

AGENDA

SOUTH THAMES GATEWAY BUILDING CONTROL JOINT COMMITTEE MEETING

Date: Thursday, 10 December 2015

Time: 10.00 am

Venue: Committee Room, Swale House, East Street, Sittingbourne, Kent, ME10 3HT

Membership:

Councillors Chitty, Cubitt and Gerry Lewin

	Pages
1. Apologies for Absence	
2. Record of Meeting	1 - 4
To approve the record of the meeting held on 23 September 2015.	
3. Declarations of Interest	
Members are invited to declare any interests in relation to any agenda item in accordance with the Code of Conduct adopted by their Authority.	
4. Urgent Matters by Reason of Special Circumstances	
The Chairman will announce any late items which do not appear on the main agenda but which he/she has agreed should be considered by reason of special circumstances to be specified in the report.	
5. Development of Consultancy as a Local Authority Trading Company	5 - 10
6. Annual Audit and Inspection Letter	11 - 24
7. Exclusion of the Press and Public	
To decide whether to pass the resolution set out below in respect of the following items:	
That under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraphs 3 and 5 of Part 1 of Schedule 12A of the Act:	
3. Information relating to the financial or business affairs of any particular person (including the authority holding that information).	
5. Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.	

- | | | |
|----|---|---------|
| 8. | Monitoring Report: August 2015 to October 2015 | 25 - 38 |
| 9. | South Thames Gateway Building Control Business Plan 2016/2019 | 39 - 76 |

Issued on Tuesday, 1 December 2015

The reports included in Part I of this agenda can be made available in **alternative formats**. For further information about this service, or to arrange for special facilities to be provided at the meeting, **please contact DEMOCRATIC SERVICES on 01795 417330.**

Corporate Services Director, Swale Borough Council,
Swale House, East Street, Sittingbourne, Kent, ME10 3HT

SOUTH THAMES GATEWAY BUILDING CONTROL JOINT COMMITTEE

MINUTES of the Meeting held in the Committee Room, Swale House, East Street, Sittingbourne, Kent, ME10 3HT on Wednesday, 23 September 2015 from 10.04 - 11.53 am.

PRESENT: Councillors Jane Chitty, John Cubitt and Gerry Lewin (Chairman).

IN ATTENDANCE:

Janine Boughton, Head of Administration and Business Development
Vikki Finneran, Principal Accountant, Financial Services, Gravesham Borough Council

James Freeman, Head of Planning, Swale Borough Council
Stephen Gaimster, Assistant Director, Housing and Regeneration, Medway Council
Sarah Kilkie, Assistant Director (Communications), Gravesham Borough Council
Andrew Lawson, Finance Business Partner, Medway Council
Kellie MacKenzie, Democratic Services Officer, Swale Borough Council
Tony Van Veghel, Director, South Thames Gateway Building Control Partnership

ALSO IN ATTENDANCE:

Helen Randall (Trowers & Hamblins LLP)

1 APOLOGIES FOR ABSENCE

There were no apologies for absence.

2 RECORD OF MEETING

The record of the meeting held on 10 June 2015 were agreed as a correct record and signed by the Chairman.

3 DECLARATIONS OF INTEREST

No interests were declared.

4 URGENT MATTERS BY REASON OF SPECIAL CIRCUMSTANCES

There were no urgent matters.

5 EXCLUSION OF THE PRESS AND PUBLIC

(1) That under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraphs 3 and 5 of Part 1 of Schedule 12A of the Act:
3. Information relating to the financial or business affairs of any particular person (including the authority holding that information).

5. Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

6 PRESENTATION - COMMERCIALISATION OF THE PARTNERSHIP

The Chairman introduced the item and welcomed Helen Randall from Trowers & Hamlins LLP to the meeting.

Helen gave a presentation on commercialisation of the Partnership. She spoke about the legal structures and issues around commercialisation of the partnership highlighting the benefits and risks associated with moving the consultancy into a Local Authority Trading Company (LATC).

She outlined how to create a LATC and showed alternative ownership models. The presentation also included information about public procurement; employment and pensions and taxation. Helen also outlined the main potential benefits and risks of a LATC.

Members and officers were then invited to ask questions which Helen responded to.

The Chairman thanked Helen for her presentation. It was agreed that the presentation would be forwarded to the Committee.

- Democratic Services Officer

The Committee adjourned at 11.14am and recommenced at 11.24am.

