-led scrutiny of these bodies if problems are identified.
 - A proportionate regulatory regime, and the limited assurance form of audit maintained and specified in a schedule to the code of audit practice produced by the National Audit Office.
 - Procurement and appointment: smaller local public bodies will have the option to have their auditors procured and appointed by a sector-owned and sector-managed body. If bodies do not wish to use the sector-led body they can procure and appoint audit services individually or jointly, with the use of an independent auditor panel.

² Parish and town councils and meetings, internal drainage boards, and other small bodies including charter trustees, conservation and harbour boards, port health authorities, and joint committees.

Threshold below which smaller local public bodies will not be subject to an external audit

94. The Future of Local Audit consultation proposed that those smaller local public bodies with an annual turnover below £1,000 should not be subject to an external audit, as this would be disproportionate given the low level of public money for which these bodies are responsible. During the consultation, a number of respondents expressed the view that this threshold was too low. We have therefore assessed the case for raising the threshold above this level and propose to raise it to £25,000, while increasing the transparency requirements for those bodies to strengthen local accountability, and maintaining a mechanism for auditor-led scrutiny. This threshold will be reviewed at a later date with a view to considering whether it could be increased further if it has worked well.
95. While setting the threshold at £25,000 would remove around 64% of smaller local public bodies from the requirement to have an external audit, these bodies are responsible for just 7% of the total money within the smaller bodies sector. Removing the requirement for an automatic annual audit for these bodies would be more proportionate, with greater openness and local pressure a more appropriate safeguard, and a mechanism retained for auditor involvement if necessary. Additionally, as some smaller bodies have received qualified opinions on their accounts several years in a row, external scrutiny by an auditor is not proving to be an effective way of holding these bodies to account.
96. Strengthening the transparency requirements will provide a more effective way to ensure that smaller bodies are accountable to the electorate. This is in line with the Government's wider agenda to move away from bureaucratic accountability towards democratic accountability. We therefore propose a new, proportionate, transparency code for all smaller bodies with an annual turnover below £200,000. The code would require publication of:
- a. All items of expenditure and end of year accounts;
 - b. Minutes, agendas and papers of formal meetings;
 - c. Internal audit report;
 - d. List of councillor/board responsibilities (or their equivalent);
 - e. Annual governance statement; and
 - f. Location of public land and building assets.
97. We consider that publication of these items would provide the electorate with a clear picture of the activities of a smaller body. In addition, these documents are already produced by the majority of bodies with turnover below £200,000 and we therefore consider that compliance with a new transparency code would not place a significant burden on smaller bodies.
98. The code would also recommend that these documents are published online, either on the smaller bodies' websites or those of their billing authorities. We propose that compliance with the code is mandatory for all smaller local public bodies below £200,000. The Government will undertake a statutory consultation with the bodies affected before the transparency code is made mandatory.
99. Alongside this, other protections will remain in place: the electorate will still be able to inspect the accounts of a body below the £25,000 threshold and make complaints to the auditor; and all smaller local public bodies will be required to

have an auditor appointed to whom local people can report problems. The auditor will not carry out any work, unless problems are reported by the electorate, and deemed worth investigating. In addition, any newly formed smaller bodies with turnover below the £25,000 threshold will be required to have a limited assurance review for their first three years. If the audit opinion is qualified within that time the limited assurance review will continue for a further two years.

100. The proposal for a threshold below which bodies would not be subject to external audit could be implemented through clause 3 of the draft Bill. Provisions for the proposed increased transparency requirements have not been included at this time, but will be incorporated in full legislation.

Q21. Do you agree that the threshold below which smaller local public bodies should not be subject to automatic external audit should be £25,000?

Q22. Are the additional transparency requirements we have proposed for those bodies who will not be subject to external audit robust enough to ensure that they will be accountable to the electorate?

Q23. Are these transparency requirements proportionate to the low levels of public money these bodies are responsible for? What steps will smaller bodies need to take in complying with these new requirements? Are there any cost implications?

