

## DARTMOOR NATIONAL PARK AUTHORITY

2 December 2016

**ACCOUNTS AND AUDIT REGULATIONS 2015 AND  
ARRANGEMENTS FOR THE APPOINTMENT OF EXTERNAL AUDITORS**Report of the Head of Business SupportRecommendation: **That:**

- (i) **Members agree that the Dartmoor National Park Authority continues to operate as a Category 1 Body (full audit authority);**
- (ii) **Members approve the Dartmoor National Park Authority opting into the national audit appointment arrangements of Public Sector Audit Appointment (PSAA Ltd) for appointment of the Authority's external auditors for the 2018/19 accounts; and that**
- (iii) **The Head of Business Support is authorised to sign and issue the "notice of acceptance" to the PSAA Ltd on behalf of the Authority**

**1 Purpose of the report and key issues**

- 1.1 To inform Members about the changes brought about under the Accounts and Audit Regulations 2015 and the potential option of not continuing as a Category 1 Body (full audit authority).
- 1.2 To inform Members of the three options open to the Authority for the future appointment of external auditors and for Members to approve the preferred option.
- 1.3 To consider the three options open to the Authority for appointment of an external auditor from the 2018/19 accounts onwards, explaining why Option 3 is, in the view of officers, the most cost effective Option; this decision can only be made by an Authority meeting, as required by statute.

**2 Background**

- 2.1 The Local Audit and Accountability Act 2014 abolished the Audit Commission and established transitional arrangements for the appointment of external auditors, together with the setting of audit fees for all local government and NHS bodies in England. On 5 October 2015 the Secretary of State Communities and Local Government (CLG) determined that these transitional arrangements for local government bodies would be extended by one year to also include the audit of the accounts for 2017/18. The Audit Commission Act 1998 has also been replaced by the Local Audit and Accountability Act 2014 as the primary legislation, supported by a new set of Accounts and Audit Regulations (2015).
- 2.2 The Authority's current external auditor is Grant Thornton; this appointment was made by a procurement process led by the Audit Commission. Following the abolition of the Audit Commission the contract is being managed by Public Sector Audit Appointments Limited (PSAA), the transitional body set up by the Local Government Association with delegated authority from the Secretary of State. Over recent years the external audit fee has halved. This has been the result of a combination of factors including new contracts negotiated nationally with the

accountancy firms and savings from the closure of the Audit Commission itself. The Authority's current external audit fee is £11,807 per annum.

### **3 The Accounts and Audit Regulations 2015**

- 3.1 Members will be aware of the main changes brought about by these regulations as they have been reported previously. However as a reminder the most significant changes are:
- a) The bringing forward of the dates for the production and audit of the statement of Accounts.
    - Starting in 2017/18 the unaudited accounts must be issued by 31 May and the audit must be completed by 31 July
    - There are transitional arrangements for 2015/16 and 2016/17 i.e. the relevant dates being 30 June and 30<sup>th</sup> September (as was previously)
  - b) The unaudited accounts must be published formally on the website.
  - c) The inspection period is to commence once the unaudited accounts are ready, but the minimum 30 working day period must contain at least the first 10 working days of July (2015/16 and 2016/17) or June (2017/18 onwards).
  - d) The publicity arrangements for the inspection period have been modified i.e. an advert in a local newspaper is no longer required.
  - e) The rights for persons to make objections and ask questions lapse at the end of the inspection period (they used to be "live" until the audit was certified closed).
  - f) A new requirement for a narrative report to accompany the Statement of Accounts, featuring comment by the authority on its financial performance, and its economy, efficiency and effectiveness in its use of resources.
  - g) Internal audit have been given rights to any documents, information or explanations from members and officers as they consider necessary.
  - h) The remuneration note has been modified, e.g. to clarify that pension contributions figures should exclude deficit funding elements.
  - i) Copies of National Park Authorities accounts must be deposited with each constituent authority, being any authority entitled to appoint Members and with the Secretary of State and Natural England.
- 3.2 Members will be aware that for the 2015/16 Accounts we succeeded in meeting the new "early closedown" deadline at our first trial run attempt.
- 3.3 A further change is that there are now different reporting and auditing requirements depending on the financial size of a local authority.
- Larger 'Category 1' Bodies include County and District Councils and those other authorities with a gross turnover of more than £6.5m
  - Smaller 'Category 2' Bodies include parish councils, drainage boards and other authorities with a turnover of less than £6.5m, unless they are statutorily required to report as a Larger Body.
- 3.4 Therefore in accordance with this new regulation, Dartmoor National Park Authority could be classed as a Category 2 (Smaller Body), because our gross turnover is currently less than £6.5m. This means that an Annual Return is completed at year end, instead of a full Statement of Accounts and that auditors undertake an 'annual assurance review' rather than a full audit.

- 3.5 Category 2 Bodies do however have the option to 'opt' to continue to be classed as a Category 1 Body (full audit authority). Historically, National Park Authorities (NPAs) have been classed as Larger Bodies and have reported as such. NPAs are also required to participate in the national Whole of Government Accounts (WGA) consolidation process, a requirement which overrides the '£6.5m' threshold and also operate within the same capital accounting and prudential borrowing regime as Local Authorities; neither of which has been removed.
- 3.6 The advantages and disadvantages in reporting and accounting as a Smaller Body are summarised in Appendix 1. It has become clear that the initial attraction of being classed as a smaller body, which might reduce some process and reporting burdens and result in lower audit fees is not quite as straight forward as first thought. The NPAs whose turnover falls below the threshold (potentially 5 out of 9 English NPAs) are convinced that being classed as a Category 1 Body is the right way forward and so far none have decided to re-classify themselves as a Category 2 Smaller body.

#### **4 Options for local appointment of External Auditors**

- 4.1 When the current transitional arrangements cease on 31st March 2018 the Authority will be able to move to the local appointment of an auditor. There are a number of routes by which this can be achieved, each with its own risks and opportunities. Current fees are based on discounted rates offered by the firms in return for substantial market share. When the contracts were last negotiated nationally by the Audit Commission they covered NHS and local government bodies and offered maximum economies of scale.
- 4.2 The scope of the audit will still be specified nationally, the National Audit Office (NAO) is responsible for writing the Code of Audit Practice which all firms appointed to carry out the Authority's audit must follow. Not all accounting firms will be eligible to compete for the work, they will need to demonstrate that they have the required skills and experience and be registered with a Registered Supervising Body approved by the Financial Reporting Council (FRC). The registration process has not yet commenced and so the number of firms is not known but it is reasonable to expect that the list of eligible firms will include the top 10 or 12 accountancy firms in the country, including Grant Thornton. It is unlikely that small local independent firms will meet the eligibility criteria.
- 4.3 There are three broad options open to the Authority under the Local Audit and Accountability Act 2014 (the Act):
- 4.4 **Option 1 - To make a stand-alone appointment**  
In order to make a stand-alone appointment the Authority will need to set up an Auditor Panel. This will be in addition to the existing Audit & Governance Committee. The members of the Panel must be wholly or have a majority of independent members as defined by the Act. Independent members for this purpose are independent appointees, this excludes current and former elected members (or officers) and their close families and friends. A new independent Auditor Panel established by the Authority will be responsible for selecting the auditor. This means that current members of the Authority will not have a majority input to assessing bids and choosing which firm of accountants to award a contract for the Authority's external audit.

