

13 September 2019

FULL COUNCIL

To all Members of Teignbridge District Council

A meeting of the **Full Council** will be held on **Tuesday, 24th September, 2019** in the **Council Chamber, Forde House, Brunel Road, Newton Abbot, TQ12 4XX** at **10.00 am**



Phil Shears
Managing Director

Please Note: Filming is permitted during Committee meeting with the exception where there are confidential or exempt items, which may need to be considered in the absence of the press and public. By entering the Council Chamber you are consenting to being filmed.

AGENDA

Part I

1. **Apologies for absence**
2. **Minutes** (Pages 5 - 10)
To approve as a correct record and sign the minutes of the previous Council meeting.
3. **Chairman's announcements**
4. **Declarations of interest**
5. **Public questions session under Council Procedure Rule 4.5(j)**

Members of the Public may ask questions in accordance with procedure rules. A maximum period of 15 minutes will be allowed with a maximum of three questions and a period of three minutes per questioner.

The deadline for questions is no later than 12 noon two working days before the date of the meeting – *Thursday 19 September 2019 at noon.*

6. Councillor questions under Council Procedure Rule 4.5(k)

The deadline for Members questions is at least three clear working dates before the meeting - *Wednesday 18 September 2019.*

7. Notices of motion under Council Procedure Rule 4.5(l)

Notice of Motion's shall be referred to the appropriate Committee meeting. The mover of the motion can outline the proposal and then it will stand adjourned. The motion may be debated to assist debate later if agreed by two-thirds of Council Members.

Councillor Dewhirst supported by Councillors H Cox, J Hook, H Cox, Foden, Goodman-Bradbury, Nutley, Nuttall, J Petherick, L Petherick and Wrigley.

This Council notes that:

- The United Kingdom has outlawed the farming of animals for their fur on ethical grounds since 2000 and that the use of one of the most common traps used to catch animals for their fur has been illegal for many years.
- Nonetheless fur products are imported from overseas nations, particularly China, where such bans do not operate and where there is virtually no animal welfare legislation in force.
- Real fur comes from animals raised in deplorable conditions or trapped in the wild and killed inhumanely.
- Regrettably these products are often found for sale on public markets in the UK and customers can inadvertently buy them thinking them to be made of imitation fur.

Accordingly Council resolves to:

- Prohibit the sale of any product wholly or partially made with real animal fur on Council owned land and at Council run or Council leased markets. This ban to cover such items as fur coats, vintage fur, fur shawls, garments with fur trim, fur pompom hats, and fur accessories and trinkets.
- Support the Fur Free Markets campaign of the animal welfare charity, Respect for Animals, the UK's leading anti-fur organisation, by:
 - Becoming a signatory to the initiative.
 - Seeking the advice and assistance of the charity in the enforcement of this ban.

- 8. **2018/19 Statement of Accounts including the Annual Governance Statement** (Pages 11 - 66)
- 9. **Progressing Carbon Neutral** (Pages 67 - 94)
- 10. **Constitution Working Group Report** (Pages 95 - 104)

Part II: Items suggested for discussion with the press and public excluded

- 11. **Local Government (Access to Information) Act 1985 - Exclusion of Press and Public**

RECOMMENDED that under Section 100(A)(4) of the Local Government Act 1972, the Press and public be excluded from the meeting for the following items of business on the grounds that it/they involve(s) the likely disclosure of exempt information as defined in paragraphs 3 and 4 of Part 1 of Schedule 12A of the Act.

- 12. **Sherborne House, Newton Abbot** (Pages 105 - 108)
- 13. **Appointment of Heads of Service to the Senior Leadership Team (SLT)** (Pages 109 - 110)

To consider the recommendation of the Appointments and Remuneration Committee on 3 September 2019 - Minute 10

APPOINTMENT OF HEADS OF SERVICE TO THE SENIOR LEADERSHIP TEAM (SLT)

The Managing Director presented the report to recommend to Full Council that the Senior Management Structure be approved.

The Executive Members had been invited to the meeting as part of the Council's process for the appointment of Chief Officers (which the Heads of Service are classed as) that Executive Members were consulted.