Type of audit to which smaller bodies will be subject

101. The Future of Local Audit consultation proposed that smaller local public bodies should be subject to independent examination, similar to that applied to small charities, rather than a full audit, or the limited assurance regime operated by the Audit Commission. During the consultation, representative bodies were clear that continuation of the limited assurance regime was their preferred option. Under limited assurance, auditors undertake a review of a proforma, the 'annual return,' submitted by the audited body. Unlike independent examination, limited assurance reviews take place 'off site,' and benefit from bulk delivery and are broader in scope.
102. While both the independent examination and limited assurance regimes have strengths, we consider that limited assurance provides for a higher standard of 'audit' and, as it is broader in scope, is more transparent. The establishment of a sector-led procurement and appointment body will also make limited assurance easier to facilitate and more effective. We therefore propose that limited assurance remains the most appropriate form of 'audit' for smaller local public bodies.
103. The National Audit Office will specify the approach to limited assurance through a schedule attached to the code of audit practice, in the same way that the Audit Commission does now. It has also agreed in principle to work with auditors of smaller bodies to produce guidance for limited assurance reviewers. It is envisaged that the proforma used in limited assurance reviews, the 'annual return', will be designed and issued by the Joint Practitioners' Advisory Group (see glossary).

Eligibility and regulation of auditors of smaller bodies

104. The power to vary arrangements for smaller bodies will enable us to ensure that there is a proportionate regulatory regime in place. We envisage that much of the regulatory regime will be consistent with the proposed arrangements for principal bodies, with some more proportionate elements.
105. The provisions in the draft Bill relating to public interest reports will apply equally to smaller bodies. The right of electors to object to the accounts will also be retained.
106. In the new framework auditors will continue to be members of a professional body and will still be subject to the remit of that body.
107. In order to be eligible for appointment to carry out limited assurance reviews, auditors will need to hold an appropriate qualification, which could either be a qualification recognised under the Part 42 of the Companies Act 2006, or another qualification recognised under the draft Bill. This mirrors the approach for larger bodies. However, auditors and audit firms undertaking limited assurance audit would not need to be included on any register of public auditors which will be required to be held by the recognised supervisory bodies for principal bodies in the draft Bill. This is because this requirement would be disproportionate and may preclude smaller firms from entering the market.
108. The audits of smaller bodies would not be subject to the same monitoring regime as larger bodies, as this would be disproportionate. Instead, the sector-led body would monitor the quality and timeliness of limited assurance reviews as part of its contracts management role for those bodies to which it appointed. For those bodies who appointed separately, the monitoring of reviews would fall to the individual bodies and their independent auditor panels.

Q24. Do you agree that our proposals for the eligibility of auditors of smaller local public bodies will ensure that they have the requisite expertise to undertake limited assurance audits?

Q25. Are our proposals for the regulatory framework for the audit of smaller bodies proportionate?

Procurement and appointment of auditors to smaller bodies

109. On 31 May 2012, the Minister for Housing and Local Government, Rt Hon Grant Shapps MP, received a proposal from the National Association of Local Councils and Society of Local Council Clerks to set up a sector-led body to procure and appoint audit services to smaller local public bodies. This represents a bottom-up approach, with the sector working together to establish and run the body itself. Central government would play no role in the ownership or management of this body.
110. The proposal outlined that the body would be owned and managed by the smaller bodies' sector, with a management board including one member from each representative body and three independent members (a total of ten members). The body would be funded through a top slice on audit fees, and would consult on and determine fee scales for smaller bodies every five years. The body would also monitor the quality and timeliness of auditors' work as part of its contract management role.

111. The Government considers this a good proposal, which meets the objective of localism for the new framework. While there would be a minority of wholly independent members, the Government considers, given the arms-length nature of the body and the diversity of its members, that this would provide sufficient independence when procuring and appointing audit services. Using the sector-led body would be one way of enabling the efficiencies of bulk buying, and would decrease the administrative burden on those who wanted to use it.
112. Using the power in clause 5 of the draft Local Audit Bill to vary the arrangements for smaller bodies, it is intended that in the new framework smaller bodies will have the option of using the sector-led body to procure and appoint audit services on their behalf. Using the sector-led body will be voluntary, with the option for smaller bodies to procure and appoint individually, or jointly with other smaller bodies, with the use of an independent auditor panel.

Q26. Do these proposals provide a proportionate and sufficiently flexible mechanism for procuring and appointing audit services to smaller local public bodies?