The Director of the South Thames Gateway Building Control Partnership stated that officers would meet separately with Helen Randall about developing a Business Plan and report back to the December 2015 meeting. In response to a query, the Director of the South Thames Gateway Building Control Partnership stated that potentially a trading company could be set-up by October 2016.

Resolved:

- (1) That a draft programme be prepared in order to move development of a Business Plan forward and an update be reported at the next meeting of the Committee on Thursday 10 December 2015.***

7 BUSINESS PLAN 2012-2017

The Director of South Thames Gateway Building Control Partnership introduced the report which sought agreement that the South Thames Gateway Building Control Partnership's Business Plan (dated 10 August 2015 Version 1) and Delivery Plan for 2016 - 2019 (dated 10 August 2015 Version 1) be sent to each Partner Authority for comment.

Resolved: That the draft Business Plan 2016-2019 (dated 10 August 2015 Version 1) and Delivery Plan 2015-2016 (dated 10 August 2015 Version 1) be sent to each Partner Authority for comment.

8 MONITORING REPORT

The Director of the South Thames Gateway Building Control Partnership introduced the report which updated the Committee on the current forecast for the 2014/15 financial year and gave details against the progress of the objectives of the Business Plan 2012/2017.

The Chairman thanked all staff and Members of the Joint Committee for their hard work.

Resolved:

(1) That the report be noted.

Chairman

Copies of this document are available on the Council website <http://www.swale.gov.uk/dso/>. If you would like hard copies or alternative versions (i.e. large print, audio, different language) we will do our best to accommodate your request please contact Swale Borough Council at Swale House, East Street, Sittingbourne, Kent, ME10 3HT or telephone the Customer Service Centre 01795 417850.

All Minutes are draft until agreed at the next meeting of the Committee/Panel

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SOUTH THAMES GATEWAY BUILDING CONTROL JOINT COMMITTEE

10 DECEMBER 2015

DEVELOPMENT OF BUSINESS CASE FOR A LOCAL AUTHORITY TRADING COMPANY

Report from: Tony Van Veghel, Director, South Thames Gateway Building Control Partnership

Summary

This report seeks agreement from Joint Committee for funding to develop a business case to deliver the consultancy through a Local Authority Trading Company.

1. Budget and Policy Framework

- 1.1. The Constitution requires Joint Committee to make recommendations to each partner authority to provide resources as required to secure the delivery of the Business Plan and support its aims and objectives (4.1.4)

2. Background

- 2.1. The original concept of developing our consultancy services was to use the skills and expertise within the existing staff to provide additional and complimentary services to the building control service which would generate additional income for the partnership.
- 2.2. The original services offered related to energy assessments (SAPs, SBEMs, tradeoff calculations), access statements, fire risk assessments and party wall agreements. In 2011 the consultancy began delivering decent homes surveys for the housing department at Medway Council and from then has developed a number of additional surveys including; stock condition surveys, scoping surveys and fire risk assessments for both communal areas and individual flats. The successful collaboration with Medway's Housing department culminated in a service level agreement for the consultancy to deliver stock condition surveys over the next two years.
- 2.3. The development of this work, which began by using shared resources of existing building control staff, developed into a more appropriate use of specialised skills through the engagement of stock condition surveyors. This

both enhanced the product we were able to provide to Medway and released the building control surveyors back for use in the building regulation service.

- 2.4. Over the years a number of staff have left the partnership often taking those specialised skills with them but this new model of using specialised staff to deliver these additional services has become more viable now that market are beginning to be established. In order maintain the resilience of the partnership it was identified, following the financial collapse in 2008/09, that additional income streams were important and investigations began into how changing the delivery model of the consultancy could achieve surpluses being generated which could be repaid to the partner authorities.
- 2.5. In 2009/10 a number of exercises were carried out with KCC Commercial Services to identify how that organisation was set up and what the benefits to the partnership could be. This included several meetings with KCC's Commercial Director and advice from their legal team.
- 2.6. Whilst formation of a Local Authority Company was discussed it was felt, at that time, the partnership needed to mature and develop potential markets.
- 2.7. Since 2011 further powers have become available to Local Authorities and Central Government have encouraged spin offs into the commercial sector. A number of presentations by both Government led and private companies seeking to advocate the development of Local Authority Companies, mutual's or social enterprises were attended and following a presentation by Trowers & Hamlins a connection re-established with the legal company that gave advice on the original setup of the partnership.