In response to Members questions, the Managing Director clarified the position with regards to the deputy Head of Paid Service, Section 151 and Monitoring Officer roles.

The recommendation was proposed by Councillor Bullivant, seconded by Councillor Haines and unanimously carried.

RECOMMENDED that Full Council approve the internal permanent appointments to the Senior Leadership Team of Head of Operations, Head of Community Services & Improvement and Head of Corporate Services.

Note – The Executive Members in attendance indicated their support for the recommendation.

FULL COUNCIL

29 JULY 2019

Present:

Councillors Bradford, Bullivant, Clarence, Colclough, Connett, Cook, D Cox, H Cox, Daws, Dewhurst, Eden, Evans, Foden, Goodman-Bradbury, Gribble, Haines, Hocking, G Hook, J Hook, Jeffery, Jeffries, Jenks, Keeling (Chairman), Kerswell, MacGregor, Morgan, Mullone, Nutley, Nuttall, Orme, Parker-Khan, Parker, Patch, Peart, J Petherick (Vice-Chairman), L Petherick, Purser, Russell, Swain, Taylor, Tume and Wrigley

Apologies:

Councillors Austen, Hayes, Phipps, Rollason and Thorne

Officers in Attendance:

Donna Best, Estates & Development Manager
Sarah Selway, Democratic Services Team Leader & Deputy Monitoring Officer
Phil Shears, Managing Director
Tim Slater, HR and Organisational Development Manager
Karen Trickey, Solicitor to the Council and Monitoring Officer
Tony Watson, Interim Head of Commercial Services

39. MINUTES

The minutes of the Annual Council 20 May 2019 subject to the amendment to minute no.3 to read '*Vice-Chairman*' and Council meeting 4 June 2019 were approved as a correct record and signed by the Chairman.

40. CHAIRMAN'S ANNOUNCEMENTS

The Council wished Sam Hall, reporter at the Mid Devon Advertiser, all the best for his move to Wales.

41. DECLARATIONS OF INTEREST

None.

42. COUNCILLOR QUESTIONS UNDER COUNCIL PROCEDURE RULE 4.5(K)

The Members' questions and responses are attached to the minutes.

Further to his question, Councillor Bullivant commented that the Devon Association of Town and Parish Councils should be informed of the relevant information and that social rented housing was provided by Housing Associations within the Teignbridge district. In the past four years he pointed out that 575 new affordable homes had been provided: Newton Abbot 221; Kingsteignton 84; Dawlish 105; Chudleigh 15; Christow 18; Ogwell 1; Bovey Tracey 78; Exminster 29; Ashburton 2; Cheriton Bishop 8; Holcombe 5; Kennford 3; Broadhempston 6. The Leader stated that the reference to affordable housing attributed to him, should have been social housing.

Further to her question, Councillor Eden commented that the risk to the community of the proposed Devon and Somerset Fire & Rescue Service (DSFRS) cuts was unacceptable and that further data was required from the DSFRS to explain their proposals. The Leader responded that he would invite a representative from the DSFRS to address Members to further clarify the proposals.

43. NOTICES OF MOTION UNDER COUNCIL PROCEDURE RULE 4.5(L)

The Leader in presenting the Notice of Motion stated that building control regulation had been overlooked in the last few years and the result was that substandard housing had increasingly been built particularly as builders were not required to use Local Authority Building Control Inspectors. This function should be brought back into local authority control to improve build standards and increase accountability.

During debate the Members raised the following points:-

- Concerns regarding possible increase in buildings costs and the negative impact this could have on social housing coming forward
- Need to ensure that homes were built to a high standard
- Requirement for a robust inspections procedure
- The Council's Building Control Partnership employed highly skilled professionals, at no cost to the Council and its partner authorities.

Whilst supportive of the tenor of the Notice of Motion, Councillor Bullivant proposed that the proposed motion be referred to the Overview & Scrutiny Committee to provide details of the implications for the proposed changes to the building control service to be examined. This was seconded by Councillor Russell, put to the vote and lost.

The Leader in summarising stated that it was the intention to promote a more sustainable way of house building and that the Council had a duty to improve the quality and safety of homes.