194. To calculate the total costs incurred by firms when bidding for work the initial costs and subsequent costs were added together. For the 30% of outsourced contracts this gives a total cost of **£5.39m, or £1.08m per annum from 2009/10 to 2011/12** (three years of the five year contracts). For the 70% outsourced contracts this gives a total cost of **£5.11m, or £1.02m per annum from 2012/13 to 2016/17**. This, of course, understates the costs in this period because it refers to only the 70% of the market that was outsourced in a new procurement exercise. The Audit Commission extended the contracts it already had in place with suppliers for the remaining 30% of the market, avoiding additional costs (but also passing up the opportunity of driving down costs further by deciding not to put those contracts out to market again). In the new regime, the costs are estimated to be **£10.89m, or £2.18m per year** (based on five-year contracts).

195. The table below sets out the calculations:

Table 17: Subsequent costs to firms

	Number of lots	Up-front costs (initial calculations by 13 firms for 12 categories of body)	Subsequent work (translating across to tender forms) £5000 x 7 x number of lots	Total cost to firms	Annualised cost to firms (over 5 years)
30% outsourced contracts (2009-12)	18	4.76m	0.63m	5.39m	£1.08m
70% outsourced contracts (2012-17)	10	4.76m	0.35m	5.11m	£1.02m
New regime (2017 onwards)	175	4.76m	6.13m	10.89m	£2.18m

196. This represents an increased cost to business. However, this is offset by the opening up of the local public sector audit market to firms, enabling them to realise greater profits than in the baseline year, and decreased contribution to system costs.

END

NOTICE OF MOTIONS PROPOSED

Notice has been received, as described below, of motions which are proposed for consideration by Council at its meeting on Thursday 19th July 2012

NOM 008/2012 – received from **Cllr R O’Keeffe** on 5th July 2012, in the following terms

It is proposed that:

This Council resolves to examine the matter of which post currently sent in paper form to members could be sent electronically, this examination to be undertaken by a suitable working party, and then for this working party to make recommendations to the Full Council.

Supporting Information from Councillor O’Keeffe

Many councils are moving increasingly to the use of electronic communication. A Quality Parish that is prudent will be considering all the implications of this change in progress and preparing for change if not yet actioning it. It is likely that this initial discussion about post and electronic communication will be followed by others in the near future about other aspects of use of this medium for sending out information.

Town & Parish Councils:

- Must publish notice of time and place of a meeting and affix it in some conspicuous place(s) in the locality.
 - Must produce agenda of a meeting which must be left or sent by post to the usual residence of every member of the committee.
- (Local Government Act 1972, Schedule 12, paras 10 (2)(a) and (b)).

At present there is a legal obligation to send the agenda of a meeting by post as set out above, however there are many supplementary pieces of information, and items which are not sent this way as of legal necessity but rather as a present practice. Lists of Mayoral engagements, and planning applications lists, to give two examples of regularly posted items, are not subject to this legal requirement. Postal deliveries have resulted in Councillors receiving items several days apart, and electronic mail should in almost all cases arrive with everyone at the same time, in a timed and dated form. This can have a number of advantages for members.

It is likely as time goes on that Parish Councils may have changed legal requirements regarding post and that a reassessment of practice will be needed again then.

The article in "LCR The Voice of Local Councils" Summer 2012 edition p13 is a valuable exposition of the sorts of things a Council is doing at present in the line of use of electronic communication and members may wish to refer to the copy they will have recently received. Copies can be made available to members whose own copy is not to hand.

Cllr R O’Keeffe

5th July 2012

Continues...

NOM 009/2012 – received from **Cllr Catlin** on 8th July 2012, in the following terms

It is proposed that:

Lewes Town Council expresses support for any initiative of the site owners, statutory authorities and others to maintain public access to sheltered waiting facilities on the site of the present bus station in Lewes pending eventual redevelopment.

Supporting Information from Councillor Catlin

I believe that if a Town is judged by its amenities, then Lewes Bus station does this town no credit whatsoever. I believe redevelopment could be some time off, and facilities need improving now. Multi-party discussions have re-started recently, and it is understood that a new short-term tenant has been secured (a bakery business), which can only be helpful. I would be happy to offer my own services to assist in maintaining dialogue between the various stakeholders, reporting to Council any aspect where we might assist.

Cllr Catlin

8th July 2012

NOM 010/2012 – received from **Cllr D T A Lamport** on 9th July 2012, in the following terms

It is proposed that:

Lewes Town Council ask the Traffic Working Party to review the Town's **Bus Shelter Needs** and report back to the Full Council with recommendations and potential costings.

