

RIBBLE VALLEY BOROUGH COUNCIL

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Dear Councillor

The next meeting of the **ACCOUNTS & AUDIT COMMITTEE** is at **6.30pm on WEDNESDAY, 19 NOVEMBER 2014** in the **TOWN HALL, CHURCH STREET, CLITHEROE.**

I do hope you can be there.

Yours sincerely

CHIEF EXECUTIVE

To: Committee Members (copy for information to all other members of the Council)
Directors
Press

AGENDA

Part 1 – items of business to be discussed in public

1. Apologies for absence.
- ✓ 2. Minutes of the meeting held on 27 August 2014 – copy enclosed.
3. Declarations of Interest (if any).
4. Public Participation (if any).

DECISION ITEMS

- ✓ 5. Annual Audit Letter 2013/14 – Grant Thornton.
- ✓ 6. Internal Audit Charter – report of Director of Resources – copy enclosed.

INFORMATION ITEMS

- ✓ 7. Internal Audit Progress Report 2014/15 – report of Director of Resources – copy enclosed.
- ✓ 8. Local Government Transparency Code 2014 – report of Director of Resources – copy enclosed.

- ✓ 9. Grant Thornton Progress Update – copy enclosed.
- 10. Reports from Representatives on Outside Bodies (if any).

Part II - items of business **not** to be discussed in public

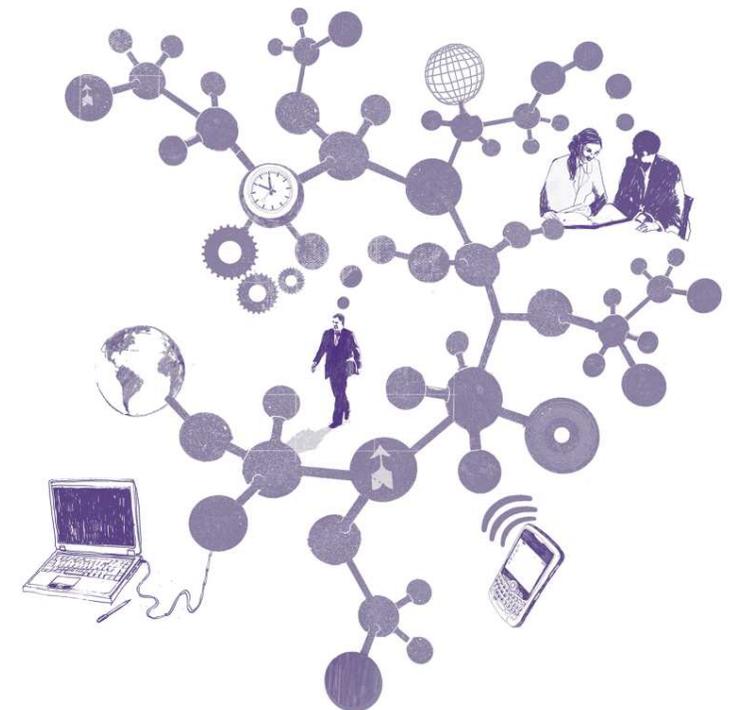
- ✓ 11. Review of Risks – report of Director of Resources – copy enclosed.

The Annual Audit Letter for Ribble Valley Borough Council

Year ended 31 March 2014

October 2014

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Contents

Section	Page
1. Key messages	3
Appendices	
A Reports issued and audit fees	5

Key messages

Our Annual Audit Letter summarises the key findings arising from the work that we have carried out at Ribble Valley borough Council ('the Council') for the year ended 31 March 2014.

The Letter is intended to communicate key messages to the Council and external stakeholders, including members of the public. Our annual work programme, which includes nationally prescribed and locally determined work, has been undertaken in accordance with the Audit Plan that we issued April 2014 and was conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

Financial statements audit (including audit opinion)	<p>We reported the findings arising from our audit of the Council's financial statements to the Audit Committee in our Audit Findings Report on 27 August 2014.</p> <p>The key messages reported were:</p> <ul style="list-style-type: none">• The accounts were prepared to a good standard and were supported by good working papers.• We did not identify any adjustments affecting the Council's reported financial position.• We identified only a small number of adjustments to improve the presentation of, and disclosures in, the financial statements. <p>We issued an unqualified opinion on the Council's 2013/14 financial statements on 3 September 2014, meeting the deadline set by the Department for Communities and Local Government.</p> <p>Our opinion confirms that the financial statements give a true and fair view of the Council's financial position and of the income and expenditure recorded by the Council.</p>
Value for Money (VfM) conclusion	<p>We issued an unqualified VfM conclusion for 2013/14 on 3 September 2014.</p> <p>On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2014.</p>

Key messages

Whole of Government Accounts	<p>We reviewed the consolidation pack which the Authority prepared to support the production of Whole of Government Accounts.</p> <p>We reported that the elements of the pack we were required to review (the entries in respect of pensions and property plant and equipment) were consistent with the audited financial statements.</p>
Certification of grant claims and returns	<p>We are currently undertaking the work required to certify the Council's Housing Benefit Grant Claim.</p> <p>The Council has generally good arrangements in place for submitting claims to be certified by us in line with the recognised deadlines. Based on our work to date, the claim is supported by appropriate evidence and staff have responded promptly to our queries.</p> <p>We will complete this work in line with the deadline for submission to the Department for Work and Pensions.</p>
Audit fee	<p>Our fee for 2013/14 was £53,642, excluding VAT.</p> <p>The fee is £900 higher than our planned fee and is subject to agreement by the Audit Commission. Further details are provided in Appendix A.</p>

Appendix B: Reports issued and fees

We confirm below the fee charged for the audit and confirm there were no fees for the provision of non audit services.

Fees

	Per Audit plan £	Actual fees £
Audit Fee	52,702	53,642
Grant certification fee	14,080	TBC
Total fees	66,782	TBC

There is additional fee of £900 in respect of work on material business rates balances. This additional work was necessary as auditors are no longer required to carry out work to certify NNDR3 claims. The additional fee is 50% of the average fee previously charged for NNDR3 certifications for district councils and is subject to agreement with the Audit Commission

Our work to certify the Council's housing benefit claim is still in progress. The final fee will be confirmed after completion of the necessary work.

Reports issued

Report	Date issued
Audit Plan	April 2014
Audit Findings Report	September 2014
Annual Audit Letter	October 2014

Fees for other services

Service	Fees £
None	Nil



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RIBBLE VALLEY BOROUGH COUNCIL
REPORT TO ACCOUNTS AND AUDIT COMMITTEE

DECISION

Agenda Item No 6

meeting date: 19 NOVEMBER 2014
title: INTERNAL AUDIT CHARTER
submitted by: DIRECTOR OF RESOURCES
principal author: MICK AINSCOW

1 PURPOSE

- 1.1 To seek members approval of the Internal Audit Charter following the adoption of the Public Sector Internal Audit Standards (PSIAS).

2 BACKGROUND

- 2.1 The Accounts and Audit (England) Regulations 2011 require local authorities to undertake internal audit in accordance with 'proper practices'. Up until 1 April 2013, proper practices have been defined as those professional standards published by the Chartered Institute of Public Finance and Accountancy (CIPFA). From 1 April these were replaced by the PSIAS, a new set of standards developed for the UK's public services and based on the Global Institute of Internal Auditors (IIA Global) International Professional Practices Framework (IPPF).
- 2.2 CIPFA supplemented the new standards with an Application Note providing guidance on the specific requirements for local government organisations. One of the mandatory aspects of the PSIAS is the requirement to have an Internal Audit Charter.

3 CURRENT POSITION

- 3.1 Internal Audit have had Terms of Reference and an Audit Manual in place for many years. The Internal Audit Charter attached as Appendix A, in essence, replaces these documents. The requirements of the PSIAS are largely the same content as in the terms of reference and audit manual. Where there are any additional requirements these have been incorporated into the new Internal Audit Charter.

4 CONCLUSION

- 4.1 In accordance with the PSIAS the Internal Audit Charter incorporates the key organisational elements required to meet the requirements contained therein.

5 RECOMMENDED THAT THE ACCOUNTS AND AUDIT COMMITTEE

- 5.1 Approve the attached Internal Audit Charter.

PRINCIPAL AUDITOR

DIRECTOR OF RESOURCES

AA24-14/MA/AC
31 October 2014

For further information please ask for Mick Ainscow.



Ribble Valley Borough Council

www.ribblevalley.gov.uk

Internal Audit Charter for Ribble Valley Borough Council

November 2014

Contents

1	Introduction	3
2	Regulatory basis for Internal Audit	3
3	Purpose, Authority and Responsibility (Standards 1000 and 1010)	4
4	Independence and Objectivity (Standards 1100, 1110, 1111, 1120 and 1130).....	6
5	Internal Audit Resource Management, Proficiency and Due Professional Care (Standards 1200, 1210, 1220, 1230, and 2030).....	6
6	Quality Assurance and Improvement Programme (Standards 1300, 1310, 1311, 1312, 1320, 1321 and 1322)	7
7	Performance Standards (Standards 2000, 2010, 2020, 2030, 2040, 2050, 2060 and 2070)	8
8	Nature of work (Standards 2100, 2110, 2120 and 2130).....	9
9	Audit Delivery	11

INTERNAL AUDIT CHARTER FOR RIBBLE VALLEY BOROUGH COUNCIL

1 Introduction

- 1.1 The Internal Audit Charter describes the purpose, authority and responsibility of the internal audit activity. The Head of Financial Services and the Principal Auditor are responsible for reviewing the charter and presenting it to the Director of Resources and Management Team (Senior Management) and Accounts and Audit Committee (Board) regularly for review and approval.
- 1.2 The charter is split into the following sections;
- Regulatory basis for Internal Audit
 - Purpose, Authority and Responsibility
 - Independence and Objectivity
 - Internal Audit Resource Management, Proficiency and Due Professional Care
 - Quality Assurance and Improvement Programme
 - Performance Standards
 - Nature of Work
 - Audit Delivery

2 Regulatory basis for Internal Audit

- 2.1 The requirement for an internal audit function is contained in Regulation 6 of the Accounts and Audit Regulations, which require the Council to:
- “undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control”.
- 2.2 The regulations also add that the Council is required to:
- “make available documents and records as appear to that body to be necessary for the purposes of the audit and supply the body with such information and explanation as that body considers necessary for that purpose”.
- 2.3 Ensuring that at least annually, a review is carried out on the effectiveness of its internal audit function.
- 2.4 Internal Audit also assists the Section 151 Officer (Director of Resources) in discharging their delegated responsibilities under Section 151 of the Local Government Act 1972 which requires the Council to;
- “make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs”.
- 2.5 The internal audit activity will govern itself by adherence to Public Sector Internal Audit Standards (PSIAS). The PSIAS include mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (Standards). The PSIAS apply to all internal audit service providers, whether in house, shared services or outsourced.

Council Constitution

2.6 Ribble Valley Borough Council's constitution, Part 6 contains the Council's Financial Regulations. Internal Audits responsibilities are separately recorded in section 18.

3 Purpose, Authority and Responsibility (Standards 1000 and 1010)

Purpose (Definition of Internal Auditing)

3.1 Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance issues.

Scope and Objectives

3.2 The following objectives will be delivered through maintaining a high quality internal audit function which meets the needs of the Council, supporting the Director of Resources and the Accounts and Audit Committee in discharging their responsibilities and meeting the requirements of the PSIAS.

1. To review, appraise and report on the adequacy of internal controls across the whole organisation's Control Environment¹ as a contribution to the proper, economic, efficient and effective use of resources. This includes;
 - a. the completeness, reliability and integrity of information, both financial and operational
 - b. the systems established to ensure compliance with policies, plans, procedures, laws and regulations
 - c. the extent to which the assets and interests are accounted for and safeguarded from loss
 - d. the economy, efficiency and effectiveness with which resources are employed and
 - e. whether operations are being carried out as planned and objectives and goals are being met.

¹ The PSIAS defines the Control Environment as;

"the attitude and actions of the board and management regarding the importance of control within the organisation. The control environment provides the discipline and structure for the achievement of the primary objectives of the system of internal control".

The control environment includes the following elements:

- Integrity and ethical values.
- Management's philosophy and operating style.
- Organisational structure.
- Assignment of authority and responsibility.
- Human resource policies and practices.
- Competence of personnel.

The detailed work of internal audit is set out within the risk based internal audit plan which is designed to support the Annual Internal Audit Opinion and the Council's Annual Governance Statement. The internal audit plan will be continually reviewed to ensure emerging risks are taken into account throughout the year.