The advantage of this approach is that setting up an Auditor Panel allows the Authority to take maximum advantage of the new local appointment regime and have local input to the decision.

However, the disadvantages are:

- Recruitment and servicing of the Auditor Panel, and running the procurement exercise is estimated by the LGA to cost in the order of £15,000 plus on going expenses and allowances.
- The Authority will not be able to take advantage of reduced fees that may be available through joint or national procurement contracts.
- The assessment of bids and decision on awarding contracts will be taken by independent appointees and not solely by current members.
- Experience in other areas has shown that It may be problematic to appoint the required number of independent members.

#### 4.5 **Option 2 - Set up a Joint Auditor Panel/local joint procurement arrangements**

The Act enables the Authority to join with other authorities to establish a Joint Auditor Panel. Again this would need to be constituted of wholly or a majority of independent appointees. Further legal advice would be required on the exact constitution of such a panel having regard to the obligations of each entity under the Act and the Authority would need to liaise with other local authorities to assess the appetite for such an arrangement.

The advantages of this approach are:

- The costs of setting up the panel, running the bidding exercise and negotiating the contract will be shared across a number of authorities.
- There is greater opportunity for negotiating some economies of scale by being able to offer a larger combined contract value to the firms.
- It might prove easier to appoint the required number of independent members via this approach.

However, the disadvantages are:

- The decision making body will be further removed from local input, with potentially little or no input from the Authority's members where a wholly independent auditor panel is used, depending on the constitution agreed with the other bodies involved
- The choice of auditor could be complicated where individual Authorities have independence issues. An independence issue occurs where the auditor has recently or is currently carrying out work such as consultancy or advisory work for an Authority. Where this occurs some auditors may be prevented from being appointed by the terms of their professional standards. There is a risk that if the joint auditor panel choose a firm that is conflicted for this Authority then the Authority may still need to make a separate appointment with all the attendant costs and loss of economies possible through joint procurement.

#### 4.6 **Option 3 - Opt-in to a sector led body**

In response to the consultation on the new arrangement the LGA successfully lobbied for local government bodies to be able to 'opt-in' to a Sector Led Body

(SLB) appointed by the Secretary of State under the Act. A SLB would have the ability to negotiate contracts with the firms nationally, maximising the opportunities for the most economic and efficient approach to procurement of external audit on behalf of the whole sector.

The advantages are:

- The costs of setting up the appointment arrangements and negotiating fees would be shared across all opt-in authorities
- By offering large contract values the firms would be expected to offer better rates and lower fees than are likely to result from local negotiation
- Any conflicts of interest at individual authorities would be managed by the SLB who would have a number of contracted firms to call upon.
- The appointment process would not be ceded to locally appointed independent members. Instead a separate body would be set up to act in the collective interests of the 'opt-in' authorities.

The disadvantages are:

- Individual members will have less opportunity for direct involvement in the appointment process other than through the LGA and/or stakeholder representative groups.
- In order for the SLB to be viable and to be placed in the strongest possible negotiating position the SLB will need Authorities to indicate their intention to opt-in before final contract prices are known.

4.7 The Authority has until December 2017 to make an appointment. In practical terms this means one of the options outlined above would need to be agreed as our preferred option by spring 2017 in order that a contract negotiation process could be carried out during the latter part of 2017.

## **5 Legal implications**

5.1 Section 7 of the Local Audit and Accountability Act 2014 (the Act) requires a relevant authority to appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding year. Section 8 governs the procedure for appointment including that the authority must consult and take account of the advice of its auditor panel on the selection and appointment of a local auditor.

5.2 Section 12 makes provision for the failure to appoint a local auditor: the authority must immediately inform the Secretary of State, who may direct the authority to appoint the auditor named in the direction or appoint a local auditor on behalf of the authority.

5.3 Section 17 gives the Secretary of State the power to make regulations in relation to an 'appointing person' specified by the Secretary of State. This power has been exercised in the Local Audit (Appointing Person) Regulations 2015 (SI 192) and this gives the Secretary of State the ability to enable a Sector Led Body to become the appointing person.

## **6 Where we are now**

- 6.1 In March 2016 we, along with all of the other National Park Authorities and our Devon constituent Councils registered an expression of interest to opt in to a sector led body, via the PSAA.
- 6.2 In August 2016 the Secretary of State for Communities and Local Government confirmed that Public Sector Audit Appointments Limited (PSAA) was specified as an appointing person under the provisions of the Local Audit and Accountability Act 2014 (the 2014 Act) and the Local Audit (Appointing Person) Regulations 2015. This means that PSAA will make auditor appointments to relevant principal local government bodies that choose to opt into the national appointment arrangements for audits of the accounts from 2018/19.
- 6.3 The PSAA has now issued an invitation to opt into the national scheme for auditor appointments to all relevant bodies (see appendix 2). Formal acceptance of the invitation must be made by 9 March 2017 and the decision to accept the invitation to opt in must be made by the members of the Authority meeting as a whole. Further information about the national scheme is provided at appendix 3.

## **7 Financial Implications**

- 7.1 Current external fees levels could potentially decrease if the Authority opted to be a Category 2 Smaller Body. However, there is the potential to incur other costs as a result of not receiving full audit assurance (as set out in Appendix 1)
- 7.2 Current external fees levels may increase when the current contracts end in 2018. However until the next procurement process is run, it is difficult to predict what the outcome could be. However the last procurement exercise resulted in savings.
- 7.3 The cost of establishing a local or joint Auditor Panel outlined in options 1 and 2 above would need to be estimated and included in the Authority's budget for 2017/18 and beyond. This will include the cost of recruiting independent appointees (members), servicing the Panel, running a bidding and tender evaluation process, letting a contract and paying members fees and allowances, if the decision is to appoint an Auditor Panel.
- 7.4 Opting-in to a national sector led body provides maximum opportunity to limit the extent of any increases by entering in to a large scale collective procurement arrangement and would remove the costs of establishing an auditor panel.