3. Director's comments

- 3.1. A presentation was given to Joint Committee on the 23rd September 2015 by Helen Randall a partner with Trowers & Hamlins. The presentation was on the commercialisation of the partnership and in particular how the commercial services could be delivered through a Local Authority Trading Company (LATC).
- 3.2. Local Authorities cannot commercialise their enforcement powers given to them under the Building Act 1984. However, careful navigation of legal limits will find a robust, challenge proof basis for commercialisation of their service delivery.
- 3.3. Local Authorities must charge fees for building control functions regulated by the Charges Regulations 2010. Functions should not make a surplus or require a subsidy and these regulations are applicable even if the tasks are externalised to a LATC. However, activities not caught by statutory duties or chargeable functions may be provided commercially, ie at a profit but trading must be carried out through a company.
- 3.4. The most common form is a company limited by shares with the Local Authorities as equal shareholders. Shareholders enjoy limited liability and the

company is managed by directors whose prime responsibility is to the company not the Local Authorities. As such this company would be required to be registered at Companies House with annual filing obligations and other legal responsibilities and whilst dividends or the distribution of profits and voting rights need not reflect shareholdings it is easier if they do so.

3.5. Entrusting services to a company is usually a form of procurement and service contracts need to be competitively procured if over a threshold of around £170k. But exemption from procurement exists for companies meeting the Teckal. There are three criteria for this test:

- (a) Control by one or more local authorities
- (b) No private sector ownership
- (c) Carry out more than 80% of activities for their controlling local authorities

3.6. LATC's are liable for corporation tax on surpluses made whether or not distributed to local authorities. They also treated as commercial companies and do not enjoy local authority VAT benefits.

3.7. The main benefits for this potential commercialisation would be ability to trade and earn revenue, be an independent entity with a limitation on liability and clear legal identity. The company would have the potential to seek employee participation and/or private sector investment in the future and would not be regarded as a wholesale outsourcing so that the authorities maintain control.

3.8. There is also a choice as to whether the Teckal company has the consultancy as a holding company, but there are clear advantages if it does.

- Clear separation of chargeable functions where the local authority cannot make a surplus (but wants to save money) from other revenue raising functions where local authorities can make a profit.
- Flexibility for the holding companies staff to be deployed across all companies.
- Ring fences liability to other customers in a separate legal entity insulated from the entity providing services to the three share holding local authorities.
- Flexibility to "bolt on" other subsidiaries (eg, environmental health/public protection).
- Allows profit making company to generate dividends while non-profit making company can meet Teckal exemption from procurement.

3.9. The final slide in the presentation showed the typical steps to leading to the establishment of at LATC and these are shown below:

- Decide on legal and financial structure
- Business Case – need to get this right!
- Consultation
- Address staff issues

- Agree shareholders agreement
- Articles of Association
- Agree Services Agreement(s) / SLAs
- Business Transfer Agreement
- Council / Joint Committee resolution(s)
- Establish company
- Agree directors and shareholders mandates
- Appoint directors, bankers, auditors
- Admission Agreement LGPS
- Transfer staff, assets and contracts
- Start Trading

3.10. Following the presentation Members discussed a way forward with the proposal, bearing in mind the typical next steps shown in 3.9. It was agreed that before any proposal could be taken forward and any commitment from the local authorities sought in respect of an invest to save loan, with regards to setting up the company, a financial and business case needed to be considered.

3.11. This proposal was further discussed at Steering Group meeting where officers concluded that the necessary expertise to investigate to potential market growth, income and possible profit did not exist within the partnerships structure. It was therefore proposed that a report went back to committee requesting funding from each of the authorities to engage a consultant to examine and deliver this business case. Whilst Steering Group members agreed this vital step was necessary they felt that a cap of £6,000 be put on the engagement of this consultant.

3.12. The director was therefore requested to take this report to Members and investigate options for companies to investigate the proposal with the financial limit adhered to.

4. Financial

4.1. Each partner authorities to provide £2,000 to secure the delivery of this Business Plan objective.

4.2. Provided the Business Case proves the viability of the commercialisation of the consultancy this financial investment of £6,000 would be added to any invest to save funding and would be repaid to the partner authorities over an agreed period.

5. Legal

5.1. There are no direct legal implications.

6. Risk Management

- 6.1. There is a risk that the Business Case concludes that the commercialisation of the consultancy is not viable in which case the £6,000 to provide the report would need to be written off.

7. Recommendations

- 7.1. Members are requested to recommend to their respective partner authorities to provide £2,000 to secure the delivery of this Business Plan objective.

8. Suggested Reasons for Decisions

- 8.1. The Constitution requires Joint Committee to make recommendations to each partner authority to provide resources as required to secure the delivery of the Business Plan and support its aims and objectives.