2. To promote good governance arrangements and monitor progress made against governance actions
3. To support the risk management process within the Council
4. To advise on internal control implications on new systems
5. To support relevant corporate or service projects
6. To add value through advice, facilitation and training (subject to there being no impact on the core assurance work, maintaining independence and availability of skills and resources)
7. Provide a quality fraud investigation service (not to include Benefit Investigation work) and
8. Support the work of the Accounts and Audit Committee

Reporting Lines and Relationships

3.3 The Principal Auditor reports to the Head of Financial Services, however Internal Audit is independent in its planning and operation and as such has unrestricted access to the following;

- Chief Executive
- Management Team (Senior Management)
- Monitoring Officer
- Councillors including specifically the Chair of Accounts and Audit Committee
- All levels of management and
- Other council employees as necessary

3.4 CIPFA has published "The Role of the Head of Internal Audit in Public Organisations". The Head of Financial Services must comply with these requirements in addition to those set out in the PSIAS.

Authority

3.5 Internal Auditors can also:

- enter any Council premises or land at any time, subject to statutory requirements;
- have access to all records and documents concerning any past or prospective financial transaction of the Council;
- require, and receive, any necessary explanations concerning any matter under examination;
- require any employee of the Council to produce any Council property or asset under their control.

3.6 For clarity this may extend to partner or service delivery organisations if required.

4 Independence and Objectivity (Standards 1100, 1110, 1111, 1120 and 1130)

Code of Ethics

- 4.1 All Internal Auditors will conform to the Chartered Institute of Internal Auditors' (CIIA) Code of Ethics. Where members of the Internal Audit team have attained membership with other professional bodies such as: ACCA², CIPFA³ or AAT⁴, those officers must also comply with their relevant bodies' ethical requirements. In addition to this, all Internal Auditors will have regard to the Standards of Public Life's "Seven Principles of Public Life". (www.public-standards.gov.uk)
- 4.2 Each member of the team works in compliance with the Code of Ethics as well as the Council's standards and policies such as the Employee Code of Conduct. Auditors also complete and sign an annual Declaration of Possible Conflicts. It is critical that all Auditors maintain high standards of integrity, independence, objectivity, confidentiality and competence.
- 4.3 Where an Internal Auditors' conduct does not comply with these standards or codes, disciplinary action may be taken, either by the Council or by the individual's professional body.

Further Standards and Independence

- 4.4 Internal Auditors must remain independent; therefore Auditors will be independent of the activities audited to enable staff to perform their duties in a way that allows them to make impartial, objective and effective professional judgements and recommendations. As such, Audit staff will not have operational responsibilities other than in the areas of Insurance and Risk Management. The audit staff involved in these operations will not carry out any audit in these areas.
- 4.5 The Principal Auditor will report annually to Accounts and Audit Committee that independence and objectivity has been maintained. If this is not the case, disclosure will be made, this for example may be as a result of resource limitations, conflicts of interest or restricted access to records.

5 Internal Audit Resource Management, Proficiency and Due Professional Care (Standards 1200, 1210, 1220, 1230, and 2030)

Resource Management (Standard 2030)

- 5.1 For the audit team to fulfil their responsibilities, the team must be appropriately staffed in terms of numbers, professional qualifications, skills and experience. Resources must be effectively deployed to achieve the approved risk based plan. The mix of available knowledge, skills and other competencies will be considered once the risk based plan is drafted to ensure they are sufficient to deliver the plan.

²Association of Chartered Certified Accountants

³Chartered Institute of Public Finance & Accountancy

⁴Association of Accounting Technicians

- 5.2 It is the responsibility of the Principal Auditor to report concerns over a lack of resources to the Head of Financial Services and to Accounts and Audit Committee.
- 5.3 If necessary the Principal Auditor will agree with the Head of Financial Services additional and or specialist resources.
- 5.4 Employment of staff will be in compliance with the Council's HR policies. External resources will be procured in line with the Council's Financial Regulations and Contract Procedure Rules.
- 5.5 There is a further requirement under the PSIAS that approval be sought from Accounts and Audit Committee to engage in any significant additional consultancy services not already included within the audit plan.

Proficiency (Standard 1210)

- 5.6 The Head of Financial Services (Chief Audit Executive) must hold a professional qualification (CIA, CIPFA or equivalent) and be suitably experienced.
- 5.7 Each job role within the internal audit structure will detail skills and competencies within the approved job description and person specification. In line with Council policy and the PSIAS, each member of the team will be assessed against these predetermined competencies and annual objectives. Any development and training plans will be regularly reviewed, monitored and agreed with officers. This assessment will also take into account competency changes as needed i.e. to reflect changing technology and legislation.
- 5.8 Auditors are also required to maintain a record of their continual professional development in line with their professional body (Standard 1230)

Due Professional Care (Standard 1220)

- 5.9 Internal auditors must exercise due professional care by considering:
 - the extent of work needed to achieve the engagement's objectives;
 - the relative complexity, materiality or significance of matters to which assurance and procedures are applied;
 - the adequacy and effectiveness of governance, risk management and control processes;
 - the probability of significant errors, fraud, or non-compliance
 - the cost of assurance in relation to potential benefits; and
 - various data analysis techniques and being alert to significant risks that may affect the objectives.

6 Quality Assurance and Improvement Programme (Standards 1300, 1310, 1311, 1312, 1320, 1321 and 1322)

- 6.1 To enable the Head of Financial Services to assess Internal Audits conformance to the PSIAS and to aid in the annual assessment for Internal Audit's efficiency and effectiveness and identify opportunities for improvement, a Customer Feedback Questionnaire has been developed. The questionnaire is an assessment by clients of the audit work carried out.

- 6.2 Analysis of the questionnaires will form part of the annual assessment of the effectiveness of internal audit (contained within the Annual Audit Report) which is published to the Director of Resources and Accounts and Audit Committee. (Standard 1320)
- 6.3 Where there are instances of non-conformance to the PSIAS this is reported to the Director of Resources and Accounts and Audit Committee. Any significant deviations will be detailed within the Annual Governance Statement (Standard 1322)

Internal Assessment (Standard 1311)

- 6.4 All Auditors have access to an up to date electronic audit manual, the Internal Audit Charter, Council policies, the PSIAS and application note as well as other references.
- 6.5 To maintain quality, work is allocated to staff with appropriate skills, competence and experience. All levels of staff are supervised. Work is monitored for progress, assessed for quality and to allow for training. (linked to Standard 2340). Performance Appraisals are undertaken for individual auditors and targets agreed.
- 6.6 Progress made against the audit plan and any emerging issues (i.e. fraud risks or governance issues) are reported to each meeting of Accounts and Audit Committee (linked to Standard 2060).
- 6.7 On-going assessment of individuals is carried out through regular meetings, customer feedback from post audit questionnaires and formally in the Performance Appraisal process.

External Assessment (Standard 1312)

- 6.8 In compliance with the PSIAS, external assessment will ideally be carried out at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. One method would be through self-assessment, with independent validation from a peer review (organised through the Lancashire Districts Chief Auditors Group) providing there is no conflict of interest and impairment to objectivity in this arrangement.
- 6.9 This arrangement and scope must be agreed with the Director of Resources, Accounts and Audit Committee and the Independent Assessor.
- 6.10 Alternatively, our external auditor, Grant Thornton, or another similar external organisation could be engaged at a fee.

7 Performance Standards (Standards 2000, 2010, 2020, 2030, 2040, 2050, 2060 and 2070)

- 7.1 The prime responsibility of Internal Audit is to the Council. Key are the risks and controls within the Council activities, and those undertaken by any “partners” where there is also a need for assurance over their activities on the Council’s behalf.
- 7.2 In order to give an evidence based opinion there is a minimum level of coverage required. When planning the work of internal audit, assurances provided by third parties can be considered.

Planning (Standard 2010)

- 7.3 The Head of Financial Services together with the Principal Auditor develops a risk based plan, which can be updated to reflect the changing risks and priorities of the organisation, to enable the production of the annual internal audit opinion.
- 7.4 In order to prepare this risk based audit plan, the Head of Financial Services together with the Principal Auditor considers both National (i.e. economic climate, fraud trends) and Local

issues (corporate plan, service action plans, Medium Term Financial Strategy, risk registers and discussions with management).

7.5 A risk assessment of the “Audit Universe” is undertaken by scoring against 4 key factors, which are weighted to give an overall score, which dictates how often the area should be reviewed. The factors used for the assessment are Materiality, Primary Objectives, Audit Experience and Assurance, and Time since last audit.

7.6 The plan will consider;

- the need for specialist auditor skills, where they are not available already
- the balance of the range of reviews and sufficient coverage to ensure that External Audit can place reliance on the work of Internal Audit
- the need to update and review for emerging risks
- contingency time for ad hoc reviews or fraud investigations
- sufficient time for audit management including audit planning, development of the annual audit opinion and attendance at meetings and maintenance of audit policies and procedures (Standard 2040)
- staff training and development needs
- liaison time with other assurance providers to share information (standard 2050), such as the External Auditor
- assurances provided by other bodies

7.7 The Principal Auditor reports the risk based audit plan and resource requirements to Accounts and Audit Committee for review and approval. For clarity Committee can approve but cannot direct the audit plan.

8 Nature of work (Standards 2100, 2110, 2120 and 2130)

Governance (Standard 2110)

8.1 Internal audit will assess and make appropriate recommendations for improving the governance process in its accomplishment of the following objectives:

- Promoting appropriate ethics and values within the organisation;
- Ensuring effective organisational performance management and accountability;
- Communicating risk and control information to appropriate areas of the organisation;
and
- Co-ordinating the activities of and communicating information among the Accounts and Audit Committee, external and internal auditors and management.

Risk Management (Standard 2120)

8.2 Internal audit evaluates the effectiveness and contributes to the improvement of the risk management process.

8.3 The PSIAS require Internal Audit to:

- Evaluate risk exposures relating to the Council's governance, operations and information systems regarding the:
 - Achievement of the organisation's strategic objectives;
 - Reliability and integrity of financial and operational information;
 - Effectiveness and efficiency of operations and programmes;
 - Safeguarding of assets; and
 - Compliance with laws, regulations, policies, procedures and contracts
- Address risks consistent with the Council's objectives and be alert to the existence of other significant risks.
- Assist management in establishing or improving risk management processes, but refrain from assuming any management responsibility by actually managing risks

Control (Standard 2130)

8.4 Internal audit assists the Council in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement.

8.5 Internal Audit evaluates the adequacy and effectiveness of controls in responding to risks within the Council's governance, operations and information systems regarding the:

- Achievement of the Council's strategic objectives;
- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations and programmes;
- Safeguarding of assets; and
- Compliance with laws, regulations, policies, procedures and contracts

Fraud (Consultancy Work)

8.6 Whilst it is not a primary role of Internal Audit to detect fraud, it does have a role in providing an independent assurance on the effectiveness of the processes put in place by management to manage the risk of fraud. Internal audit can do additional work, although it cannot be prejudicial to this primary role. Typical activities may include;

- Investigating the cause of fraud
- Responding to whistleblowers
- Considering fraud in every audit
- Making recommendations to improve processes
- Review fraud prevention controls and detection processes put in place by management

9 Audit Delivery

Engagement Planning (Standards 2200, 2201, 2210, 2220, 2230 and 2240)

- 9.1 For each audit undertaken a brief will be prepared, discussed and agreed with relevant managers. The brief establishes the objectives, scope and timing for the audit assignment and its resources and reporting requirements. Audit work is undertaken using a risk based audit approach, which will consider the probability of significant errors, fraud and non-compliance. Adequate criteria will be needed to evaluate the nature of internal audit's work. Criteria can be extended to consider value for money assessments.

Performing the Engagement (Standard 2300, 2310, 2320, 2330 and 2340)

- 9.2 Auditors are required to identify, analyse, evaluate and document sufficient information to achieve the audits objectives. This evidence supports their conclusions, professional judgement and recommendations and therefore must be factual and accurate. This data is held in compliance with the Council's retention policies.

Communicating Results (Standards 2400, 2410, 2420, 2421, 2430, 2431, 2440 and 2450)

- 9.3 The results of all audits are reported, including the objective, scope, all material facts, conclusions, recommendations, action plans, any limitations and where appropriate contain the internal auditors' opinion.
- 9.4 Contents of draft reports are discussed with auditees, managers and Heads of Service as appropriate to verify factual accuracy. It is important to bring significant issues to the attention of management during the course of the audit to allow for immediate action.
- 9.5 Auditees are required to give responses to each recommendation and a target date for implementation will be agreed for all recommendations accepted. Where there is a disagreement over the actions to be taken, this is recorded in the action plan with the residual risks highlighted.
- 9.6 Where those risks are deemed to be high, they are reported to the relevant Director, and to Accounts and Audit Committee. Risk registers are updated where relevant.