## **8 Conclusion and recommendation**

- 8.1 The Authority continues to be classified as a Category 1 (full audit Body) and as such will need to take action to implement new arrangements for the appointment of external auditors from April 2018.
- 8.2 From the three options outlined above, Option 3 is recommended to be the preferred approach for the reasons set out. All of the other National Park Authorities are receiving similar reports from their Chief Financial Officers, containing the same recommendation, as is Devon County Council.

- 8.3 It is recommended that the Authority formally accepts the invitation from PSAA to opt in to the national scheme for auditor appointments and that the Head of Business Support signs and issues the “notice of acceptance” on behalf of the Authority after this meeting.

DONNA HEALY

**Attachments:**    **Appendix 1 – Advantages and disadvantages of “Smaller Body”**  
                          **Appendix 2 – Letter of Invitation to opt into the National Scheme for auditor appointments**  
                          **Appendix 3 – Information on the National Scheme**

**Advantages and disadvantages of ‘Smaller Body’ status i.e. Gross income or expenditure < £6.5m**

<b>Advantages</b>	<b>Disadvantages / Comments</b>
<p>External Audit. A much-reduced process, the output of which is a limited assurance conclusion, rather than the current ‘unqualified’ opinion. Audit work is restricted to checking the internal consistency of figures within the required documents, the year-end bank reconciliation and any unexpected variances, along with a review of the Annual Governance Statement. No conclusion on Value For Money arrangements is required.</p> <p>Audit fees are significantly less: the scale fee that might be applicable to this Authority (turnover of between £5m and £6.5m) is currently £3,600.</p> <p>Current full audit fee is £11,807</p>	<p>Although the auditing approach to smaller body status is reasonable in so far as it reflects the risk to the public purse (smaller bodies by their nature being financially less significant), the downside is that the level of assurance provided by the audit is much less, so that the reliance that an authority can place on the audit as a check that its finances are being managed properly is much more limited. ‘Smaller body’ audits do not report on the adequacy and suitability of an authority’s accounting policies and internal controls, and there is no opinion on the adequacy of corporate governance.</p> <p>It might be necessary to supplement a much-reduced external audit with additional internal audit work, to give adequate assurance over accounting processes and controls, external funding (grant claims) and WGA consolidation and this would come at a cost.</p> <p>Defra may wish to re- introduce another NPAPA type process to provide it with necessary assurances, resulting in additional costs (last NPAPA cost was £10k) plus staff resources.</p> <p>Defra and Central Gov’t may want to re-introduce other reporting burdens that have been lessened in recent years</p>



<p>Year-end reporting. Less time needed to prepare year-end accounts: an income and expenditure account and a statement of balances are prepared, rather than a full set of statutory accounts.</p>	<p>Regardless of status, the requirement for accounting processes and financial controls would remain; the only difference being the nature of year-end statutory reporting. Much of the information disclosed in the full statutory accounts is also a requirement of the Local Government Transparency Code, so would still need to be published, albeit not within the accounts. Likewise, there is no impact on the reporting requirements of Defra and DCLG.</p> <p>Switching. The regulations cover the problem of changing between the smaller and larger body status: this only happens if the threshold figure of £6.5m is exceeded for three years running. However, if such a change were to happen, it would require restatement of the simplified accounts into the fuller and more complicated form of the larger body accounts, in order to provide the required comparative figures from the previous year. This would require substantial extra work, including picking up on lost or out of date knowledge.</p> <p>Whole Government Accounts consolidation remains; to be able to do this, will still need to produce primary financial statements.</p> <p>The Accounts allows us to satisfy some Transparency Agenda requirements in an efficient way; e.g. Members' allowances, Senior Officers' pay</p>
<p>Finance Team time (and cost) savings – reduction in work to produce working papers and the Statement of Accounts document in accordance with the Code</p>	<p>May still have to carry on undertaking most of the background technical work, as it would be hard to re-instate systems and processes if the Authority became a Category 1 body again in future.</p> <p>If legislation changes to ensure that all National Park Authorities have to be included as Category 1 or gross expenditure exceeds £6.5m there would be significant additional work to reinstate</p>

	<p>systems, recalculate prior period entries and comparators.  (Conversion to IFRS took 2 years)  Loss of up to date technical skills in Finance and potentially the need to recruit new staff or employ specialists.</p>
<p>Avoids the “earlier closedown date” requirement of 31 May by 2018 and subsequent pressure for the closedown process to determine the Committee cycle / meeting dates</p>	<p>The Finance Team have already developed an efficient closedown process and is has already met the earlier closedown date in 2015/16</p>
	<p>Capital Accounting regime.  Specific legislation under powers to borrow (MRP) is not available to smaller bodies – although we are currently unclear if there would be any impact on powers to borrow &amp; other financial freedoms.</p> <p>It is also unclear how we would we would account for capital (including asset valuations) as we wouldn’t be reporting in accordance with the Code – implications that our accounts would not be fit for purpose, and would be unable to demonstrate the impact of financial transactions.</p>
	<p>To date no other NPA is considering becoming a Category 2 body - could be seen as an outlier or somehow of lesser importance than other NPAs if we were the first.</p>
<p>No requirement to set up an Independent Audit Panel and appoint our own auditors i.e. after the current audit contracts end.</p>	<p>See separate options now available in the report that would negate the need to set up our own Audit Panel</p>

27 October 2016

**Email:** [appointingperson@psaa.co.uk](mailto:appointingperson@psaa.co.uk)

Kevin Bishop  
Dartmoor National Park Authority  
Parke  
Bovey Tracey  
Newton Abbot Devon TQ13 9JQ

Copied to: Donna Healy, Head of Business Support, Dartmoor National Park Authority

Dear Mr Bishop

## Invitation to opt into the national scheme for auditor appointments

As you know the external auditor for the audit of the accounts for 2018/19 has to be appointed before the end of 2017. That may seem a long way away, but as there is now a choice about how to make that appointment, a decision on your authority's approach will be needed soon.

We are pleased that the Secretary of State has expressed his confidence in us by giving us the role of appointing local auditors under a national scheme. This is one choice open to your authority. We issued a prospectus about the scheme in July 2016, available to download on the [appointing person](#) page of our website, with other information you may find helpful.

The timetable we have outlined for appointing auditors under the scheme means we now need to issue a formal invitation to opt into these arrangements. The covering email provides the formal invitation, along with a form of acceptance of our invitation for you to use if your authority decides to join the national scheme. We believe the case for doing so is compelling. To help with your decision we have prepared the additional information attached to this letter.

I need to highlight two things:

- we need to receive your formal acceptance of this invitation by 9 March 2017; and
- the relevant regulations require that, except for a body that is a corporation sole (a police and crime commissioner), the decision to accept the invitation and to opt in needs to be made by the members of the authority meeting as a whole. We appreciate this will need to be built into your decision making timetable.