Lead officer contact

Tony Van Veghel, Director, South Thames Gateway Building Control Partnership,
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Tel: 01634 331552

E-mail: tony.vanveghel@stgbc.org.uk

Background Papers: None

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SOUTH THAMES GATEWAY BUILDING CONTROL JOINT COMMITTEE

10 December 2015

SOUTH THAMES GATEWAY BUILDING CONTROL ANNUAL AUDIT AND INSPECTION LETTER

Report from: Phil Watts, S151 officer to the Joint Committee

Author: Andrew Lawson, Finance Business Partner

Summary

The report presents the external auditor's certificate and opinion in respect of the Joint Committee's accounts for 2014/2015.

1. Budget and Policy Framework

- 1.1 The Memorandum of Agreement requires that an auditor appointed by the Audit Commission – PKF Littlejohn - shall audit the accounts of the Partnership.
- 1.2 The auditor is required to review the Statement of Accounts and report back to the Joint Committee on its findings and, where appropriate, require the Joint Committee to prepare an appropriate response and management action plan.
- 1.3 The June 2015 meeting of the Joint Committee approved the 2014/2015 Statement of Accounts.
- 1.4 From 1 April 2015, implementation of the Local Audit and Accountability Act 2014 meant that joint committees were no longer required to have their accounts separately prepared and audited. There is therefore no longer a requirement to be subject to a limited assurance regime.
- 1.5 The constituent authorities of the joint committee for South Thames Gateway (STG) Building Control will need to consider the effect of ending separate joint committee audits and ensure that an effective financial and governance framework is maintained. Authorities may arrange for a continued separate audit of their joint committees if they choose. However this will not be an audit under the 2014 Act.

2. External Auditor's Report

- 2.1 Attached at Appendix 1 is the external auditor's certificate and opinion in respect of the 2014/2015 financial year. It confirms that:-
- no errors were identified.
 - all relevant legislation and regulatory requirements were met.

3. Financial Implications and Legal Implications

- 3.1 The fee for the external audit can be met from existing budgets.

4. Recommendations

- 4.1 The Joint Committee is asked to note the external auditor's certificate and opinion as presented.
- 4.2 The Joint Committee is asked to consider the effect of ending the joint committee audit and ensure that an effective financial and governance framework is maintained for STG Building Control.

5. Suggested Reasons for Decisions

- 5.1 The Joint Committee has a key role in monitoring the performance of the Partnership including the findings of the external auditor.

Lead officer contact

Phil Watts, S151 Officer, South Thames Gateway Building Control Partnership, Compass Centre, Chatham Maritime, Kent, ME4 4YH
Tel: 01634 332220

Background papers

Report to STG Building Control Joint Committee – 10 June 2015.

Small Bodies in England

Annual return for the financial year ended 31 March 2015

Small relevant bodies in England with an annual turnover of £6.5 million or less must complete an annual return in accordance with proper practices summarising their annual activities at the end of each financial year.

The annual return on pages 2 to 5 is made up of four sections:

- **Sections 1 and 2** are completed by the person nominated by the body.
- **Section 3** is completed by the external auditor appointed by the Audit Commission.
- **Section 4** is completed by the body's internal audit provider.

Each body must approve this annual return no later than 30 June 2015.

Completing your annual return

Guidance notes, including a completion checklist, are provided on page 6 and at relevant points in the annual return.

Complete all sections highlighted in red. Do not leave any red box blank. Incomplete or incorrect returns require additional external audit work and may incur additional costs.

Send the annual return, together with your bank reconciliation as at 31 March 2015, an explanation of any significant year on year variances in the accounting statements and any additional information requested, to your external auditor by the due date.

Your external auditor will identify and ask for any additional documents needed for their work. Therefore, unless requested, do not send any original financial records to the external auditor.

Once the auditor has completed their work, certified annual returns will be returned to the body for publication or public display of sections 1, 2 and 3. You must publish or display the annual return, including the external auditor's report, by 30 September 2015.

It should not be necessary for you to contact the external auditor for guidance.

More guidance on completing this annual return is available in the Practitioners' Guides for either local councils or internal drainage boards. These publications may be downloaded from the National Association of Local Councils (NALC) or Society of Local Council Clerks (SLCC) websites (www.nalc.gov.uk or www.slcc.co.uk) or from the members area of the Association of Drainage Authorities website (www.ada.org.uk).