Overall Opinions (Standard 2450)

- 9.7 The annual Internal Audit Report is prepared by the Principal Auditor. This opinion is used to inform the Annual Governance Statement. This report must conclude on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control giving an overall opinion, summary of the work undertaken to support this opinion (including any reliance placed on work by other assurance providers), a statement on the conformance with the PSIAS, any external assessors improvement recommendations and disclosure of any impairments or limitations. If an unfavourable opinion is given, the reasons for this must be specified.

Monitoring Progress (Standard 2500) and Communicating Unacceptable Levels of Risk (Standard 2600)

- 9.8 Internal Audit tracks progress made on agreed actions. It is the responsibility of the relevant Head of Service to implement and provide relevant evidence of the agreed actions to internal audit.
- 9.9 Details of all audits carried out and the assurance levels awarded are reported to Accounts and Audit Committee.

9.10 Where Heads of Service have not actioned high priority agreed actions, or where the level of risk may be unacceptable to the Council, the Principal Auditor will report this to the relevant Director. If the matter remains unresolved Accounts and Audit Committee will be informed. The findings and follow up reviews inform future audit planning.

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO ACCOUNTS AND AUDIT COMMITTEE

Agenda Item No 7

meeting date: 19 NOVEMBER 2014
 title: INTERNAL AUDIT PROGRESS REPORT 2014/15
 submitted by: DIRECTOR OF RESOURCES
 principal author: MICK AINSCOW

1 PURPOSE

1.1 To report to Committee internal audit work progress to date for 2014/15.

1.2 Relevance to the Council's ambitions and priorities:

- Corporate priorities – the Council seeks to maintain critical financial management and controls, and provide efficient and effective services.
- Other considerations – the Council has a statutory duty to maintain an adequate and effective system of internal audit.

2 BACKGROUND

2.1 Internal audit ensure that sound internal controls are inherent in all the Council's systems. All services are identified into auditable areas and then subjected to a risk assessment process looking at factors such as financial value and audit experience. A risk score is then calculated for each area.

2.2 An operational audit plan is then produced to prioritise resources allocation based on the risk score, with all high-risk areas being covered annually.

2.3 The full internal audit plan for 2014/15 is attached as Annex 1 alongside progress to date. In summary resources for the year have been allocated as follows:

Audit Area	2014/15 Planned Days
Fundamental (Main) Systems	250
Other Systems	50
Probity and Regularity	203
On-going checks	22
Risk Management, Pl's, Corp. Governance	53
Non-Audit Duties (Insurance)	30
College	40
Contingencies/unplanned work	25
	673

2.4 The position with regards to audit work carried out as at the end of October 2014 is included within Annex 1 and shows completed audits, audits in progress and continuous activity.

3 ISSUES

- 3.1 During the year we aim to review all of the Council's main fundamental systems. Reviews have so far taken place in relation to payroll, creditors, sundry debtors and housing benefits systems, and testing is currently ongoing on the council tax system.
- 3.2 In addition to our systems work we will continue to carry out a series of on-going checks to prevent/detect fraud and corruption.
- 3.3 At present we use an assurance system for all audits carried out. Each completed audit report contains a level of assurance opinion as follows:

Level 1	Full		The Council can place full reliance on the levels of control in operation
Level 2	Substantial		The Council can place substantial reliance on the levels of control in operation
Level 3	Reasonable		Generally sound systems of control. Some minor weaknesses in control which need to be addressed
Level 4	Limited		Only limited reliance can be placed on the arrangements/ controls in operation. Significant control issues need to be resolved.
Level 5	Minimal		System of control is weak, exposing the operation to the risk of significant error or unauthorised activity

4 REPORTS CARRIED OUT AND ASSURANCE OPINIONS

- 4.1 This report covers audit work and reports issued since the last report to Committee on 27 August 2014. The table below sets out the assurance opinions issued from these audits:

Date of Report	Assurance Opinion	Report Details
27.08.14	Full 	Land Charges – controls in place were sound and working effectively. No recommendations arising.
27.08.14	Full 	Housing Benefits System – control systems in place were operating effectively. No recommendations arising.
28.08.14	Full 	Fees and Charges – ensuring that the fees approved by Committee were those being charged by respective departments. A further exercise will be carried out later in the year looking at the various methods and system of charging and collection of income across the Council.

Date of Report	Assurance Opinion	Report Details
28.08.14	Full ✓ ✓ ✓	Building Control – system was operating well, with no weaknesses identified and no recommendation arising.
24.09.14	Full ✓ ✓ ✓	Petty Cash/Floats – all floats and petty cash imprests held across the council were checked. No issues arising and the recommendation following the previous audit had been implemented in full.
20.10.14	Substantial ✓ ✓	Procurement System – all aspects of the system were examined to ensure Contract Procedure Rules and Financial Regulations were being followed. Generally the system was operating well with only minor recommendations arising.
21.10.14	Full ✓ ✓ ✓	Treasury Management – control systems in place were sound and operating effectively. No recommendations arising.

5 QUALITY MONITORING

5.1 Customer feedback questionnaires are issued following the completion of the majority of audit work carried out. These questionnaires ask for the auditees view on the work that has been undertaken. Summary results are shown at Annex 2 for the latest returned questionnaires, and it is pleasing to note that all the majority show an average score above our target level of 4.

6 RECOMMENDATION

6.1 Progress to date with the 2014/15 audit plan is satisfactory.

PRINCIPAL AUDITOR

DIRECTOR OF RESOURCES

AA27-14/MA/AC
3 November 2014

BACKGROUND PAPERS: None

For further information please ask for Mick Ainscow .

2014/15 Planned Days	Audit	Actual days to 31/01/14	Status as at 31/01/14
<i>Fundamental (Main) Systems</i>			
25	Main Accounting	9	
30	Creditors	26	✓
30	Sundry Debtors	28	✓
30	Payroll and HR	30	✓
45	Council Tax	18	
35	Housing Benefits	35	✓
35	NNDR	0	Not Started
20	Cash Receipting	0	Not Started
250		146	
<i>Other Systems Work</i>			
20	VAT	0	Not Started
10	Treasury Management	10	✓
20	Procurement	20	✓
50		30	
<i>Probity and Regularity</i>			
5	Car Allowances	6	✓
10	Asset Mgmt/Register	0	Not Started
5	Members Allowances	4	✓
20	HR and Recruitment/Staff Expenses	7	
10	Insurance	3	
5	Land Charges	5	✓
5	Fees and Charges	5	✓
5	Clitheroe Cemetery	6	
10	Business Continuity Mgmt	0	Not Started
8	Car Parking	12	✓
15	VIC/Platform Gallery	18	✓
10	Trade Refuse	4	
10	Recycling	4	
5	Ribblesdale Pool	10	
10	Data Protection	7	
10	Partnership Arrangements	0	Not Started
10	Grants received	0	Not Started
10	Grants paid	0	Not Started
10	Flexitime System	15	
10	Sustainability	0	Not Started
10	Section 106 Agreements	0	Not Started
5	Building Regulations	6	✓
5	Planning Applications	7	✓
203		119	

2014/15 Planned Days	Audit	Actual days to 31/01/14	Status as at 31/10/14
<i>Continuous Activity/Ongoing Checks</i>			
10	Cash Collections Procedures	3	∞
12	Income Monitoring	7	∞
22		10	
25	Contingencies/unplanned work	18	∞
25		18	
30	Risk Management	14	∞
18	Corporate Governance	18	∞
5	Performance Indicators	6	∞
53		38	
30	Insurance	22	∞
30		22	
40	Training	22	∞
40		22	
	Available audit days to 31/3/2015	268	
673		673	

Key:

In Progress



Continuous Activity



Completed

Not started No work undertaken in the current year on these audits

Question	Audit Carried Out			
	Platform Gallery and Visitor Information Centre	Building Control	Housing Benefits Systems and Processes	Land Charges
1. Sufficient notice given to arrange the visit	5	5	5	5
2. Briefing sheet sent prior to audit commencing and any comments/requests were taken into account	5	4	5	5
3. Auditors understanding of your systems and current issues	5	3	5	3
4. Audit carried out efficiently with minimum disruption	5	4	5	5
5. Level of consultation during audit	4	3	5	5
6. Audit carried out professionally and objectively	5	3	5	5
7. Draft report addressed the key issues and was soundly based	5	5	5	5
8. Opportunity to comment on findings	4	5	5	5
9. Final report in terms of clarity and conciseness	4	4	5	3
10. Prompt issue of final report	5	4	5	5
11. Recommendations will improve control and/or performance	5	4	5	3
12. Audit was constructive and added value overall	5	2	5	3
Average	4.7	3.8	5	4.3

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO ACCOUNTS AND AUDIT COMMITTEE

Agenda Item No 8

meeting date: 19 NOVEMBER 2014
title: UPDATE ON CHANGES TO TRANSPARENCY REQUIREMENTS
submitted by: DIRECTOR OF RESOURCES
principal author: LAWSON ODDIE

1 PURPOSE

- 1.1 The purpose of this report is to provide members of the Audit and Audit Committee with an update following the recent government response to a consultation by the Department for Communities and Local Government on the Code of Recommended practice on Data Transparency in Local Government.
- 1.2 This report sets out the key changes in terms of additional information that is recommended to be published, and the action the Council is taking to comply with this.

2 BACKGROUND

- 2.1 In April 2010, the Council began to publish data on spend and salaries in order to meet the requirements of the Department of Communities and Local Government (DCLG) as part of its efforts to improve local transparency and accountability across Whitehall and local government.
- 2.2 The Department for Communities and Local Government has now issued the Local Government Transparency Code 2014 (Annex 1) to meet the Government's desire to place more power into citizens' hands to increase democratic accountability and make it easier for local people to contribute to the local decision making process and help shape public services.
- 2.3 There are now a number of items that **must** be published, in some cases quarterly and in others annually. Additionally the Code details further information that the DCLG **recommend** that council's publish.

3 PUBLICATION REQUIREMENTS

- 3.1 The new and extended requirements of the Government's Transparency Code are developed on three principles:
 - **Demand Led** – there are growing expectations that new technologies and publication of data should support transparency and accountability. It is vital that public bodies recognise the value to the public of the data they hold, understand what they hold, what their communities want and then release it in a way that allows the public, developers and the media to use it.
 - **Open** – provision of public data should become integral to local authority engagement with local people so that it drives accountability to them. Its availability should be promoted and publicised so that residents know how to access it and how it can be used. Presentation should be helpful and accessible to local people and other interested persons.

- **Timely** – the timeliness of making public data available is often of vital importance. It should be made public as soon as possible following production even if it is not accompanied with detailed analysis.

3.2 A summary of the publication areas covered are shown in the table below:

MUST be published Quarterly First publication to be by 31 December 2014	MUST be published Annually First publication to be by 2 February 2015
<ul style="list-style-type: none"> • Expenditure exceeding £500 • Government Procurement Card Transactions • Procurement Information 	<ul style="list-style-type: none"> • Local Authority Land • Grants to Voluntary, Community and Social Enterprise Organisations. • Organisation Charts • Trade Union Facility Time • Parking Account • Parking Spaces • Senior Salaries • Constitution • Pay Multiple • Fraud

3.3 As mentioned earlier in the report, there are extensions to the basic requirements which broaden the level of data required to be published in the table above. This includes reporting more details and also lower threshold levels. This is detailed in Annex 1 in Part 3, starting on page 19.

3.4 A great deal of work would be required to provide the additional recommendations that are not at the moment statutory. The current statutory requirements in the table above started as a best practice recommendation; therefore it is assumed that in the future the additional items recommended for publication may become statutory requirements at some time in the future.

3.5 With regard to the items listed at 3.2 above. The majority of the requirements are reported across our website and the main work in such instances would be including these on our main 'Transparency' webpage. However, there will need to be some additional work on the Procurement Information, which is not currently in a readily accessible format, and this work is currently underway.

3.6 The transparency originated as a financially driven requirement, but as the table at paragraph 3.2 demonstrates, this is not necessarily still the case.

4 CONCLUSION

- 4.1 The requirements of the Transparency Code 2014 have been extended from the previous recommended best practice, and include areas wider than those that are financially based.
- 4.2 There are now new publishing deadlines, but which we currently feel confident in meeting.
- 4.3 The extended 'recommended' reporting areas would require an extensive investment of time but are not yet a statutory requirement.