If you have any other questions not covered by our information, do not hesitate to contact us by email at [appointingperson@psaa.co.uk](mailto:appointingperson@psaa.co.uk).

Yours sincerely



Jon Hayes, Chief Officer

## Appointing an external auditor

### Information on the national scheme

#### **Public Sector Audit Appointments Limited (PSAA)**

We are a not-for-profit company established by the Local Government Association (LGA). We administer the current audit contracts, let by the Audit Commission before it closed.

We have the support of the LGA, which has worked to secure the option for principal local government and police bodies to appoint auditors through a dedicated sector-led national procurement body. We have established an advisory panel, drawn from representative groups of local government and police bodies, to give access to your views on the design and operation of the scheme.

#### **The national scheme for appointing local auditors**

We have been specified by the Secretary of State for Communities and Local Government as the appointing person for principal local government bodies. This means that we will make auditor appointments to principal local government bodies that choose to opt into the national appointment arrangements we will operate for audits of the accounts from 2018/19. These arrangements are sometimes described as the 'sector-led body' option, and our thinking for this scheme was set out in a prospectus circulated to you in July. The prospectus is available on the [appointing person](#) page of our website.

We will appoint an auditor for all opted-in authorities for each of the five financial years beginning from 1 April 2018, unless the Secretary of State chooses to terminate our role as the appointing person beforehand. He or she may only do so after first consulting opted-in authorities and the LGA.

#### **What the appointing person scheme will offer**

We are committed to making sure the national scheme will be an excellent option for auditor appointments for you.

We intend to run the scheme in a way that will save time and resources for local government bodies. We think that a collective procurement, which we will carry out on behalf of all opted-in authorities, will enable us to secure the best prices, keeping the cost of audit as low as possible for the bodies who choose to opt in, without compromising on audit quality.

Our current role means we have a unique experience and understanding of auditor procurement and the local public audit market.

Using the scheme will avoid the need for you to:

- establish an audit panel with independent members;
- manage your own auditor procurement and cover its costs;
- monitor the independence of your appointed auditor for the duration of the appointment;
- deal with the replacement of any auditor if required; and
- manage the contract with your auditor.

Our scheme will endeavour to appoint the same auditors to other opted-in bodies that are involved in formal collaboration or joint working initiatives, if you consider that a common auditor will enhance efficiency and value for money.

We will also try to be flexible about changing your auditor during the five-year appointing period if there is good reason, for example where new joint working arrangements are put in place.

Securing a high level of acceptances to the opt-in invitation will provide the best opportunity for us to achieve the most competitive prices from audit firms. The LGA has previously sought expressions of interest in the appointing person arrangements, and received positive responses from over 270 relevant authorities. We ultimately hope to achieve participation from the vast majority of eligible authorities.

### **High quality audits**

The Local Audit and Accountability Act 2014 provides that firms must be registered as local public auditors with one of the chartered accountancy institutes acting in the capacity of a Recognised Supervisory Body (RSB). The quality of registered firms' work will be subject to scrutiny by both the RSB and the Financial Reporting Council (FRC), under arrangements set out in the Act.

We will:

- only contract with audit firms that have a proven track record in undertaking public audit work;
- include obligations in relation to maintaining and continuously improving quality in our contract terms and in the quality criteria in our tender evaluation;
- ensure that firms maintain the appropriate registration and will liaise closely with RSBs and the FRC to ensure that any quality concerns are detected at an early stage; and
- take a close interest in your feedback and in the rigour and effectiveness of firms' own quality assurance arrangements.

We will also liaise with the National Audit Office to help ensure that guidance to auditors is updated as necessary.

### **Procurement strategy**

In developing our procurement strategy for the contracts with audit firms, we will have input from the advisory panel we have established. The panel will assist PSAA in developing arrangements for the national scheme, provide feedback to us on proposals as they develop, and helping us maintain effective channels of communication. We think it is particularly important to understand your preferences and priorities, to ensure we develop a strategy that reflects your needs within the constraints set out in legislation and in professional requirements.

In order to secure the best prices we are minded to let audit contracts:

- for 5 years;
- in 2 large contract areas nationally, with 3 or 4 contract lots per area, depending on the number of bodies that opt in; and
- to a number of firms in each contract area to help us manage independence issues.

The value of each contract will depend on the prices bid, with the firms offering the best value being awarded larger amounts of work. By having contracts with a number of firms, we will be able to manage issues of independence and avoid dominance of the market by one or two firms. Limiting the national volume of work available to any one firm will encourage competition and ensure the plurality of provision.

## **Auditor appointments and independence**

Auditors must be independent of the bodies they audit, to enable them to carry out their work with objectivity and credibility, and in a way that commands public confidence.

We plan to take great care to ensure that every auditor appointment passes this test. We will also monitor significant proposals for auditors to carry out consultancy or other non-audit work, to protect the independence of auditor appointments.

We will consult you on the appointment of your auditor, most likely from September 2017. To make the most effective allocation of appointments, it will help us to know about:

- any potential constraints on the appointment of your auditor because of a lack of independence, for example as a result of consultancy work awarded to a particular firm;
- any joint working or collaboration arrangements that you think should influence the appointment; and
- other local factors you think are relevant to making the appointment.

We will ask you for this information after you have opted in.

Auditor appointments for the audit of the accounts of the 2018/19 financial year must be made by 31 December 2017.

## **Fee scales**

We will ensure that fee levels are carefully managed by securing competitive prices from firms and by minimising our own costs. Any surplus funds will be returned to scheme members under our articles of association and our memorandum of understanding with the Department for Communities and Local Government and the LGA.

Our costs for setting up and managing the scheme will need to be covered by audit fees. We expect our annual operating costs will be lower than our current costs because we expect to employ a smaller team to manage the scheme. We are intending to fund an element of the costs of establishing the scheme, including the costs of procuring audit contracts, from local government's share of our current deferred income. We think this is appropriate because the new scheme will be available to all relevant principal local government bodies.

PSAA will pool scheme costs and charge fees to audited bodies in accordance with a fair scale of fees which has regard to size, complexity and audit risk, most likely as evidenced by audit fees for 2016/17. Pooling means that everyone in the scheme will benefit from the most competitive prices. Fees will reflect the number of scheme participants – the greater the level of participation, the better the value represented by our scale fees.

Scale fees will be determined by the prices achieved in the auditor procurement that PSAA will need to undertake during the early part of 2017. Contracts are likely to be awarded at the end of June 2017, and at this point the overall cost and therefore the level of fees required will be clear. We expect to consult on the proposed scale of fees in autumn 2017 and to publish the fees applicable for 2018/19 in March 2018.