Section 1 – Accounting statements 2014/15 for:

Enter name of reporting body here:

SOUTH THAMES GATEWAY BUILDING CONTROL PARTNERSHIP

	Year ending		Notes and guidance
	31 March 2014 £	31 March 2015 £	
1 Balances brought forward	(54,653)	(47,972)	Total balances and reserves at the beginning of the year as recorded in the body's financial records. Value must agree to Box 7 of previous year.
2 (+) Income from local taxation and/or levy	(327,549)	(303,427)	Total amount of local tax and/or levy received or receivable in the year including funding from a sponsoring body.
3 (+) Total other receipts	(986,059)	(1,020,817)	Total income or receipts as recorded in the cashbook less the taxation and/or levy (line 2). Include any grants received here.
4 (-) Staff costs	1,008,270	985,700	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and employment expenses.
5 (-) Loan interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on the body's borrowings (if any).
6 (-) All other payments	312,019	353,240	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).
7 (=) Balances carried forward	(47,972)	(33,276)	Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6)
8 Total cash and short term investments	(69,886)	(82,271)	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – to agree with bank reconciliation.
9 Total fixed assets plus other long term investments and assets	0	0	The original Asset and Investment Register value of all fixed assets, plus other long term assets owned by the body as at 31 March
10 Total borrowings	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).

I certify that for the year ended 31 March 2015 the accounting statements in this annual return present fairly the financial position of the body and its income and expenditure, or properly present receipts and payments, as the case may be.

Signed by Responsible Financial Officer:



Date 05/06/15

I confirm that these accounting statements were approved by the body on:

10/06/2015

and recorded as minute reference:

STG 2014/15 '7'

Signed by Chair of meeting approving these accounting statements:



Date 10 JUNE 2015

Section 3 – External auditor certificate and report 2014/15

Certificate

We certify that we have completed our review of the annual return, and discharged our responsibilities under the Audit Commission Act 1998 as transitionally saved, for the year ended 31 March 2015 in respect of:

SOUTH THAMES GATEWAY BUILDING CONTROL PARTNERSHIP COMMITTEE

Respective responsibilities of the body and the auditor

The body is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The body prepares an annual return in accordance with proper practices which:

- summarises the accounting records for the year ended 31 March 2015; and
- confirms and provides assurance on those matters that are important to our audit responsibilities.

Our responsibility is to review the annual return in accordance with guidance issued by the Audit Commission (see note below). Our work does not constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and does not provide the same level of assurance that such an audit would do.

External auditor report (16 0250)

~~(Except for the matters reported below)*~~ on the basis of our review of the annual return, in our opinion the information in the annual return is in accordance with proper practices and no matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met. ~~(*delete as appropriate).~~

(continue on a separate sheet if required)

Other matters not affecting our opinion which we draw to the attention of the body:

(continue on a separate sheet if required)

External auditor signature: PKF Littlejohn LLP

External auditor name: PKF Littlejohn LLP Date: 6-9-15

Note: The Audit Commission issued guidance in its Standing Guidance, which is applicable to external auditors' work on 2014/15 accounts.

Section 4 – Annual internal audit report 2014/15 to

SOUTH THAMES GATEWAY BUILDING CONTROL PARTNERSHIP

The body's internal audit, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ended 31 March 2015.

Internal audit has been carried out in accordance with the body's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the body.

Internal control objective	Agreed? Please choose one of the following		
	Yes	No*	Not covered**
A Appropriate accounting records have been kept properly throughout the year.	✓		
B The body's financial regulations have been met, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D The annual taxation or levy or funding requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F Petty cash payments were properly supported by receipts, all expenditure was approved and VAT appropriately accounted for.	✓		
G Salaries to employees and allowances to members were paid in accordance with body approvals, and PAYE and NI requirements were properly applied.	✓		
H Asset and investments registers were complete and accurate and properly maintained.	✓		
I Periodic and year-end bank account reconciliations were properly carried out.	✓		
J Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, were supported by an adequate audit trail from underlying records, and, where appropriate, debtors and creditors were properly recorded.	✓		

For any other risk areas identified by the body (list any other risk areas below or on separate sheets if needed) adequate controls existed:

Name of person who carried out the internal audit: KATEY AEROSMITH

Signature of person who carried out the internal audit:  Date: 10/06/2015

*Note: If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, internal audit must explain why not (add separate sheets if needed).