HEAD OF FINANCIAL SERVICES

DIRECTOR OF RESOURCES

AA25-14/LO/AC
31 October 2014



Department for
Communities and
Local Government

Local Government Transparency Code 2014

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Contents

1	Part 1: Introduction	4
2	Part 2: Information which must be published	9
3	Part 3: Information recommended for publication	19
4	Annex A: Table summarising all information to be published	24
5	Annex B: Detecting and preventing fraud	33

Part 1: Introduction

Policy context

1. This Code is issued to meet the Government's desire to place more power into citizens' hands to increase democratic accountability and make it easier for local people to contribute to the local decision making process and help shape public services. Transparency is the foundation of local accountability and the key that gives people the tools and information they need to enable them to play a bigger role in society. The availability of data can also open new markets for local business, the voluntary and community sectors and social enterprises to run services or manage public assets.
2. 'Data' means the objective, factual data, on which policy decisions are based and on which public services are assessed, or which is collected or generated in the course of public service delivery. This should be the basis for publication of information on the discharge of local authority functions.
3. The Government believes that in principle all data held and managed by local authorities should be made available to local people unless there are specific sensitivities (eg. protecting vulnerable people or commercial and operational considerations) to doing so. It encourages local authorities to see data as a valuable resource not only to themselves, but also their partners and local people.
4. Three principles have guided the development of this Code:
 - **Demand led** – there are growing expectations that new technologies and publication of data should support transparency and accountability. It is vital that public bodies recognise the value to the public of the data they hold, understand what they hold, what their communities want and then release it in a way that allows the public, developers and the media to use it
 - **Open** – provision of public data should become integral to local authority engagement with local people so that it drives accountability to them. Its availability should be promoted and publicised so that residents know how to access it and how it can be used. Presentation should be helpful and accessible to local people and other interested persons, and
 - **Timely** – the timeliness of making public data available is often of vital importance. It should be made public as soon as possible following production even if it is not accompanied with detailed analysis.

5. Respondents to the Government's consultation on 'Improving Local Government Transparency: Making 'The Code of Recommended Practice for Local Authorities on Data Transparency' enforceable by regulations'¹ suggested datasets that should be included in this Code². The Government has decided not to include them. However, local authorities are encouraged to consider what respondents said and look to go further than this Code, in line with the principle that all data held and managed by local authorities should be made open and available to local people unless there are specific sensitivities to doing so. Annex A summarises the publication requirements for datasets covered by this Code.
6. Fraud can thrive where decisions are not open to scrutiny and details of spending, contracts and service provision are hidden from view. Greater transparency, and the provisions in this Code, can help combat fraud. Local authorities should also use a risk management approach with strong internal control arrangements to reduce the risk of any payment fraud as a result of publishing public data. Local authorities should refer to the Chartered Institute of Public Finance and Accountancy Red Book 2 – Managing the Risk of Fraud – Actions to Counter Fraud and Corruption³. Annex B provides further information on combating fraud.

Application

7. This Code is issued by the Secretary of State for Communities and Local Government in exercise of his powers under section 2 of the Local Government, Planning and Land Act 1980 ("the Act") to issue a Code of Recommended Practice (the Code) as to the publication of information by local authorities about the discharge of their functions and other matters which he considers to be related. It is issued following consultation in accordance with section 3(11) of the Act. It replaces any previous Codes issued in relation to authorities in England under those powers.
8. The Code does not replace or supersede the existing legal framework for access to and re-use of public sector information provided by the:
 - Freedom of Information Act 2000 (as amended by the Protection of Freedoms Act 2012)
 - Environmental Information Regulations 2004
 - Re-use of Public Sector Information Regulations 2005
 - Infrastructure for Spatial Information in the European Community Regulations 2009, and
 - Section 15 of the Audit Commission Act 1998 which provides a right for persons interested to inspect a local authority's accounting records and supporting documentation, and to make copies of them, for a limited period each year.

¹https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/14855/Making_the_Code_of_Recommended_Practice_mandatory_-_consultation.pdf

²https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/266815/Transparency_Code_Government_Response.pdf (See paragraph 37)

³http://www.cipfanetworks.net/governance/documentation/default_view.asp?library=157&category=1255&content_ref=7550

9. This Code does not apply to Police and Crime Commissioners, for whom a separate transparency framework applies.
10. This Code only applies to local authorities in relation to descriptions of information or data where that type of local authority undertakes the particular function to which the information or data relates.
11. The Code applies in England only.

Definitions

12. In this Code:

“local authority” means:

- a county council in England
- a district council
- a parish council which has gross annual income or expenditure (whichever is the higher) exceeding £200,000
- a London borough council
- the Common Council of the City of London in its capacity as a local authority
- the Council of the Isles of Scilly
- a National Park authority for a National Park in England
- the Broads Authority
- the Greater London Authority so far as it exercises its functions through the Mayor
- the London Fire and Emergency Planning Authority
- Transport for London
- a fire and rescue authority (constituted by a scheme under section 2 of the Fire and Rescue Services Act 2004 or a scheme to which section 4 of that Act applies, and a metropolitan county fire and rescue authority)
- a joint authority established by Part IV of the Local Government Act 1985 (fire and rescue services and transport)
- a joint waste authority, i.e. an authority established for an area in England by an order under section 207 of the Local Government and Public Involvement in Health Act 2007
- an economic prosperity board established under section 88 of the Local Democracy, Economic Development and Construction Act 2009
- a combined authority established under section 103 of that Act
- a waste disposal authority, i.e. an authority established under section 10 of the Local Government Act 1985, and
- an integrated transport authority for an integrated transport area in England.

“voluntary and community sector organisations” means a non-governmental organisation that is value-driven and which principally reinvests its surpluses to further social, environmental or cultural objectives.

“a social enterprise⁴” means a business that trades for a social and/or environmental purpose and is a business which:

- aims to generate its income by selling goods and services, rather than through grants and donations
- is set up to specifically make a difference, and
- reinvests the profits it makes for the purpose of its social mission.

“a small or medium sized enterprise” means an undertaking which has fewer than 250 employees.

Data protection

13. The Government believes that local transparency can be implemented in a way that complies with the Data Protection Act 1998. Where local authorities are disclosing information which potentially engages the Data Protection Act 1998, they must ensure that the publication of that information is compliant with the provisions of that Act. The Data Protection Act 1998 does not restrict or inhibit information being published about councillors or senior local authority officers because of the legitimate public interest in the scrutiny of such senior individuals and decision makers. The Data Protection Act 1998 also does not automatically prohibit information being published naming the suppliers with whom the authority has contracts, including sole traders, because of the public interest in accountability and transparency in the spending of public money.

14. For other situations where information held by local authorities contains public data which cannot be disclosed in a Data Protection Act compliant manner, the Information Commissioner’s Office has published guidance on anonymisation of datasets, enabling publication of data which can yield insights to support public service improvement, whilst safeguarding individuals’ privacy⁵.

⁴ <https://www.gov.uk/set-up-a-social-enterprise>

⁵ http://ico.org.uk/for_organisations/data_protection/topic_guides/anonymisation

Commercial confidentiality

15. The Government has not seen any evidence that publishing details about contracts entered into by local authorities would prejudice procurement exercises or the interests of commercial organisations, or breach commercial confidentiality unless specific confidentiality clauses are included in contracts. Local authorities should expect to publish details of contracts newly entered into – commercial confidentiality should not, in itself, be a reason for local authorities to not follow the provisions of this Code. Therefore, local authorities should consider inserting clauses in new contracts allowing for the disclosure of data in compliance with this Code.

Exclusions and exemptions

16. Authorities should ensure that they do not contravene the provisions of sections 100A, 100B or 100F of the Local Government Act 1972.
17. Where information would otherwise fall within one of the exemptions from disclosure under the Freedom of Information Act 2000, the Environmental Information Regulations 2004, the Infrastructure for Spatial Information in the European Community Regulations 2009 or falls within Schedule 12A to the Local Government Act 1972 then it is at the discretion of the local authority whether or not to rely on that exemption or publish the data. Local authorities should start from the presumption of openness and disclosure of information, and not rely on exemptions to withhold information unless absolutely necessary.

Timeliness and errors

18. Data should be as accurate as possible at first publication. While errors may occur, the publication of information should not be unduly delayed to rectify mistakes. Instead, publication should be used to help address any imperfections and deficiencies. This concerns errors in data accuracy, not errors in redacting personal data. The best way to achieve this is by having robust information management processes in place.
19. Where errors in data are discovered, or files are changed for other reasons (such as omissions), local authorities should publish revised information making it clear where and how there has been an amendment. Metadata on data.gov.uk should be amended accordingly.

Further guidance and support

20. The Department for Communities and Local Government will work with sector led organisations such as the Local Government Association and the Local eGovernment Standards Body, the Local Public Data Panel and the Information Commissioner's Office to ensure guidance on transparency (eg. technical guidance notes, best practice examples and case studies) is available to local authorities.

Part 2: Information which must be published

Part 2.1: Information to be published quarterly

21. Data covered by this section includes:

- expenditure exceeding £500 (see paragraphs 23 and 24)
- Government Procurement Card transactions (paragraph 25), and
- procurement information (see paragraphs 26 and 27).

22. The data and information referred to in this Part (2.1) must be published:

- on the first occasion, not later than 31 December 2014, and
- thereafter, not less than quarterly and not later than one month after the quarter to which the data and information is applicable.

Expenditure exceeding £500

23. Local authorities must publish details of each individual item of expenditure that exceeds £500⁶. This includes items of expenditure⁷, consistent with Local Government Association guidance⁸, such as:

- individual invoices
- grant payments
- expense payments
- payments for goods and services
- grants
- grant in aid
- rent
- credit notes over £500, and
- transactions with other public bodies.

⁶ The threshold should be, where possible, the net amount excluding recoverable Value Added Tax.

⁷ Salary payments to staff normally employed by the local authority should not be included. However, local authorities should publish details of payments to individual contractors (e.g. individuals from consultancy firms, employment agencies, direct personal contracts, personal service companies etc) either here or under contract information.

⁸ <http://www.local.gov.uk/practitioners-guides-to-publishing-data>

24. For each individual item of expenditure the following information must be published:

- date the expenditure was incurred
- local authority department which incurred the expenditure
- beneficiary
- summary of the purpose of the expenditure⁹
- amount¹⁰
- Value Added Tax that cannot be recovered, and
- merchant category (eg. computers, software etc).

Government Procurement Card transactions

25. Local authorities must publish details of every transaction on a Government Procurement Card. For each transaction, the following details must be published:

- date of the transaction
- local authority department which incurred the expenditure
- beneficiary
- amount¹¹
- Value Added Tax that cannot be recovered
- summary of the purpose of the expenditure, and
- merchant category (eg. computers, software etc).

⁹ This could be the descriptor that local authorities use in their accounting system providing it gives a clear sense of why the expenditure was incurred or what it purchased or secured for the local authority.

¹⁰ Where possible, this should be the net amount excluding recoverable Value Added Tax. Where Value Added Tax cannot be recovered – or the source of the data being used cannot separate out recoverable Value Added Tax – then the gross amount should be used instead with a note stating that the gross amount has been used.

¹¹ Where possible, this should be the net amount excluding recoverable Value Added Tax. Where Value Added Tax cannot be recovered – or the source of the data being used cannot separate out recoverable Value Added Tax – then the gross amount should be used instead with a note stating that the gross amount has been used.

Procurement information

26. Local authorities must publish details of every invitation to tender for contracts to provide goods and/or services¹² with a value that exceeds £5,000^{13, 14}. For each invitation, the following details must be published:

- reference number
- title
- description of the goods and/or services sought
- start, end and review dates, and
- local authority department responsible.

27. Local authorities must also publish details of any contract¹⁵, commissioned activity, purchase order, framework agreement and any other legally enforceable agreement with a value that exceeds £5,000¹⁶. For each contract, the following details must be published:

- reference number
- title of agreement
- local authority department responsible
- description of the goods and/or services being provided
- supplier name and details
- sum to be paid over the length of the contract or the estimated annual spending or budget for the contract¹⁷
- Value Added Tax that cannot be recovered
- start, end and review dates
- whether or not the contract was the result of an invitation to quote or a published invitation to tender, and
- whether or not the supplier is a small or medium sized enterprise and/or a voluntary or community sector organisation and where it is, provide the relevant registration number¹⁸.