## Opting in

The closing date for opting in is 9 March 2017. We have allowed more than the minimum eight week notice period required, because the formal approval process for most eligible bodies, except police and crime commissioners, is a decision made by the members of an authority meeting as a whole.

We will confirm receipt of all opt-in notices. A full list of authorities who opt in will be published on our website. Once we have received an opt-in notice, we will write to you to request information on any joint working arrangements relevant to your auditor appointment, and any potential independence matters that would prevent us appointing a particular firm.

If you decide not to accept the invitation to opt in by the closing date, you may subsequently make a request to opt in, but only after 1 April 2018. The earliest an auditor appointment can be made for authorities that opt in after the closing date is therefore for the audit of the accounts for 2019/20. We are required to consider such requests, and agree to them unless there are reasonable grounds for their refusal.

## Timetable

In summary, we expect the timetable for the new arrangements to be:

- Invitation to opt in issued 27 October 2016
- Closing date for receipt of notices to opt in 9 March 2017
- Contract notice published 20 February 2017
- Award audit contracts By end of June 2017
- Consult on and make auditor appointments By end of December 2017
- Consult on and publish scale fees By end of March 2018

## Enquiries

We publish frequently asked questions on our [website](#). We are keen to receive feedback from local bodies on our plans. Please email your feedback or questions to: [appointingperson@psaa.co.uk](mailto:appointingperson@psaa.co.uk).

If you would like to discuss a particular issue with us, please send an email to the above address, and we will make arrangements either to telephone or meet you.

## DARTMOOR NATIONAL PARK AUTHORITY

2 December 2016

**PROPOSED DIVERSION OF FOOTPATH No. 9 (THROWLEIGH)**Report of the Head of Recreation, Access & EstatesRecommendation: **That:**

- (i) an Order be made under Section 119 Highways Act 1980 to divert part of Footpath no.9 (Throwleigh), by creating a new section of public footpath and extinguishing part of the current route as shown on the plan at Appendix 1;**
- (ii) public notice of the making of the Order be given and in the event of there being no objections within the period specified, the Order be confirmed in the exercise of the powers conferred on the Authority**
- (iii) in the event of an objection to the Order being received and not subsequently withdrawn, a report shall be brought to a future meeting of the Authority**

**1 Introduction**

- 1.1 In January 2016 an application was received from Mr Bruce Campbell of Church House, Throwleigh, requesting that the Authority make an Order under Section 119 of the Highways Act 1980 to divert part of Footpath 9 (Throwleigh).
- 1.2 Mr Campbell stated on his application form that the definitive path was diverted by previous owners over 50 years ago and an Order is appropriate to regularise the situation and confirm the route now used by walkers.

**2 s.119 Highways Act 1980**

- 2.1 Section 119(1) of the Highways Act 1980 gives the Authority the discretion to make an Order diverting a public right of way if it appears to the Authority to be expedient to do so in the interests of (a) the public, or (b) of the owner, lessee or occupier of the land crossed by the right of way.
- 2.2 The Order making process is in two stages. First an Order must be made and published to allow the public and interest groups an opportunity to consider the proposed diversion. The second stage of the process is determined by whether or not any objection is made to the proposed diversion.
- 2.3 Where there are no objections to the Order, or any objections are later withdrawn, the Authority can proceed to confirm the Order.
- 2.4 Where an objection to the making of an Order is made and not withdrawn, the Authority is unable to confirm the Order. The Order must either be referred to the Secretary of State for consideration of confirmation, or allowed to lapse. Cases



referred to the Secretary of State will be determined by a planning inspector from the PINS rights of way team. The case may be dealt with by written representations, an informal hearing or a public inquiry process.

- 2.5 In considering whether to confirm an Order, the Inspector appointed by the Secretary of State must have regard a number of factors, including whether the path is “*substantially less convenient*” to the public as a consequence of the diversion and whether it is expedient to confirm the Order considering the effect that the diversion would have on the enjoyment of the path or way as a whole.

### **3 The Reasons for the Proposed Diversion**

- 3.1 A site visit has confirmed that a section of the definitive line of the footpath is not accessible to walkers. There is now a garden / horticulture area, with established hedgebanks defining boundaries and mature fruit trees. A modern agricultural building has also been erected, with full planning permission, in a position which would be immediately adjacent to the definitive line of the footpath.
- 3.2 It appears to officers that the definitive line of the footpath has not been used by the public for a considerable period of time. The Parish Council have indicated that they believe that the alterations took place sometime after 1985. There is also anecdotal evidence from a local resident, supported by a photograph, that the current arrangements have been in place since 1993.
- 3.3 Until relatively recently, there have been no public complaints received about the alteration to the definitive route and the application to regularise the situation has been supported by a number of letters and emails in support.
- 3.4 It is considered that this application should be treated as being made in the interests of the landowner and in the interests of the public.

### **4 The Definitive Route**

- 4.1 Footpath 9 (Throwleigh) commences at the boundary to St Mary’s Church and proceeds in a generally north westerly direction towards Moor Farm and Throwleigh Common.
- 4.2 The route of the footpath, as recorded on the Devon County Council Definitive Map of public rights of way, is shown on the plan as a dashed line. There are two large mature oak trees which are a particular feature of this section of the footpath as it passes under their branches.

### **5 The Proposed Diversion**

- 5.1 In 2015 the land owners erected a short section of fencing to the south of the oak trees, moving walkers further away from the definitive line. This resulted in some concerns and complaints from users and the fence was removed. The sector ranger then erected a series of wooden stakes with painted white tops, to mark out on the ground the proposed route for the footpath diversion.
- 5.2 The new route commences from the same initial point at the boundary to St Mary’s churchyard (A). It then weaves between the two mature oak trees, passing to the

north of the first oak tree (B) and the south of the second oak tree (C) to a new field boundary where there is a timber stile next to a field gate (D). The footpath passes through the stile and continues generally north west to rejoin the definitive line at a field boundary and stile (E).

5.3 The diversion will involve the extinguishment of the definitive line of the footpath between points C and E.

5.4 The diverted section of the footpath is a cross-field path and its nominal width will be two metres throughout its length.

## **6 Accessibility and Convenience**

6.1 This section of the path is generally level, with no significant gradient. The surface of the proposed new route is comparable in all respects with the surface of the definitive route. There do not appear to be any drainage issues or concerns.

6.2 Any change to the overall length of the footpath will be de minimis and certainly less than 10 metres.

6.3 There is currently a gate on the route at point A, a stile at point D and a stile at point E. No change is proposed at points A and E. If an Order is made which includes the stile at point D, this would in effect be regularising and authorising the retention of the stile.