Supporting Information from Councillor Lamport

for oral presentation at meeting

Cllr D T A Lamport

9th July 2012

NOM 011/2012 – received from **Cllr M Turner** on 9th July 2012, in the following terms

It is proposed that:

This council wishes to embrace the provisions of the Localism Act in its provision to identify and list community assets including land.

Supporting Information from Councillor Turner

The Localism Act 2011 in Chapter 2 sections 87-108 allows a parish council or any voluntary or community body to nominate assets including land for inclusion in the local authority's list of community assets. Once identified assets are included owners will be placed under an obligation to inform the body that asked for the listing should they want to sell or otherwise dispose of the asset. Councillors should nominate assets or land in their wards for listing and onward transmission to the District Council by the Town Clerk no later than 21st September.

Cllr Dr M Turner

9th July 2012

Continues...

It is proposed that:

Lewes Town Council resolves to note the general principles laid out in the document below (under supporting information) provided by Lewes Community Land Trust, following their wide consultations with local stakeholders, and asks the town council's planning committee to take these into account in its consideration of any proposals relating to the North Street area.

Supporting Information from Councillor Murray

As a planning consultee we would expect to receive presentations from Santon in due course and would obviously give our reactions at that stage. However it might well be more effective if Santon knew that the town council was supportive of the many organisations and individuals in our town who would like to see a sustainable solution to the North Street area that would not end up destroying those characteristics that make our town so very special.

Lewes Community Land Trust; Summary Approach to the Development of the North Street Site in Lewes, East Sussex

The Lewes Community Land Trust has been established by people of the town to manage and influence the management of developments in Lewes for the benefit of the community as a whole. This means the Trust will:

- Support socially, economically and environmentally sustainable community development;
- Acquire land and buildings in and around Lewes on behalf of the community;
- Facilitate the provision of affordable homes, workspace and land for cultivation, public amenity and leisure;
- Support socially equitable access to local resources, training and job opportunities;
- Promote appropriate development that is sensitive to community need and which enhances the historic townscape and yet is sensitive to wider environmental concerns; and
- Promote and support social enterprises and initiatives.

The Trust has established, through wide local consultation, that there is strong local support for the site to be owned, managed and incrementally developed, in accordance with a clear vision or masterplan, to the long-term benefit of the town, rather than for the short-term profit of the developer(s). It is also clear that the site is subject to significant constraints, notably flooding and contamination, that could render comprehensive commercial development, of the type envisaged by the previous owner, unviable.

On the basis of our consultation, the Trust has agreed the following outline planning brief, which is further developed in our representations to the recent Core Strategy consultation.

- Affordable housing will represent 40% of the total dwellings, including family houses which carry minimal flood risk and have gardens, to meet the pressing need for affordable homes for young people from Lewes who wish to remain in the town;
- There will be a riverside walk accessible to the public from the old Wenban Smith site connecting to the Ouse Valley path at Wiley's Bridge;
- The development will include conventional flood defences, but will not depend on them, instead depending on a mixture of flood defence and resilience;
- The development will recognise the rights of existing tenants. The developer will work collaboratively with tenants who wish to remain on the site in planning the long-term future of the site and their accommodation;
- The development will preserve and enhance the existing natural environment and all the habitats that exist/could exist in this riverside development;

- The development will respect and preserve the important heritage aspects of the site and will reflect the rich cultural traditions of the town;
- The development will achieve the highest possible standard of sustainability; for example BREEAM excellent or Passivhaus standard in building design, use of high quality sustainable urban drainage techniques with maximisation of harvesting of grey water, minimisation of car journeys through encouragement of walking, cycling and use of public transport, aiming for Zero Carbon overall;
- The development will be based on high quality design of both buildings and landscape, with best practice/cutting edge flood-resilience measures where required, and will make excellent use of the vernacular design and high quality, traditional construction methods and materials for which Lewes is justifiably well known;
- The development will not seek to compete with or replace the existing High Street facilities which are the central feature of the town;
- The development will not impact in any negative way upon the adjoining Conservation Area;
- The development will encourage the growth of the independent retail and business sector rather than compete with it, for instance through the provision of “incubator units” for start-up businesses;
- The development will fund the development of all necessary community infrastructure required as a result of the increase in the number of people living and working in the town.

The Trustees of the Lewes Community Land Trust March 2012

Cllr S Murray
9th July 2012