¹² This includes contracts for staff who are employed via consultancy firms or similar agencies.

¹³ The threshold should be, where possible, the net amount excluding recoverable Value Added Tax.

¹⁴ Tenders for framework agreements should be included, even though there may be no initial value.

¹⁵ This includes contracts for staff who are employed via consultancy firms or similar agencies.

¹⁶ The threshold should be, where possible, the net amount excluding recoverable Value Added Tax.

¹⁷ Where possible, this should be the net amount excluding recoverable Value Added Tax. Where Value Added Tax cannot be recovered – or the source of the data being used cannot separate out recoverable Value Added Tax – then the gross amount should be used instead with a note stating that the gross amount has been used.

¹⁸ For example, this might be the company or charity registration number.

Part 2.2: Information to be published annually

28. Data covered by this section includes:

- local authority land (see paragraphs 30 and 31)
- grants to voluntary, community and social enterprise organisations (see paragraphs 32 and 33)
- organisation chart (see paragraph 34)
- trade union facility time (see paragraph 35)
- parking account (see paragraph 36)
- parking spaces (see paragraph 37)
- senior salaries (see paragraphs 38 and 39)
- constitution (see paragraph 40)
- pay multiple (see paragraphs 41 and 42), and
- fraud (see paragraph 43).

29. The data and information in this Part (2.2) must be published:

- on the first occasion, not later than 2 February 2015, and
- thereafter, not less than annually and not later than one month after the year to which the data and information is applicable¹⁹.

Local authority land

30. Local authorities must publish details of all land and building assets including:

- all service and office properties occupied or controlled by user bodies, both freehold and leasehold
- any properties occupied or run under Private Finance Initiative contracts
- all other properties they own or use, for example, hostels, laboratories, investment properties and depots
- garages unless rented as part of a housing tenancy agreement
- surplus, sublet or vacant properties
- undeveloped land
- serviced or temporary offices where contractual or actual occupation exceeds three months, and
- all future commitments, for example under an agreement for lease, from when the contractual commitment is made.

¹⁹ In relation to parking account data, where the local authority's annual accounts have not been finalised, the authority should publish estimates within one month after the year to which the data is applicable and subsequently publish final figures as soon as the authority's accounts are finalised.

However, information about the following land and building assets are to be excluded from publication:

- social housing²⁰
- rent free properties provided by traders (such as information booths in public places or ports)
- operational railways and canals
- operational public highways (but any adjoining land not subject to public rights should be included)
- assets of national security, and
- information deemed inappropriate for public access as a result of data protection and/or disclosure controls (eg. such as refuge houses).

31. For each land or building asset, the following information must be published together in one place:

- Unique Property Reference Number
- Unique asset identity - the local reference identifier used by the local body, sometimes known as local name or building block. There should be one entry per asset or user/owner (eg. on one site there could be several buildings or in one building there could be several users floors/rooms etc – where this is the case, each of these will have a separate asset identity). This must include the original reference number from the data source plus authority code
- name of the building/land or both
- street number or numbers - any sets of 2 or more numbers should be separated with the '-' symbol (eg. 10-15 London Road)
- street name – this is the postal road address²¹
- post town
- United Kingdom postcode
- map reference – local authorities may use either Ordnance Survey or ISO 6709 systems to identify the location of an asset, but must make clear which is being used. Where an Ordnance Survey mapping system is used (the grid system) then assets will be identified using Eastings before Northings. Where geocoding in accordance with ISO 6709 is being used to identify the centre point of the asset location then that reference must indicate its ISO coordinates

²⁰ To avoid data protection issues it is recommended that the specific location details of social housing is not included in the published list.

²¹ Local authorities should use the official postal address. Exceptionally, where this is not available, local authorities should use the address they hold for the asset.

- whether the local authority owns the freehold or a lease for the asset and for whichever category applies, the local authority must list all the characteristics that apply from the options given below:

for freehold assets:

- occupied by the local authority
- ground leasehold
- leasehold
- licence
- vacant (for vacant properties, local authorities should not publish the full address details and should only publish the first part of the postcode²²).

for leasehold assets:

- occupied by the local authority
- ground leasehold
- sub leasehold
- licence.

for other assets:

- free text description eg. rights of way, access etc²³.

- whether or not the asset is land only (i.e. without permanent buildings) or it is land with a permanent building.

Grants to voluntary, community and social enterprise organisations

32. Local authorities must publish details of all grants to voluntary, community and social enterprise organisations. This can be achieved by either:

- tagging and hence specifically identifying transactions which relate to voluntary, community and social enterprise organisations within published data on expenditure over £500 or published procurement information, or
- by publishing a separate list or register.

²² The first part of the postcode, or Outward Code, refers to the area and the district only, http://www.postcodeaddressfile.co.uk/products/postcodes/postcodes_explained.htm

²³ Where a local authority feels unable to verify rights of way information, for example, it should add a short narrative explaining why it is unable to identify and verify the information.

33. For each identified grant, the following information must be published as a minimum:

- date the grant was awarded
- time period for which the grant has been given
- local authority department which awarded the grant
- beneficiary
- beneficiary's registration number²⁴
- summary of the purpose of the grant, and
- amount.

Organisation chart

34. Local authorities must publish an organisation chart covering staff in the top three levels of the organisation²⁵. The following information must be included for each member of staff included in the chart:

- grade
- job title
- local authority department and team
- whether permanent or temporary staff
- contact details
- salary in £5,000 brackets, consistent with the details published under paragraph 38, and
- salary ceiling (the maximum salary for the grade).

Trade union facility time

35. Local authorities must publish the following information on trade union facility time:

- total number (absolute number and full time equivalent) of staff who are union representatives (including general, learning and health and safety representatives)
- total number (absolute number and full time equivalent) of union representatives who devote at least 50 per cent of their time to union duties
- names of all trade unions represented in the local authority
- a basic estimate of spending on unions (calculated as the number of full time equivalent days spent on union duties multiplied by the average salary), and
- a basic estimate of spending on unions as a percentage of the total pay bill (calculated as the number of full time equivalent days spent on union duties multiplied by the average salary divided by the total pay bill).

²⁴ For example, this might be the company or charity registration number.

²⁵ This should exclude staff whose salary does not exceed £50,000.

Parking account

36. Local authorities must publish on their website, or place a link on their website to this data if published elsewhere:

- a breakdown of income and expenditure on the authority's parking account^{26, 27}. The breakdown of income must include details of revenue collected from on-street parking, off-street parking and Penalty Charge Notices, and
- a breakdown of how the authority has spent a surplus on its parking account^{25,28}.

Parking spaces

37. Local authorities must publish the number of marked out controlled on and off-street parking spaces within their area, or an estimate of the number of spaces where controlled parking space is not marked out in individual parking bays or spaces.

Senior salaries

38. Local authorities are already required to publish, under the Accounts and Audit (England) Regulations 2011 (Statutory Instrument 2011/817)²⁹:

- the number of employees whose remuneration in that year was at least £50,000 in brackets of £5,000
- details of remuneration and job title of certain senior employees whose salary is at least £50,000, and
- employees whose salaries are £150,000 or more must also be identified by name.

39. In addition to this requirement, local authorities must place a link on their website to these published data or place the data itself on their website, together with a list of responsibilities (for example, the services and functions they are responsible for, budget held and number of staff) and details of bonuses and 'benefits-in-kind', for all employees whose salary exceeds £50,000. The key differences between the requirements under this Code and the Regulations referred to above is the addition of a list of responsibilities, the inclusion of bonus details for all senior employees whose salary exceeds £50,000 and publication of the data on the authority's website.

²⁶ A parking account kept under section 55 of the Road Traffic Regulation Act 1984 as modified by Regulation 25 of the Civil Enforcement of Parking Contraventions (England) General Regulations 2007.

²⁷ Local authorities should also have regard to both statutory guidance, *The Secretary of State's Statutory Guidance to Local Authorities on the Civil Enforcement of Parking Contraventions*, <http://assets.dft.gov.uk/publications/tma-part-6-cpe-statutory-guidance/betterprkstatutoryguid.pdf>, and non-statutory operational guidance, *Operational Guidance to Local Authorities: Parking Policy and Enforcement*,

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/212559/parkinginforcepolicy.pdf

²⁸ Section 55 (as amended) of the Road Traffic Regulation Act 1984 sets out how local authorities should use a surplus on their parking account. Local authorities should breakdown how they have spent a surplus on their parking account within the categories set out in section 55.

²⁹ These Regulations are to be replaced by Regulations made under the Local Accountability and Audit Act 2014.

Constitution

40. Local authorities are already required to make their Constitution available for inspection at their offices under section 9P of the Local Government Act 2000. Local authorities must also, under this Code, publish their Constitution on their website.

Pay multiple

41. Section 38 of the Localism Act 2011 requires local authorities to produce Pay Policy Statements, which should include the authority's policy on pay dispersion – the relationship between remuneration of chief officers and the remuneration of other staff. Guidance produced under section 40 of that Act³⁰, recommends that the pay multiple is included in these statements as a way of illustrating the authority's approach to pay dispersion.

42. Local authorities must, under this Code, publish the pay multiple on their website, defined as the ratio between the highest paid taxable earnings for the given year (including base salary, variable pay, bonuses, allowances and the cash value of any benefits-in-kind) and the median earnings figure of the whole of the authority's workforce. The measure must:

- cover all elements of remuneration that can be valued (eg. all taxable earnings for the given year, including base salary, variable pay, bonuses, allowances and the cash value of any benefits-in-kind)
- use the median earnings figure as the denominator, which should be that of all employees of the local authority on a fixed date each year, coinciding with reporting at the end of the financial year, and
- exclude changes in pension benefits, which due to their variety and complexity cannot be accurately included in a pay multiple disclosure.

³⁰ Openness and accountability in local pay: Guidance under Section 40 of the Localism Act (February 2012), https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/5956/2091042.pdf

Fraud

43. Local authorities must publish the following information about their counter fraud work³¹:

- number of occasions they use powers under the Prevention of Social Housing Fraud (Power to Require Information) (England) Regulations 2014³², or similar powers³³
- total number (absolute and full time equivalent) of employees undertaking investigations and prosecutions of fraud
- total number (absolute and full time equivalent) of professionally accredited counter fraud specialists
- total amount spent by the authority on the investigation and prosecution of fraud, and
- total number of fraud cases investigated.

Part 2.3: Information to be published once only

Waste contracts

44. Local authorities must publish details of their existing waste collection contracts, in line with the details contained in paragraph 27. Local authorities must publish this information at the same time as they first publish quarterly procurement information under paragraphs 22, 26 and 27 of this Code.

Part 2.4: Method of publication

45. Public data should be published in a format and under a licence that allows open re-use, including for commercial and research activities, in order to maximise value to the public. The Open Government Licence published by the National Archives should be used as the recommended standard. Where any copyright or data ownership concerns exist with public data these should be made clear. Data covered by Part 2 of this Code must be published in open and machine-readable formats (further information about machine-readable formats can be found in Part 3.2).

³¹ The definition of fraud is as set out by the Audit Commission in *Protecting the Public Purse*.

³² S.I. 2014/899.

³³ For example, the Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013 gives local authorities the power to require information from listed bodies, during the investigation of fraud connected with an application for or award of a reduction under a council tax reduction scheme: <http://www.legislation.gov.uk/uksi/2013/501/contents/made>

Part 3: Information recommended for publication

46. Part 2 of this Code set out details of the minimum data that local authorities must publish. The Government believes that in principle all data held and managed by local authorities should be made available to local people unless there are specific sensitivities to doing so. Therefore, it encourages local authorities to go much further in publishing the data they hold, recognising the benefits of sharing that data for local people, more effective service delivery and better policy making. Part 3 of this Code sets out details of data that the Government recommends local authorities publish.

Part 3.1: Information recommended for publication

47. Data covered by this section includes:

- expenditure data (see paragraph 48)
- procurement information (see paragraphs 49 and 50)
- local authority land (see paragraph 51 and 52)
- parking spaces (see paragraphs 53 and 54)
- organisation chart (see paragraph 55)
- grants to voluntary, community and social enterprise organisations (see paragraphs 56 and 57), and
- fraud (see paragraph 58).