6.4 It is important that the footpath is “easy to use”. The Authority works to the “least restrictive principle” only permitting stiles and gates where there is a genuine need, for example for stock control purposes. The preference would be for a gap in the field boundary at point D. If a means of enclosure is necessary, a self-closing gate complying with BS 5709 should be erected in place of the current stile.

6.5 Provided that the existing stile at point D is replaced with a self closing gate , it is considered that the diversion will not adversely affect ease of use or convenience.

## **7 Informal Consultations**

7.1 The Parish Council, Devon County Council public rights of way team and the Ramblers Association have been asked for their informal views on the proposals.

7.2 DCC has no objection to the application.

7.3 Throwleigh Parish Council expressed concern about the plan initially produced to illustrate the application. This plan has since been comprehensively updated and revised. The Parish Council stated that they had no wish to see the path returned to the definitive route, however they were concerned to ensure that the line of the route should be preserved “*as closely as is easily possible*”. Councillors were also of the view that the line of white-topped posts does not represent the most direct route that the public had used over the past 25 years. It was suggested that a simple verbal description of the route should accompany any Order.

7.4 The Ramblers Association have no objection to the proposal. They agree that the garden area is very established and that it is not necessary to revert back to the

definitive route. It was suggested that a self-closing gate should be erected in place of the stile at point C and at point E (unfortunately, this latter proposal is outside the scope of this application).

- 7.5 Western Power Distribution plc has indicated that they have an 11Kv underground cable which would be affected by the proposal. However, there is no objection provided that the Order contains the usual clause permitting Western Power Distribution plc to have access and carry out any works necessary in respect of its apparatus.
- 7.6 To date, there have been five letters / email of representation broadly in support of the proposed diversion and no letters of objection.

## **8 Accommodation Works**

- 8.1 No works are necessary to bring the surface of the route into a fit state for use as a public footpath. Some additional waymarking may be appropriate once the white-topped posts are removed.
- 8.2 It is important that the route is “easy to use”. For this reason it is proposed that the stile at point D should be removed. If a means of enclosure is necessary, a self-closing gate should be erected. These works would either be carried out by the Ranger Service at the land owner’s expense, or by the land owner.

## **9 Financial Implications**

- 9.1 It is considered that an Order, once confirmed, would not have any financial implications for the Authority.
- 9.2 If the Order is made and objections are received, a further report will be brought to Members for a decision whether to refer the opposed order to the Secretary of State for determination.
- 9.3 If the Authority decides to take an opposed Order for confirmation, the costs would primarily be the officer time associated with preparing for an inquiry or hearing and the costs of legal advice and representation. The applicant would be asked to give an undertaking to meet these costs, as there would be no realistic prospect of recovering these costs from objectors, even if successful. If it is determined not to refer the Order to the Secretary of State for confirmation, it will lapse.

## **10 Equality and Sustainability Impact Assessment**

- 10.1 The Authority works to the “least restrictive principle” and the new route will be maintained as “easy to use”. For this reason it is proposed that the stile at point D should not be authorised and should be removed. The Authority’s preference is for a gap in this location. If a means of enclosure is necessary, a self-closing gate should be erected.
- 10.3 An Equality and Sustainability Impact Assessment has been completed, which does not show any adverse impacts.

## **11 Conclusion**

11.1 It is considered to be in the interests of the owner and of the public that an Order be made to regularise the route of the section of Footpath 9 (Throwleigh) adjacent to St Mary's church. Informal consultations suggest that there would be broad support for an Order. The proposed route is very similar to the definitive route in terms of surface, gradient, enjoyment and ease of use. There do not appear to be any reasons why the application should not be supported.

ANDREW WATSON

# Dartmoor National Park Authority

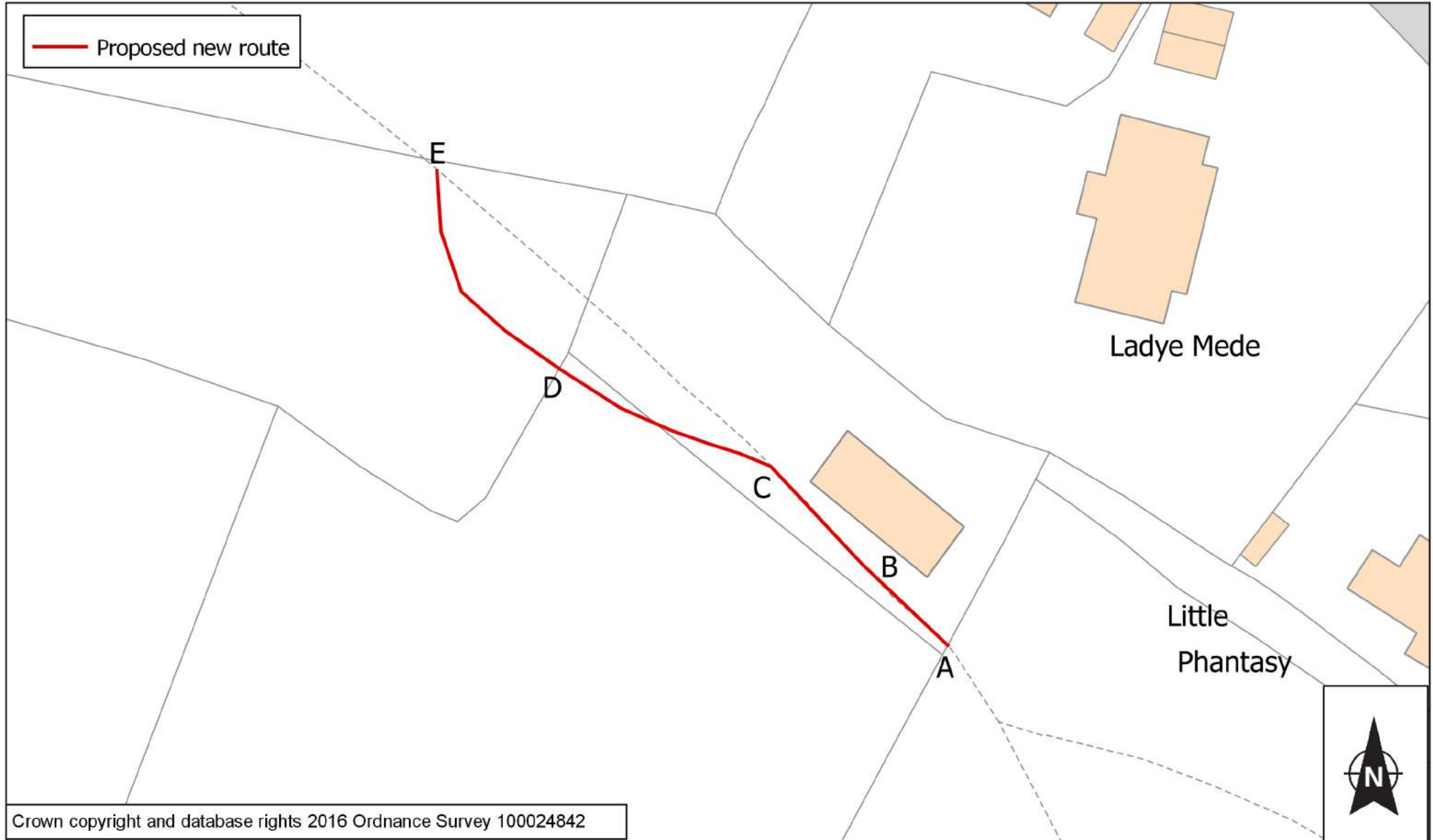
## Footpath 9 (Throwleigh)