Guidance notes on completing the 2014/15 annual return

- 1 You must apply proper practices for preparing this annual return. Proper practices are found in the Practitioners' Guides* which are updated from time to time and contain everything you should need to prepare successfully for your financial year-end and the subsequent audit. Both NALC and SLCC have helplines if you want to talk through any problem you may encounter.
- 2 Make sure that your annual return is complete (i.e. no empty red boxes), and is properly signed and dated. Avoid making any amendments to the completed return. But, if this is unavoidable, make sure the amendments are drawn to the attention of and approved by the body, properly initialled and an explanation is provided to the external auditor. Annual returns containing unapproved or unexplained amendments will be returned unaudited and may incur additional costs.
- 3 Use the checklist provided below. Use a second pair of eyes, perhaps a member or the Chair, to review your annual return for completeness before sending it to the external auditor.
- 4 Do not send the external auditor any information not specifically asked for. Doing so is not helpful. However, you must notify the external auditor of any change of Clerk, Responsible Financial Officer or Chair.
- 5 Make sure that the copy of the bank reconciliation which you send to your external auditor with the annual return covers all your bank accounts. If your body holds any short-term investments, note their value on the bank reconciliation. The external auditor must be able to agree your bank reconciliation to Box 8 on the Accounting statements. You must provide an explanation for any difference between Box 7 and Box 8. More help on bank reconciliation is available in the Practitioners' Guides*.
- 6 Explain fully significant variances in the accounting statements on page 2. Do not just send in a copy of your detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include a complete analysis to support your explanation. There are a number of examples provided in the Practitioners' Guides* to assist you.
- 7 If the external auditor has to review unsolicited information, or receives an incomplete bank reconciliation, or you do not fully explain variances, this may incur additional costs for which the auditor will make a charge.
- 8 Make sure that your accounting statements add up and the balance carried forward from the previous year (Box 7 of 2014) equals the balance brought forward in the current year (Box 1 of 2015).
- 9 Do not complete section 3. The external auditor will complete it at the conclusion of the audit.

Completion checklist – 'No' answers mean you may not have met requirements		Done?
All sections	All red boxes have been completed?	
	All information requested by the external auditor has been sent with this annual return? Please refer to your notice of audit.	
Section 1	Approval by the body confirmed by signature of Chair of meeting approving the accounting statements?	
	An explanation of significant variations from last year to this year is provided?	
	Bank reconciliation as at 31 March 2015 agreed to Box 8?	
	An explanation of any difference between Box 7 and Box 8 is provided?	
Section 2	For any statement to which the response is 'no', an explanation is provided?	
Section 4	All red boxes completed by internal audit and explanations provided?	

*Note: Governance and Accountability for Local Councils in England – A Practitioners' Guides, is available from NALC and SLCC representatives or Governance and Accountability for Internal Drainage Boards in England – A Practitioners' Guides, is available from the ADA at The Association of Drainage Authorities, 12 Cranes Drive, Surbiton, Surrey, KT5 8AL or from the NALC, SLCC or ADA websites - see page 1 for addresses.

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Department for Communities and Local Government

To: Joint Committees currently subject to
full audit; Local Authority Chief Finance
Officers

December 2014

LOCAL AUDIT AND ACCOUNTABILITY ACT 2014 – CHANGES TO AUDIT REQUIREMENTS FOR JOINT COMMITTEES

The Audit Commission Act 1998 (section 2 and Schedule 2) required joint committees to prepare accounts and undergo an audit separate from their constituent bodies. From 1 April 2015, implementation of the Local Audit and Accountability Act 2014 will mean that joint committees will no longer be required to have their accounts separately prepared and audited. This approach follows consultation with the local government and accounting sector and means that the final mandatory audit for such bodies will cover the period 2014/15.

The Government has made this change as the appropriate parts of the financial results of joint committees are reported in the accounts of their constituent bodies, so they will be audited by auditors appointed to audit the accounts of those bodies, and there will be no need for a separate audit appointment to them.

Constituent authorities will need to consider the effect of ending separate joint committee audits, and ensure that an effective financial and governance framework is maintained for those joint committees and the funds they control. Authorities may arrange for a continued separate audit of their joint committees if they choose. However this will not be an audit under the 2014 Act.

We will consider with the sector what guidance might be provided to authorities on the audit of joint committees, in the context of wider guidance on auditor appointment in general. We intend guidance to be published in good time to support the first auditor appointments undertaken by local authorities under the provisions of the 2014 Act.

This letter has been sent to those joint committees we understand currently to be subject to full audit and all local authority chief finance officers, and is being made available on the DCLG website. The change will also be communicated to all local authorities by DCLG newsletter. A list of all joint committees we are aware of is appended to this letter.