Expenditure data

48. It is recommended that local authorities go further than the minimum publication requirements set out in Part 2 and:

- publish information on a monthly instead of quarterly basis, or ideally, as soon as it becomes available and therefore known to the authority (commonly known as 'real-time' publication)
- publish details of all transactions that exceed £250 instead of £500. For each transaction the details that should be published remain as in paragraph 24
- publish all transactions on all corporate credit cards, charge cards and procurements, including those that are not a Government Procurement Card. For each transaction the details that should be published remain as set out in paragraph 25
- publish the total amount spent on remuneration over the period being reported on, and
- classify purpose of expenditure using the Chartered Institute of Public Finance and Accountancy Service Reporting Code of Practice to enable comparability between local authorities.

Procurement information

49. It is recommended that local authorities place on Contracts Finder³⁴, as well as any other local portal, every invitation to tender or invitation to quote for contracts to provide goods and/or services with a value that exceeds £10,000. For each invitation, the details that should be published are the same as those set out in paragraph 26.

50. It is recommended that local authorities should go further than the minimum publication requirements set out in Part 2 and publish:

- information on a monthly instead of quarterly basis, or ideally, as soon as it is generated and therefore becomes available (commonly known as 'real-time' publication)
- every invitation to tender for contracts to provide goods and/or services with a value that exceeds £500 instead of £5,000. The details that should be published are the same as those set out in paragraph 26
- details of invitations to quote where there has not been a formal invitation to tender. The details that should be published are the same as those set out in paragraph 26
- all contracts in their entirety where the value of the contract exceeds £5,000³⁵
- company registration number at Companies House
- details of invitations to tender or invitations to quote that are likely to be issued in the next twelve months. The details that should be published are the same as those set out in paragraph 26
- details of the geographical (eg. by ward) coverage of contracts entered into by the local authority
- details of performance against contractual key performance indicators, and
- information disaggregated by voluntary and community sector category (eg. whether it is registered with Companies House, Charity or Charitable Incorporated Organisation, Community Interest Company, Industrial and Provident Society, Housing Association, etc).

Local authority land

51. It is recommended that local authorities should go further than the minimum publication requirements set out in Part 2 and publish information on a monthly instead of annual basis, or ideally, as soon as it becomes available and therefore known to the authority (commonly known as 'real-time' publication). It is also recommended that local authorities should publish all the information possible on Electronic Property Information Mapping Service.

³⁴ Documentation for all procurements valued at over £10,000 is stored on Contracts Finder for public viewing as part of government's transparency commitment. <https://online.contractsfinder.businesslink.gov.uk/>

³⁵ Where a contract runs into several hundreds of pages or more, a local authority should publish a summary of the contract or sections of the contract, if this would be more helpful to local people and businesses.

52. It is further recommended that local authorities also go further than the minimum publication requirements set out in paragraph 31 by publishing, alongside them in one place, the following information:

- size of the asset measured in Gross Internal Area (m²) for buildings or hectares for land, in accordance with the Royal Institute of Chartered Surveyors Code of Measuring Practice. The Gross Internal Area is the area of a building measured to the internal face of the perimeter walls at each floor level. Local authorities using Net Internal Area (m²) should convert measurements to Gross Internal Area using appropriate conversion factors³⁶ and state the conversion factor used
- services offered from the asset using the services listed in the Effective Services Delivery government service function list <http://doc.esd.org.uk/FunctionList/1.00.html> (listing up to five main services)
- reason for holding asset such as, it is occupied by the local authority or it is providing a service on the authority's behalf, it is an investment property, it supports economic development (eg. provision of small businesses or incubator space), it is surplus to the authority's requirements, it is awaiting development, it is under construction, it provides infrastructure or it is a community asset
- whether or not the asset is either one which is an asset in the authority's ownership that is listed under Part 5 Chapter 3 of the Localism Act 2011 (assets of community value) and/or an asset which the authority is actively seeking to transfer to the community
- total building operation (revenue) costs as defined in the corporate value for money indicators for public services³⁷
- required maintenance - the cost to bring the property from its present state up to the state reasonably required by the authority to deliver the service and/or to meet statutory or contract obligations and maintain it at that standard. This should exclude improvement projects but include works necessary to comply with new legislation (eg. asbestos and legionella)
- functional suitability rating using the scale:
 - good – performing well and operating efficiently (supports the needs of staff and the delivery of services)
 - satisfactory – performing well but with minor problems (generally supports the needs of staff and the delivery of services)
 - poor – showing major problems and/or not operating optimally (impedes the performance of staff and/or the delivery of services)
 - unsuitable – does not support or actually impedes the delivery of services
- energy performance rating as stated on the Display Energy Certificate under the Energy Performance of Buildings (Certificates and Inspections) (England and Wales) Regulations 2007.

³⁶ Local authorities are not expected to re-measure buildings. Research undertaken for the Scottish Government offers one method of converting Net Internal Area to Gross Internal Area and can be found at: <http://www.scotland.gov.uk/Resource/Doc/217736/0121532.pdf>

³⁷ <http://www.nao.org.uk/wp-content/uploads/2013/02/2010-11-Estates-Management.pdf> (See page 17).

Parking spaces

53. It is recommended that local authorities should publish the number of:

- free parking spaces available in the local authority's area and which are provided directly by the local authority, and
- parking spaces where charges apply that are available in the local authority's area and which are provided directly by the local authority.

54. Where parking space is not marked out in individual parking bays or spaces, local authorities should estimate the number of spaces available for the two categories in paragraph 53.

Organisation chart

55. It is recommended that local authorities should go further than the minimum publication requirements set out in Part 2 and publish:

- charts including all employees of the local authority whose salary exceeds £50,000
- the salary band for each employee included in the chart(s), and
- information about current vacant posts, or signpost vacancies that are going to be advertised in the future.

Grants to voluntary, community and social enterprise organisations

56. It is recommended that local authorities should go further than the minimum publication requirements set out in Part 2 and publish information on a monthly instead of annual basis where payments are made more frequently than a single annual payment, or ideally, as soon as the data becomes available and therefore known to the authority (commonly known as 'real-time' publication).

57. It is further recommended that local authorities publish information disaggregated by voluntary and community sector category (eg. whether it is registered with Companies House, charity or charitable incorporated organisation, community interest company, industrial and provident society, housing association, etc).

Fraud

58. It is recommended that local authorities should go further than the minimum publication requirements set out in Part 2 and publish:

- total number of cases of irregularity investigated
- total number of occasions on which a) fraud and b) irregularity was identified
- total monetary value of a) the fraud and b) the irregularity that was detected, and
- total monetary value of a) the fraud and b) the irregularity that was recovered.

Part 3.2: Method of publication

59. The Government endorses the five step journey to a fully open format:

- One star Available on the web (whatever format) but with an open license
- Two star As for one star plus available as machine-readable structured data (eg. Excel instead of an image scan of a table)
- Three star As for two star plus use a non-proprietary format (eg. CSV and XML)
- Four star All of the above plus use open standards from the World Wide Web Consortium (such as RDF and SPARQL²¹)
- Five star All the above plus links an organisation's data to others' data to provide context

60. The Government recommends that local authorities publish data in three star formats where this is suitable and appropriate³⁸, alongside open and machine-readable format, within six months of this Code being issued.

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A Senior Civil Servant in the Department for Communities and Local Government

Department for Communities and Local Government
3 October 2014

³⁸ Statistical data, lists etc should be capable of being published in this format but others (eg. organisation charts) may be more difficult.

Annex A: Table summarising all information to be published

Information title	Information which must be published	Information recommended for publication
<p>Expenditure exceeding £500</p>	<p>Quarterly publication Publish details of each individual item of expenditure that exceeds £500, including items of expenditure, consistent with Local Government Association guidance, such as:</p> <ul style="list-style-type: none"> • individual invoices • grant payments • expense payments • payments for goods and services • grants • grant in aid • rent • credit notes over £500 • transactions with other public bodies. <p>For each individual item of expenditure the following information must be published:</p> <ul style="list-style-type: none"> • date the expenditure was incurred • local authority department which incurred the expenditure • beneficiary • summary of the purpose of the expenditure • amount • Value Added Tax that cannot be recovered • merchant category (eg. computers, software etc). 	<ul style="list-style-type: none"> • Publish information on a monthly instead of quarterly basis, or ideally, as soon as it becomes available and therefore known to the authority (commonly known as ‘real-time’ publication). • Publish details of all transactions that exceed £250 instead of £500. For each transaction the details that should be published remain as set out in paragraph 24. • publish the total amount spent on remuneration over the period being reported on. • classify purpose of expenditure using the Chartered Institute of Public Finance and Accountancy Service Reporting Code of Practice to enable comparability between local authorities.

Information title	Information which must be published	Information recommended for publication
Government Procurement Card transactions	<p>Quarterly publication Publish details of every transaction on a Government Procurement Card. For each transaction, the following details must be published:</p> <ul style="list-style-type: none"> • date of the transaction • local authority department which incurred the expenditure • beneficiary • amount • Value Added Tax that cannot be recovered • summary of the purpose of the expenditure • merchant category (eg. computers, software etc). 	<ul style="list-style-type: none"> • Publish all transactions on all corporate credit cards, charge cards and procurements, including those that are not a Government Procurement Card. For each transaction the details that should be published remain as set out in paragraph 25.
Procurement information	<p>Quarterly publication Publish details of every invitation to tender for contracts to provide goods and/or services with a value that exceeds £5,000. For each invitation, the following details must be published:</p> <ul style="list-style-type: none"> • reference number • title • description of the goods and/or services sought • start, end and review dates • local authority department responsible. <p>Quarterly publication Publish details of any contract, commissioned activity, purchase order, framework agreement and any other legally enforceable agreement with a value that exceeds £5,000. For each contract, the following details must be published:</p> <ul style="list-style-type: none"> • reference number • title of agreement • local authority department responsible 	<p>Place on Contracts Finder, as well as any other local portal, every invitation to tender or invitation to quote for contracts to provide goods and/or services with a value that exceeds £10,000.</p> <p>Publish:</p> <ul style="list-style-type: none"> • information on a monthly instead of quarterly basis, or ideally, as soon as it is generated and therefore becomes available (commonly known as ‘real-time’ publication) • every invitation to tender for contracts to provide goods and/or services with a value that exceeds £500 instead of £5,000 • details of invitations to quote where there has not been a formal invitation to tender • all contracts in their entirety where the value of the contract exceeds £5,000

Information title	Information which must be published	Information recommended for publication
	<ul style="list-style-type: none"> • description of the goods and/or services being provided • supplier name and details • sum to be paid over the length of the contract or the estimated annual spending or budget for the contract • Value Added Tax that cannot be recovered • start, end and review dates • whether or not the contract was the result of an invitation to quote or a published invitation to tender • whether or not the supplier is a small or medium sized enterprise and/or a voluntary or community sector organisation and where it is, provide the relevant registration number. 	<ul style="list-style-type: none"> • company registration number at Companies House • details of invitations to tender or invitations to quote that are likely to be issued in the next twelve months • details of the geographical (eg. by ward) coverage of contracts entered into by the local authority • details of performance against contractual key performance indicators • information disaggregated by voluntary and community sector category (eg. whether it is registered with Companies House, charity or charitable incorporated organisation, community interest company, industrial and provident society, housing association, etc).
Local authority land	<p>Annual publication</p> <p>Publish details of all land and building assets including:</p> <ul style="list-style-type: none"> • all service and office properties occupied or controlled by user bodies, both freehold and leasehold • any properties occupied or run under Private Finance Initiative contracts • all other properties they own or use, for example, hostels, laboratories, investment properties and depots • garages unless rented as part of a housing tenancy agreement • surplus, sublet or vacant properties • undeveloped land • serviced or temporary offices where contractual or actual occupation exceeds three months • all future commitments, for example under an agreement for lease, from when the contractual commitment is made. 	<p>Publish information on a monthly instead of annual basis, or ideally, as soon as it becomes available and therefore known to the authority (commonly known as 'real-time' publication). It is also recommended that local authorities should publish all the information possible on Electronic Property Information Mapping Service.</p> <p>Publish the following additional information:</p> <ul style="list-style-type: none"> • the size of the asset measured in Gross Internal Area (m²) for buildings or hectares for land, in accordance with the Royal Institute of Chartered Surveyors Code of Measuring Practice. The Gross Internal Area is the area of a building measured to the internal face of the perimeter walls at