Scale 1:500

Appendix 1 to Report No. NPA/16/031



Compiled by cwalledge on 16/11/2016



## DARTMOOR NATIONAL PARK PLANNING AUTHORITY

2 December 2016

**TREE PRESERVATION ORDERS, SECTION 211 NOTIFICATIONS (WORKS TO TREES  
IN CONSERVATION AREAS) AND HEDGEROW REMOVAL NOTICES  
DETERMINED UNDER DELEGATED POWERS**Report of the Trees and Landscape OfficerRecommendation : **That the decisions be noted.****TREE PRESERVATION ORDERS****Teignbridge****Ref: 16/0024****Old Manor Close, Ashburton****SX 7454 7055**

Application to fell a Monterey pine and crown lift a Turkey oak. The pine is in very poor condition and the works to the oak are minor. Consent was granted subject to the following conditions:

1. Five working days' notice to be given to the Authority prior to the commencement of approved works.
2. All work are carried out in accordance with British Standard 3998:2010 Tree Work – Recommendations.
3. Replacement planting of a standard Monterey pine within the crown spread of the original during the first planting season following felling.

**Ref: 16/0025****Old Manor Close, Ashburton****SX 7457 7052**

Application to crown lift a mature oak tree. The works will have minimal impact on the health or appearance of the tree. Consent was granted subject to the following conditions:

1. Five working days' notice to be given to the Authority prior to the commencement of approved works.
2. All work are carried out in accordance with British Standard 3998:2010 Tree Work – Recommendations.

**West Devon****Ref: 16/0028****Briar Tor, Yelverton****SX 5225 6803**

Application to fell five poorly formed trees and remove low branches extending towards buildings. Consent was granted subject to the following conditions:

1. Five working days' notice to be given to the Authority prior to the commencement of approved works.
2. All work are carried out in accordance with British Standard 3998:2010 Tree Work – Recommendations.

## SECTION 211 NOTICES

### Teignbridge

**Ref: 16/0028**                      **Oxford Trading Estate, Buckfastleigh**    **SX 7377 6618**

Notification to thin a group of sycamore. The works will improve the form of the retained trees.

A Tree Preservation Order has not been made.

**Ref: 16/0027**                      **St Michael's Church, Ilsington**                      **SX 7852 7613**

Notification to reduce a yew tree. The works will have minimal impact on the health or appearance of the tree.

A Tree Preservation Order has not been made.

**Ref: 16/0029**                      **Moretonhamstead Community Club**    **SX 7523 8602**

Notification to cut back a whitebeam. The works will have minimal impact on the health or appearance of the tree.

A Tree Preservation Order has not been made.

### West Devon

**Ref: 16/0021**                      **Weir Park, Horrabridge**                      **SX 5132 6984**

Notification to fell a lime tree.

The Notice was withdrawn.

**Ref: 16/0030**                      **Weir Park, Horrabridge**                      **SX 5131 6984**

Notification to fell a maple and reduce a lime tree. The works will have minimal impact on the character of the Conservation Area.

A Tree Preservation Order has not been made.

**Ref: 16/0022**                      **44 New Street, Chagford**                      **SX 8728 7019**

Notification to fell two young elm and remove low hanging branches from four Ash trees. The works will have minimal impact on the character of the Conservation Area.

A Tree Preservation Order has not been made.

**Ref: 16/0023**                      **South Tawton Village**                      **SX 6530 9444**

Notification to crown lift an oak tree. The works will have minimal impact on the health or appearance of the tree.

A Tree Preservation Order has not been made.

BRIAN BEASLEY

**DARTMOOR NATIONAL PARK AUTHORITY**

**AUDIT AND GOVERNANCE COMMITTEE**

**Friday 4 November 2016**

**Present:** Members:  
K Ball, A Cooper, S Hill, D Lloyd, C Pannell, P Sanders,  
D Webber, P Hitchins, M Retallick

Officers:  
Kevin Bishop (Chief Executive (National Park Officer))  
Alison Kohler (Director of Conservation and Communities)  
Stephen Belli (Head of Planning)  
Neil White (Head of Organisational Development)  
Sam Hill (Head of Communications, Economy and Fundraising)  
Christopher Walledge (Head of Legal and Democratic Services)

Andrew Shaw – Grant Thornton

**Apologies:** J McInnes  
D Healy (Head of Business Support)

The Chairman, on behalf of Members, welcomed Mr Mike Galt who, as advised by the Head of Legal and Democratic Services, has agreed to take on the role of Independent Person and is expected to join Mr Stapleton who has been the Authority's Independent Person for the last 12 months.

**439 Minutes of the meeting held on 6 May 2016**

The Minutes of the meeting held on 6 May 2016 were signed as a correct record.

**440 Declarations of Interest**

None

**441 Items Requiring Urgent Attention**

None.

**442 Public Participation**

The Chairman advised Members that Mr Tim Warner had registered to speak at the meeting, and invited Mr Warner to address the committee.

Mr Warner stated there was a problem with the food vendors at the Haytor site in that, in his opinion, the company had stolen his idea. In addition, the company was using a feather sign and, on occasion, anything up to 10



blackboard signs to sell their wares. He advised that he had been told, when he tendered for the site in 2014, that a maximum of 2 blackboards would be permitted at any one time and that feather boards were prohibited. He stated that he had been given a licence by The Head of Legal and Democratic Services and the Director of Conservation and Communities and had invested a lot of energy and money in his business which would have used “the very best of Devon”, but was advised that the generator he had proposed using was unsuitable. He advised Members that he had visited the site at Haytor and found that the company currently in situ was selling “everything that I had proposed”, their generator being larger than that he had intended to use originally. He felt that there was prejudice against him and suggested that Members may have been given the wrong information; he added that he would want to see an independent review of his case.