Ben Stoneman

Department for Communities and Local Government
Ben Stoneman
Fry Building
2 Marsham Street
London
SW1

0303 444 2562

Principal Authorities Joint Committees

Adur and Worthing Joint Committee
Association of Greater Manchester Authorities
Eastern Shires Purchasing Organisation
Leeds City Region Leaders' Board
Local Government Shared Service Joint Committee
London Councils
Norfolk Joint Museums Committee
Somerset Waste Board
South Worcestershire Shared Services Partnership Joint Committee
Tamar Bridge and Torpoint Ferry Joint Committee
Three Rivers and Watford Shared Services Joint Committee
Tyne and Wear Archives and Museum Joint Committee
West Mercia Energy Joint Committee
West Yorkshire Joint Services Committee
Yorkshire Purchasing Organisation

Smaller Authorities Audit Joint Committees

Abington Recreation Ground Committee
Aley Green Cemetery Joint Committee
Almondsbury Joint Burial Committee
Andover Museum Joint Management Committee
Anglia Revenues and Benefits Partnership Joint Committee
Ash Green Sports Centre
Ashby Woulds Oakthorpe and Donisthorpe Joint Burial Committee
Audlem Joint Burial Committee
Aysgarth Cemetery Joint Management Committee
Bandon Hill Cemetery Joint Committee
Basingstoke Canal Joint Management Committee
Bedale, Aiskew, Leeming Bar and Burrill Joint Burial Authority
Berkeley Burial Committee
Bickerton Joint Burial Committee
Billesdon and Rolleston Joint Burial Committee
Bramcote Crematorium Joint Committee
Brayton & District Joint Burial Authority
Brodsworth & Sprotbrough Parish Councils Joint Management Committee
Buckinghamshire Waste Joint Committee
Bures Joint Burial Authority
Bures Joint Sportsground Committee
Burnham Joint Burial Committee
Bursledon Windmill Joint Management Committee
Bus Lane Adjudication Service Joint Committee
Campton & Shefford Joint Burial Committee
Cannock Chase Area of Outstanding Natural Beauty Joint Committee
Central Durham Crematorium Joint Committee
Central Lincolnshire Joint Strategic Planning Committee
Cheshire Brine Subsidence Compensation Board Joint Committee

Chesterfield Joint Crematorium Committee
Chilterns Crematorium Joint Committee
Chobham and West End Joint Burial Committee
Chorley and South Ribble Shared Services Joint Committee
Clayton-le-Woods & Whittle-le-Woods War Memorial
Cleveland Emergency Planning Joint Committee
Clifton And Newton Joint Burial Committee
Clowne & Barlborough Joint Burial Committee
Colburn, Hipswell and Scotton Joint Burial Authority
Colchester and Ipswich Museum Service Joint Committee
Colchester, Braintree and Uttlesford Parking Joint Committee
Cornwall Port Health Authority Committee
Crewkerne and West Crewkerne Burial Board
Croft and Dalton Joint Burial Board
Curbar, Calver & Froggatt Joint Burial Committee
Devizes & Roundway Joint Burial Committee
Devon Audit Partnership
Devon Authorities Waste Reduction and Recycling Joint Committee
Downham Market & Downham West Joint Burial Committee
Dronfield & District Joint Burial Committee
Dunstable Joint Committee
East & West Hagbourne Cemetery
Eastern Inshore Fisheries and Conservation Authority Joint Committee
Eastleigh Museum Joint Management Committee
Eastrington and Gilberdyke Joint Burial Committee
Ellesmere Parishes Joint Burial Committee
Eltham Crematorium Joint Committee
Embleton Joint Burial Committee
Etwall Leisure Centre Joint Management Committee
Everton & Scaftworth Joint Burial Committee
Fareham Museum Joint Management Committee
Felton Cemetery Joint Committee
Gateshead and Newcastle Joint Bridges Committee
Glastonbury & Sharpham Burial Board
Godalming Joint Burial Committee
Gosport Museum Joint Management Committee
Grand Western Canal Joint Advisory Committee
Great and Little Hale Joint Burial Committee
Haltwhistle & District Joint Burial Committee
Havercroft & Ryhill Joint Recreation Ground Committee
Haxby and Wigginton Joint Burial Committee
High Weald Area of Outstanding Natural Beauty Joint Advisory Committee
Houghton Regis Town Centre Management Committee
Howden Asselby and Kilpin Joint Burial Committee
Huntington Burial Authority
Joint Committee on Strategic Planning & Transport
Joint Parish Councils Committee
Kempston Burials Joint Committee
Kibworth Joint Burial Committee
Kibworth Joint Recreation Committee
Malmesbury and St Paul Without Joint Burial Committee
Malpas Joint Burial Committee