Information title	Information which must be published	Information recommended for publication
	<p>However, information about the following land and building assets are to be excluded from publication:</p> <ul style="list-style-type: none"> • social housing • rent free properties provided by traders (such as information booths in public places or ports) • operational railways and canals • operational public highways (but any adjoining land not subject to public rights should be included) • assets of national security • information deemed inappropriate for public access as a result of data protection and/or disclosure controls (eg. such as refuge houses). <p>For each land or building asset, the following information must be published together in one place:</p> <ul style="list-style-type: none"> • Unique Property Reference Number • Unique asset identity - the local reference identifier used by the local body, sometimes known as local name or building block. There should be one entry per asset or user/owner (eg. on one site there could be several buildings or in one building there could be several users, floors/rooms etc – where this is the case, each of these will have a separate asset identity). This must include the original reference number from the data source plus authority code • name of the building/land or both • street number or numbers - any sets of 2 or more numbers should be separated with the ‘-’ symbol (eg. 10-15 London Road) • street name – this is the postal road address • post town • United Kingdom postcode 	<p>each floor level. Local authorities using Net Internal Area (m²) should convert measurements to Gross Internal Area using appropriate conversion factors and state the conversion factor used</p> <ul style="list-style-type: none"> • the services offered from the asset, using the services listed in the Effective Services Delivery government service function list http://doc.esd.org.uk/FunctionList/1.00.html (listing up to five main services) • the reason for holding asset such as, it is occupied by the local authority or it is providing a service in its behalf, it is an investment property, it supports economic development (eg. provision of small businesses or incubator space), it is surplus to the authority’s requirements, it is awaiting development, it is under construction, it provides infrastructure or it is a community asset • whether or not the asset is either one which is an asset in the authority’s ownership that is listed under Part 5 Chapter 3 of the Localism Act 2011 (assets of community value) and/or an asset where the authority is actively seeking transfer to the community • total building operation (revenue) costs as defined in the corporate value for money indicators for public services

Information title	Information which must be published	Information recommended for publication
	<ul style="list-style-type: none"> • map reference – local authorities may use either Ordnance Survey or ISO 6709 systems to identify the location of an asset, but must make clear which is being used. Where an Ordnance Survey mapping system is used (the grid system) then assets will be identified using Eastings before Northings. Where geocoding in accordance with ISO 6709 is being used to identify the centre point of the asset location then that reference must indicate its ISO coordinates • whether the local authority owns the freehold or a lease for the asset and for whichever category applies, the local authority must list all the characteristics that apply from the options given below: <ul style="list-style-type: none"> <i>for freehold assets:</i> <ul style="list-style-type: none"> ○ occupied by the local authority ○ ground leasehold ○ leasehold ○ licence ○ vacant (for vacant properties, local authorities should not publish the full address details and should only publish the first part of the postcode) <i>for leasehold assets:</i> <ul style="list-style-type: none"> ○ occupied by the local authority ○ ground leasehold ○ sub leasehold ○ licence <i>for other assets:</i> <ul style="list-style-type: none"> ○ free text description eg. rights of way, access etc. • whether or not the asset is land only (without permanent buildings) or it is land with a permanent building. 	<ul style="list-style-type: none"> • required maintenance - the cost to bring the property from its present state up to the state reasonably required by the authority to deliver the service and/or to meet statutory or contract obligations and maintain it at that standard. This should exclude improvement projects but include works necessary to comply with new legislation (eg. asbestos and legionella) • functional suitability rating using the scale: <ul style="list-style-type: none"> ○ good – performing well and operating efficiently (supports the needs of staff and the delivery of services) ○ satisfactory – performing well but with minor problems (generally supports the needs of staff and the delivery of services) ○ poor – showing major problems and/or not operating optimally (impedes the performance of staff and/or the delivery of services) ○ unsuitable – does not support or actually impedes the delivery of services • energy performance rating as stated on the Display Energy Certificate under the Energy Performance of Buildings (Certificates and Inspections) (England and Wales) Regulations 2007.

Information title	Information which must be published	Information recommended for publication
Grants to voluntary, community and social enterprise organisations	<p>Annual publication</p> <p>Publish details of all grants to voluntary, community and social enterprise organisations. This can be achieved by either:</p> <ul style="list-style-type: none"> • tagging and hence specifically identifying transactions which relate to voluntary, community and social enterprise organisations within published data on expenditure over £500 or published procurement information or, • by publishing a separate list or register. <p>For each identified grant, the following information must be published as a minimum:</p> <ul style="list-style-type: none"> • date the grant was awarded • time period for which the grant has been given • local authority department which awarded the grant • beneficiary • beneficiary's registration number • summary of the purpose of the grant • amount 	<ul style="list-style-type: none"> • Publish information on a monthly instead of annual basis where payments are made more frequently than a single annual payment, or ideally, as soon as the data becomes available and therefore known to the authority (commonly known as 'real-time' publication). • information disaggregated by voluntary and community sector category (eg. whether it is registered with Companies House, charity or charitable incorporated organisation, community interest company, industrial and provident society, housing association etc).
Organisation chart	<p>Annual publication</p> <p>Publish an organisation chart covering staff in the top three levels of the organisation. The following information must be included for each member of staff included in the chart:</p> <ul style="list-style-type: none"> • grade • job title • local authority department and team • whether permanent or temporary staff • contact details • salary in £5,000 brackets, consistent with the details published for Senior Salaries • salary ceiling (the maximum salary for the grade). 	<p>Local authorities should publish:</p> <ul style="list-style-type: none"> • charts including all employees in the local authority whose salary exceeds £50,000 • the salary band for each employee included in the chart(s) • information about current vacant posts, or signpost vacancies that are going to be advertised in the future.

Information title	Information which must be published	Information recommended for publication
Trade union facility time	Annual publication Publish the following information: <ul style="list-style-type: none"> • total number (absolute number and full time equivalent) of staff who are union representatives (including general, learning and health and safety representatives) • total number (absolute number and full time equivalent) of union representatives who devote at least 50 per cent of their time to union duties • names of all trade unions represented in the local authority • a basic estimate of spending on unions (calculated as the number of full time equivalent days spent on union duties multiplied by the average salary), and • a basic estimate of spending on unions as a percentage of the total pay bill (calculated as the number of full time equivalent days spent on union duties multiplied by the average salary divided by the total pay bill). 	
Parking account	Annual publication Publish on their website, or place a link on their website to this data published elsewhere: <ul style="list-style-type: none"> • a breakdown of income and expenditure on the authority's parking account. The breakdown of income must include details of revenue collected from on-street parking, off-street parking and Penalty Charge Notices • a breakdown of how the authority has spent a surplus on its parking account. 	
Parking spaces	Annual publication Publish the number of marked out controlled on and off-street parking spaces within their area, or an estimate of the number of spaces where controlled parking space is not marked out in individual parking bays or spaces.	Local authorities should publish the number of: <ul style="list-style-type: none"> • free parking spaces available in the local authority's area and which are provided directly by the local authority, and

Information title	Information which must be published	Information recommended for publication
		<ul style="list-style-type: none"> parking spaces where charges apply that are available in the local authority's area and which are provided directly by the local authority. <p>Where parking space is not marked out in individual parking bays or spaces, local authorities should estimate the number of spaces available for the two categories.</p>
Senior salaries	<p>Annual publication</p> <p>Local authorities must place a link on their website to the following data or must place the data itself on their website:</p> <ul style="list-style-type: none"> the number of employees whose remuneration in that year was at least £50,000 in brackets of £5,000 details of remuneration and job title of certain senior employees whose salary is at least £50,000 employees whose salaries are £150,000 or more must also be identified by name. a list of responsibilities (for example, the services and functions they are responsible for, budget held and number of staff) and details of bonuses and 'benefits in kind', for all employees whose salary exceeds £50,000. 	
Constitution	<p>Annual publication</p> <p>Local authorities must publish their Constitution on their website.</p>	
Pay multiple	<p>Annual publication</p> <p>Publish the pay multiple on their website defined as the ratio between the highest taxable earnings for the given year (including base salary, variable pay, bonuses, allowances and the cash value of any benefits-in-kind) and the median earnings figure of the whole of the authority's workforce. The measure must:</p>	

Information title	Information which must be published	Information recommended for publication
	<ul style="list-style-type: none"> • cover all elements of remuneration that can be valued (eg. all taxable earnings for the given year, including base salary, variable pay, bonuses, allowances and the cash value of any benefits-in-kind) • use the median earnings figure as the denominator, which should be that of all employees of the local authority on a fixed date each year, coinciding with reporting at the end of the financial year • exclude changes in pension benefits, which due to their variety and complexity cannot be accurately included in a pay multiple disclosure. 	
Fraud	<p>Annual publication Publish the following information:</p> <ul style="list-style-type: none"> • number of occasions they use powers under the Prevention of Social Housing Fraud (Power to Require Information) (England) Regulations 2014, or similar powers • total number (absolute and full time equivalent) of employees undertaking investigations and prosecutions of fraud • total number (absolute and full time equivalent) of professionally accredited counter fraud specialists • total amount spent by the authority on the investigation and prosecution of fraud • total number of fraud cases investigated. 	<p>Local authorities should publish:</p> <ul style="list-style-type: none"> • total number of cases of irregularity investigated • total number of occasions on which a) fraud and b) irregularity was identified • total monetary value of a) the fraud and b) the irregularity that was detected, and • total monetary value of a) the fraud and b) the irregularity that was recovered.
Waste contracts	<p>One-off publication Local authorities must publish details of their existing waste collection contracts, in line with the details contained in paragraphs 27 of the Code, at the point they first publish quarterly contract information under Part 2 of this Code.</p>	

Annex B: Detecting and preventing fraud

Tackling fraud is an integral part of ensuring that tax-payers money is used to protect resources for frontline services. The cost of fraud to local government is estimated at £2.1 billion a year. This is money that can be better used to support the delivery of front line services and make savings for local tax payers.

A culture of transparency should strengthen counter-fraud controls. The Code makes it clear that fraud can thrive where decisions are not open to scrutiny and details of spending, contracts and service provision are hidden from view. Greater transparency, and the provisions in this Code, can help combat fraud.

Sources of support to tackle fraud include:

Fighting Fraud Locally, The Local Government Fraud Strategy

(https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/118508/strategy-document.pdf), was drafted by the National Fraud Authority and CIPFA (the Chartered Institute of Public Finance and Accountancy). The document calls for the adoption of a tougher approach to tackle fraud against local authorities. The strategy is part of a wider collaboration on counter fraud and is the local authority contribution to the national fraud strategy – *Fighting Fraud Together* (<https://www.gov.uk/government/publications/nfa-fighting-fraud-together>) which encompasses both the public and private sectors response to fraud in the UK.

Local authorities should use a risk management approach with strong internal control arrangements to reduce the risk of any payment fraud as a result of publishing public data. Local authorities should refer to the *Chartered Institute of Public Finance and Accountancy Red Book 2 – Managing the Risk of Fraud – Actions to Counter Fraud and Corruption* (http://www.cipfa.org/-/media/files/topics/fraud/cipfa_corporate_antifraud_briefing.pdf). The document sets out a step by step toolkit to tackling fraud: identifying and understanding your fraud risks and potential exposure to fraud loss; assessing current resilience to fraud; evaluating the organisation's ability to respond to potential or identified fraud; and developing a strategy. Developing an anti-fraud culture is an important part of improving resilience; the benefits of improving resilience to fraud include reduced exposure to fraud and an organisation that is better able to identify attempted frauds or vulnerabilities.

The National Fraud Authority have produced a guide on procurement fraud, *Procurement Fraud in the Public Sector*, (https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/118460/procurement-fraud-public-sector.pdf) which deals with the whole process, from bidding during the pre-contract award phase through to false invoicing in the post-contract award phase.

There are some specific steps local authorities can take to prevent procurement fraud. These might include:

- Only accepting requests for changes to supplier standing data in writing.
- Seeking confirmation from the supplier that the requested changes are genuine, using contact details held on the vendor data file or from previous and legitimate

correspondence; and not contacting the supplier via contact details provided on the letter requesting the changes.

- Ensuring that there is segregation of duties between those who authorise changes and those who make them.
- Only authorising changes when all appropriate checks have been carried out with legitimate suppliers and only making the changes when the proper authorisations to do so have been given.
- Maintaining a suitable audit trail to ensure that a history of all transactions and changes is kept.
- Producing reports of all changes made to supplier standing data and checking that the changes were valid and properly authorised before any payments are made.
- Carrying out standard checks on invoices before making any payments.
- Regularly verifying the correctness of standing data with suppliers.