One Member commented that Mr Warner’s allegations were extremely serious and stated that evidence would be required. In response to the Member’s question, Mr Warner advised that he had evidence that the Authority had acted inappropriately.

**443 Internal Audit Final Report – Key Financial Systems Review 2016/17**

Members received the report of the Devon Audit Partnership.

In the unfortunate absence of Claire Moore due to illness, the Chief Executive (National Park Officer) advised Members that the auditor’s opinion regarding the ‘Level of Assurance’ was that of a High Standard. With regard to areas of observation and issues to be resolved the report recorded one area where the Authority needs to strive for improvement and efficiency, that being the use of HR One to host and provide maintenance on the Payroll system.

The Head of Organisational Development advised that exploratory work will be done in the coming months to determine further efficiencies and streamlining of processes.

Mr Sanders and Mr Ball declared a personal interest in this item of business, as Members of Devon County Council.

In response to a Member query, the Chief Executive (National Park Officer) advised that it was not general practice for Members to meet with the Internal Auditors, without staff present; however, he saw no reason why this should not take place and advised that this opportunity could be made available to Members on the next Audit and Governance Committee date, if it was thought worthwhile.

**444 Annual Audit Letter for Dartmoor National Park Authority for the year ended 31 March 2016**

The Chairman welcomed Andrew Shaw, Grant Thornton.

Mr Shaw reported to Members that the Annual Audit Letter was the last document to be issued in respect of the 2015/16 financial year. Effectively, the letter was a summary of the work undertaken within the year and confirmed that on 5 September 2016 an unqualified opinion on the Authority's Financial Statements was given.

**445 Financial Management 1 April to 30 September 2016 and Forecast Financial Outturn 2016/17**

Members received the report of the Head of Business Support (NPA/AG/16/016).

The Chief Executive (National Park Officer) reported that the budget for 2016/17 was set at £3,671,177, funded by National Park Grant (NPG), fees and charges and Earmarked Reserves from the financial year 2015/16 relating to projects to be completed during 2016/17. This has resulted in a net budget increase to £3,857,888. Based on current projections up to the end of September 2016, a surplus of £6,404 is predicted.

He drew Members' attention to the main variations and highlighted the anticipated additional income from planning fees of approximately £20,000. Of the £216,526 Project Fund budget, £125,510 has been approved by Leadership Team, for a wide variety of purposes.

A Member commented that 'Donate for Dartmoor' had seen a very good start due to a lot of promotional work undertaken. The Head of Communications, Economy and Fundraising advised that a marketing and communications plan was being developed in order to maintain momentum.

In response to a Member query, the Chief Executive (National Park Officer) advised that no issues had been raised by the auditors regarding the level of the General Reserve. Any funds required with regard to planning appeals are itemised separately in the reserves.

Mr Hitchins proposed the recommendation, which was seconded by Mr Sanders.

**RESOLVED:** Members noted the content of the report.

Mr Lloyd joined the meeting.

**446 Business Plan Monitoring and Performance Indicators Monitoring 2016/17 Quarter 2**

Members received the report of the Head of Organisational Development (NPA/AG/16/017). He advised Members that his report sets out how the Authority has performed in delivering the key actions identified in the Business Plan, as well as Performance Indicator data to the end of September 2016 (Quarter 2). A recent review of progress undertaken by Leadership Team has shown that 50% of the actions identified within the Business Plan are either on

target or have been completed. 46% are currently delayed or behind schedule and 4% unlikely to complete.

In response to Member queries, Officers responded as follows:

- **Postbridge Visitor Centre** – discussions are continuing with the Duchy of Cornwall about options for a potential extension. Both parties have agreed that there is a need to be clear about realistic options by the end of December 2016.
- **MTMTE Scheme** – it was advised that the Landscape Partnership Board had scrutinised performance at its last meeting and raised issues about delayed projects. The Director of Conservation and Communities informed Members that the Heritage Lottery Fund had not expressed any concern at this stage but officers would continue to monitor delivery closely given the potential liabilities for the Authority and a full report on progress would be presented to the Authority at its next meeting.
- **Erosion** – The Director of Conservation and Communities reported that the work to identify priorities is progressing well. Efforts to identify funding sources are continuing.

**RESOLVED:** Members NOTED the content of the report

**447 2016/17 Strategic Risk Register**

Members received the report of the Head of Organisational Development (NPA/AG/16/018). He advised Members that Leadership Team review the Register in a quarterly basis and it is reported to this Committee in May and November each year. The most recent review has resulted in the identification of a new strategic risk relating to the Moor Otters project (risk reference F5).

Mrs Pannell proposed the recommendation, which was seconded by Mr Sanders.

**RESOLVED:** Members approved the updated Strategic Risk Register for 2016/17.

**448 Appointment of Independent Person**

Members received the report of the Head of Legal and Democratic Services (NPA/AG/16/019).

Members were reminded that the Localism Act 2011 provides that every local authority shall adopt at least one 'independent person'. In July 2015 both of the Authority's Independent Persons retired and Mr Stapleton was appointed in September 2015. The Standards sub-committee resolved to seek a second independent person; the process was successful and has identified Mr Mike Galt as a candidate for appointment. This will provide resilience and cover –

an independent person has a statutory role when a complaint is received regarding a Member of the Authority.

The Head of Legal and Democratic Services advised Members that he is satisfied that Mr Galt has the skills needed for the role and he will be a fresh pair of eyes when scrutinising Authority processes, adding that Mr Galt has already shown his commitment having voluntarily attended the Development Management Committee meeting held in October, and his attendance at the meetings today. He asked Members to support Mr Galt's application and recommend his appointment to Authority.

Mr Sanders thanked Mr Galt for giving up his time and proposed the recommendation, which was duly seconded.

**RESOLVED:** Members recommended Mr Mike Galt is appointed as an Independent Person to work alongside Mr Tim Stapleton.

**449** It was formally proposed and seconded that in accordance with s.100A of the Local Government Act 1972 as amended, the following Agenda item be taken in the absence of the Press and Public on the grounds that exempt information within the meaning of Part 1 Paragraphs 1 & 5 to Schedule 12A of the 1972 Act (as amended) will be discussed, namely:

- Information which is likely to reveal the identity of an individual.
- Information in respect of which a claim of legal professional privilege could be maintained in legal proceedings.

**RESOLVED:** Members moved into Part II (private) session.

**450 Review of Procurement Procedures**

Members received the report of the Head of Legal and Democratic Services (NPA/AG/16/020). Members discussed the content of the report.

**RESOLVED:** Members:

- (i) Noted the findings of the independent investigation and review of the mobile vending procurement process in 2014, and
- (ii) Determined that no further action was necessary.