Manydown Joint Management Committee
Marcham & Frilford Joint Burial Committee
Mersey Valley Joint Committee
Merseyside Port Health Committee
Merton & Sutton Joint Cemetery Board
Middlesbrough and Eston Joint Health Scrutiny Committee
Middlewich Cemetery Board
Misterton & West Stockwith Joint Burial Committee
Monk Fryston, Hillam and Burton Salmon Joint Burial Committee
Mortlake Crematorium Board
Mount Edgcumbe Joint Committee
Mountsett Crematorium Joint Committee
Nassington & Yarwell Joint Burial Committee
Newport and Gilberdyke Joint Burial Committee
No Man's Orchard Management Committee
Nonsuch Park Joint Management Committee
Norfolk Records Joint Committee
North Devon Crematorium Joint Committee
North East Surrey Crematorium Board
North Northamptonshire Joint Committee
North of England Open Air Museum
North Western Inshore Fisheries and Conservation Authority
North Yorkshire Building Control Partnership
North Yorkshire Procurement Partnership
Northallerton & Romanby Joint Burial Committee
Northamptonshire Traveller Consortium Joint Committee
Northfield Management Committee
Ovingham Joint Burial Committee
Oxfordshire Joint Health Overview & Scrutiny Committee
Oxfordshire Waste Partnership Joint Committee
Parking & Traffic Regulations Outside London Adjudication Joint Committee
Partnership for Urban South Hampshire Joint Committee
Portchester Crematorium Joint Committee
Portsmouth & Gosport Joint Board
Project Integra Joint Committee
Ranskill and Torworth Joint Burial Committee
Red House Museum, Christchurch Joint Management Committee
Rothbury Burial Committee
Shared Services Partnership Joint Committee (CenSus)
Shoal Hill Common Joint Committee
Sir George Staunton Country Park Joint Management Committee
Skirlaugh and Ellerby Joint Burial Committee
South Kirkby, North & South Elmsall Joint Burial Committee
South London Waste Partnership
South Thames Gateway Building Control Partnership Committee
South West Middlesex Crematorium Board
South Yorkshire Archaeology Service Joint Committee
South Yorkshire Archives Service Joint Committee
South Yorkshire Joint Secretariat
South Yorkshire Mining Advisory Service
Spennithorne and Harmby Cemetery Committee
St Minver Cemetery Committee

Staffordshire and Stoke on Trent Archives Joint Committee
Staffordshire Connects Joint Committee
Stratfield Brake Recreation Ground Management Committee
Tees Valley Airport Consultative Committee
Tees Valley Health Scrutiny Unit
Teesside Joint Archives Committee
Tisbury & West Tisbury Joint Burial Committee
Trans Pennine Trail Joint Committee
Transport for Urban South Hampshire Joint Committee
Tyne and Wear Economic Development Joint Committee
Tyne and Wear Trading Standards Joint Committee
Upper and Nether Heyford Joint Burial Board
Upper Norwood Library Joint Committee
Wallops Parish Hall Committee
Wareham Burial Joint Committee
Weaverham Cuddington & Acton Bridge Cemetery Committee
Welland Joint Committee
West Hertfordshire Crematoria Joint Committee
West Hoe Cemetery Committee
West Midlands Joint Committee
Wetley Moor Joint Committee
Whalley & Wiswell Joint Burial Committee
Whitchurch Joint Cemetery Board
Wigton Joint Burial Committee
Wimborne Cemetery Joint Management Committee
Wolston, Brandon & Bretford Joint Burial Committee
Womersley Burial (Joint) Authority
Worcestershire Regulatory Shared Service Joint Committee
Yeovil Crematorium and Cemetery Committee
Mansfield and District Crematorium Joint Committee
Tregony and Cuby Joint Burial Committee
Humber Archaeology Partnership Joint Board
Snaith and Cowick Town Council Cemetery Committee
South Essex Parking Partnership
Longframlington Joint Burial Committee
Essex Countywide Traveller Committee
Barnsley, Doncaster and Rotherham Joint Waste Board
Berrow and Pendock Village Hall Management Committee
Weasenham Playing Field Committee
Cadbury Hill Management Fund Joint Committee

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