Accounts and Audit Committee Update

Ribble Valley Borough Council

Year ended 31 March 2014

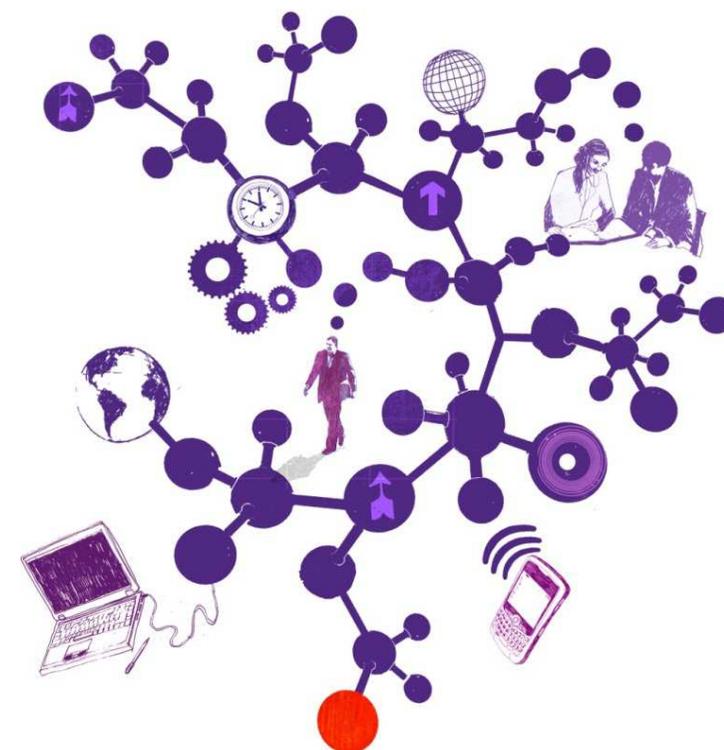
7 November 2014

Karen Murray

Director

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Contents

Section	Page
Introduction	4
Progress at November 2014	5
Emerging issues and developments	7

Introduction

This paper provides the Accounts and Audit Committee with a report on progress in delivering our responsibilities as your external auditors. The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you; and
- a number of challenge questions in respect of these emerging issues which the Committee may wish to consider.

Members of the Accounts and Audit Committee can find further useful material on our website www.grant-thornton.co.uk, where we have a section dedicated to our work in the public sector (<http://www.grant-thornton.co.uk/en/Services/Public-Sector/>). Here you can download copies of our publications including:

- Working in tandem, local government governance review 2014, our third annual review, assessing local authority governance, highlighting areas for improvement and posing questions to help assess the strength of current arrangements
- 2016 tipping point? Challenging the current, summary findings from our third year of financial health checks of English local authorities
- Local Government Pension Schemes Governance Review, a review of current practice, best case examples and useful questions to assess governance strengths
- Responding to the challenge – Alternative Delivery Models in Local Government

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact Engagement Lead, Karen Murray.

Progress at November 2014

Work	Planned date	Complete?	Comments
<p>2014-15 Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on the Council's 2014-15 financial statements.</p>	March 2015	On track	We will complete our work in line with the agreed timetable
<p>Interim accounts audit Our interim fieldwork visit includes:</p> <ul style="list-style-type: none"> • updating our review of the Council's control environment • updating our understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing • proposed Value for Money conclusion. 	December 2014 – March 2015	On track	We will agree the detailed timing for our interim visit with the Head of Financial Services and his team in due course.
<p>2014-15 final accounts audit Including:</p> <ul style="list-style-type: none"> • audit of the 2014-15 financial statements • proposed opinion on the Council's accounts • proposed Value for Money conclusion. 	July – September 2015	On track	

Progress at November 2014

Work	Planned date	Complete?	Comments
Value for Money (VfM) conclusion The scope of our work to inform the 2014/15 VfM conclusion comprises considering whether the Council has appropriate arrangements in place for <ul style="list-style-type: none">• Securing financial resilience; and• for challenging how it secures economy, efficiency and effectiveness.	September 2015	On track	We will discuss the timing of our work with the Director of Resources and Head of Financial Services.
Other areas of work We are currently undertaking the certification of the housing benefit claim. We will report our findings to the Accounts and Audit Committee in January 2015	November 2014	On track	

CIPFA LAAP updates

Accounting and audit issues

CIPFA have issued the following LAAP Bulletins:

- [LAAP bulletin 99](#) Local Authority Reserves and Balances – provides guidance on the establishment and maintenance of local authority reserves and balances.
- [LAAP bulletin 100](#) Project Plan for Implementation of the Measurement Requirements for Transport Infrastructure Assets by 2016/17 – provides an outline project plan to help authorities looking to develop their own project plans for the implementation of the 2016/17 Code requirements for accounting for infrastructure assets.

Challenge questions

- Has your finance team reviewed the guidance and assessed the potential impact for your council?

Managing council property assets

Local government guidance

The Audit Commission has issued its briefing paper **Managing Council Property Assets: Using Data from the VFM Profiles**

In the paper the Audit Commission:

- advocates that councils should be active and strategic managers of their estates – understanding property markets and asking questions about the properties they own or lease,
- prompts councils to consider whether assets are in the right place, whether they should keep, sell, or transfer them, and how much they should invest in building, buying and maintaining property,
- invites local authorities to balance the value realised through sales of surplus assets, against the cost of maintaining them.

The background to the briefing is the collation of information from the government's capital outturn return which identifies that the local government estate has a net book value of £169.8 billion of which £2.5 billion have been classified as 'surplus' assets. In this context the Audit Commission is calling on councils to ensure they have a strategic approach to managing these assets, in order to get the best value for money they can from this portion of the local government estate. The Audit Commission Chair, Jeremy Newman said:

"we are neither advocating that local government starts a wholesale sell-off of their land and property nor are we suggesting councils shouldn't spend money on buying assets or on investment to improve their existing property. What we are highlighting is a group of assets that do not provide immediate benefit to local communities, but still require councils to spend money on maintaining them. These assets have potential value for councils. While not all such land or buildings may be sellable, councils should consider how much value they gain from surplus assets and how this could be increased. I urge councils to use the data held in the Commission's 'Value for Money (VFM) Profiles Tool', such as spending on and value of land and property assets and 'surplus' assets, alongside their unique and detailed local knowledge, to regularly review if their estate is fit-for-purpose."

Challenge question

- Are members satisfied that the Council has adequate management arrangements in place to ensure its property assets are being efficiently and effectively managed?

Anti - fraud and corruption update

Grant Thornton

Key current issues include:

Single Fraud Investigation Service (SFIS) - The SFIS will bring together all investigative capacity in relation to benefits and tax credits under the control of the Department of Work and Pensions. However a number of local authorities have expressed concern that such a transfer will cause them to lose the capacity to readily investigate other issues such as employee fraud and corruption allegations.

Corruption risk - In 2013 Transparency International (TI), the world's leading non-governmental anti-corruption organisation, published a report on corruption in UK Local Government. It identified twelve key risk areas covering public procurement, control over outsourced services, personnel transferring between local authorities and companies bidding to provide services, planning issues, collusion in housing fraud and manipulation of electoral registration. TI expressed concern that audit committees were unable to fulfil the function of reducing risks in many authorities.

Non-benefits fraud - There are striking differences between the identification of benefit and non-benefit fraud within local government. The Audit Commission has reported that 79 district councils did not detect a single non-benefit fraud whereas only 9 councils among all London boroughs, metropolitan districts and unitary authorities reported non-benefit frauds. Procurement fraud in particular is consistently estimated as accounting for the largest losses to fraud within local government. In its most recent Protecting the Public Purse publication the Audit Commission estimated annual losses at £876 million, representing 1% of total procurement spend.

Our Forensic Investigation Services provide a range of services to local authorities including fraud prevention and detection. If you are interested in a further discussion on these areas please contact your audit manager.

Challenge questions

- Does the Accounts and Audit Committee consider it receives sufficient information to understand the risks of fraud at the Council and the actions taken to mitigate, prevent and detect fraud?

The National Fraud Initiative

Local government guidance

On 12 June 2014 the Audit Commission released its national report, [The National Fraud Initiative \(NFI\): National Report \(June 2014\)](#) highlighting that its data matching exercise has identified a further £229 million of fraud, overpayment or error in England, Scotland, Wales and Northern Ireland, since it last reported in May 2012. The Chairman of the Audit Commission, Jeremy Newman said;

"We publish a report from the NFI every two years and continue to produce great results. The national figure for identified fraud, error and overpayment, that would otherwise be lost to the taxpaying public, is down by £46 million compared to the previous report although the number of cases has increased by nearly 20 per cent. This is great news if, as we believe, it is due to improving detection rates. However, we cannot be complacent. The more participants in the exercise, the richer the data for everyone involved and the harder it is for fraudsters to hide from detection".

The Audit Commission's National Fraud Initiative will move to the Cabinet Office in April 2015 to secure the continuation of the counter fraud data matching initiative which over its 18 year history has identified over £1.17 billion in fraud, error and overpayment .

Challenge question

- Are members satisfied that the Council's support for the NFI's data matching exercise is adequate and that local data matches are being properly investigated to identify potentially fraudulent activity?

Right to report

Local government guidance

The Local Government Minister signed a signed a Parliamentary order on 6 August 2014 allowing the press and public to film and digitally report from all public meetings of local government bodies. The new rules will apply to all public meetings, including town and parish councils and fire and rescue authorities. The Local Government Secretary, Eric Pickles, said:

"Half a century ago, Margaret Thatcher championed a new law to allow the press to make written reports of council meetings. We have updated her analogue law for a digital age... This will change the way people see local government, and allow them to view close up the good work that councillors do"

Challenge question

- Have members considered the implications of the Parliamentary order for conducting Council meetings and facilitating public and media access?

Auditing Parish Councils

Local government guidance

On 17 July 2014 the Audit Commission wrote to the Department for Communities and Local Government (DCLG) to express its concerns about the complexity of the government's new arrangements for parish council audits. Responding to DCLG's consultation on local audit regulations, the Commission suggests they will place a much greater burden on parish councils and their clerks than the government intends.

Currently all circa 10,000 parish Councillors have an Audit Commission appointed auditor. Post Audit Commission closure, scheduled for March 2015, new arrangements are due to come into place from 2017. Under the new arrangements the default option for all parishes will be to appoint their own auditors, with fees set by the market, although:

- auditors at parishes below a certain size, and subject to other prescribed conditions, will not carry out work unless members of the public ask questions or make objections – instead parishes in this category will have to publish specified information on their own website or the website of their district council;
- if a sector led body comes forward, and is accepted by the government, parishes can opt for this body to appoint their auditors for them.

The Audit Commission's Chairman, Jeremy Newman said that

- “we need to find a way to overcome some fundamental practical problems about how smaller local authorities, such as parish councils, should be held to account;
- the government wants high quality and cost-effective assurance that promotes transparency. It is trying to reduce the burden on authorities, but its proposals will do the opposite. The government needs to either keep the current assurance arrangements in place, or accept that the small spending levels of these bodies, coupled with their closeness to their communities, means that external audit is disproportionate.”

Challenge questions

- Have Parish Councils within the Council's area considered the implications of the government's proposals for their future audit arrangements?

Where Growth Happens

Grant Thornton

Our national report 'Where Growth Happens' is available at: <http://www.grant-thornton.co.uk/Where-growth-happens/>

As the UK emerges from recession, increasing attention is being given, both nationally and locally, as to how to accelerate economic sector growth. Our report presents the findings of research undertaken by our Place Analytics team on the dynamics of local growth. It will give FDs and CEOs of local authorities and LEAs:

- an insight into the geographic areas of high growth and dynamic growth (ie the quality of growth)
- an understanding of the characteristics of both growing and dynamic places to help frame policy and sustain future growth
- an understanding of growth corridors and their implications, not only for UK policy makers, but also for those locally sitting within and outside the corridors
- an insight into the views of different leaders charged with making growth happen in their locality.

The report provides a ranking of English cities according to their economic growth over an eight year period (2004 – 2012). Outside of London – which maintains eight of the top 10 best performing districts overall – it places Manchester, Birmingham and Brighton and Hove in the top three, as measured by economic, demographic and place (dwelling stock and commercial floor space) growth.

The analysis also assesses the quality of local growth - or 'dynamism' - to identify areas with a vibrant and dynamic economy capable of supporting future expansion, based on five key drivers. London again tops the ranking, with nine out of the top 10 dynamic growth areas. Outside the capital, Cambridge, Reading and Manchester top the list of future sustainable growth.

Based on this analysis of past progress and future prospects, our report reveals a number of 'growth corridors' – functional and large scale local economic areas in England – which are playing a significant role in the country's overall growth levels. Though predominantly stemming from London, the intra-city growth corridors include a number of other large cities at their core, creating a network of key strategic linkages between high growth and dynamic areas.

Hard copies of our report are available from your Engagement Lead.



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