The Notice of Motion was proposed by the Leader, seconded by the Portfolio Holder for Planning and carried.

RESOLVED that Teignbridge Council contact both of the MPs representing the District and also write to MHCLG to express its concerns regarding the standards of new house building, and call for:

- (1) At least four (4) inspections to be carried out on every new build property by the Building Control body, local authority or private sector;
- (2) The current Building Regulations to be reviewed and upgraded to ensure a higher quality of work than at present;
- (3) Timber framed housing to be included in the Governments Building Safety Programme; and
- (4) Local Authorities to become the sole provider of Building Inspections.

44. STATEMENT OF ACCOUNTS 2018/19 INCLUDING ANNUAL GOVERNANCE STATEMENT

The Chairman of Audit Scrutiny Committee, Councillor Morgan, presented the Statement of Accounts 2018/19 including the Annual Governance Statement. She advised the Council had a statutory duty to publish its accounts by the 31 July 2019. The external auditors, Grant Thornton, had been unable to undertake the audit of the accounts, within the time scales due to resourcing issues. It was hoped that the accounts would come to Full Council in September 2019.

The Managing Director stated that the Auditors were appointed to Councils on a regional basis and the Council had no control over the contract.

The recommendation was proposed by Councillor Morgan and seconded by Portfolio Holder for Corporate Resources and carried.

RESOLVED that the:-

- (1) 2018/19 Statement of Accounts including the Annual Governance Statement as recommended by the Audit Scrutiny Committee subject to any final adjustments agreed with the external auditors to be reported to Council upon completion of Audit be approved; and
- (2) Treasury Management results for 2018/19 be noted.

45. LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 - EXCLUSION OF PRESS AND PUBLIC

The Leader proposed, seconded by the Portfolio Holder for Corporate Resources that, because of the financial sensitivity and staffing negotiations and in the public interest, the Council go into Part II session and exclude the press and public. This was carried.

RESOLVED that under Section 100 (A) (4) of the Local Government Act 1972 that press and public be excluded from the meeting of the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 3 and 4 of Part 1 of Schedule 12 A of the Act and such restricted consideration was in the public interest.

46. SHERBORNE HOUSE NEWTON ABBOT

The Portfolio Holder for Corporate Resources presented the report on Sherborne House, Newton Abbot, to ensure that the necessary authority and delegated powers were in place to further advance this regeneration project.

The recommendation was proposed Portfolio Holder for Corporate Resources seconded by Portfolio Holder for Sport, Recreation & Culture and carried unanimously.

RESOLVED that recommendations (1), (2), (3), (4) and (5) of the circulated report be approved.

47. BRUNSWICK STREET TEIGNMOUTH

The Portfolio Holder for Corporate Resources presented the report to ensure that the necessary authority and delegated powers were in place to further advance this regeneration project.

The recommendation was proposed Portfolio Holder for Corporate Resources seconded by the Deputy Leader and carried.

RESOLVED that recommendations (1) and (2) of the circulated report be approved.

48. SENIOR MANAGEMENT PAY - SOUTH WEST COUNCIL'S REVIEW REPORT

The Deputy Leader, who chaired the meeting of the Appointments and Remuneration Committee 25 July 2019, presented the recommendation from this Committee to approve the Senior Management Pay review further to recommendations from consultants South West Councils.

In response to Member's questions, the Portfolio Holder for Corporate Resources clarified that the Council's salaries for more junior staff were in accordance with national terms and conditions and that the lowest salaries were higher than the National Living Wage. The proposed new management structure would save the Council up to £150,000.

The recommendation was proposed by the Deputy Leader, seconded by the Portfolio Holder for Corporate Resources and carried.

RESOLVED that the Senior Management Pay – South West Council's review report, as circulated, be approved.

49. SENIOR MANAGEMENT STRUCTURE

The Deputy Leader, who chaired the meeting of the Appointments and Remuneration Committee 25 July 2019, presented the recommendation from that Committee to approve the Senior Management Structure, and for a consultation and recruitment process to be undertaken.

In response to Members, the Managing Director clarified the recruitment process.

The recommendation was proposed by the Deputy Leader, seconded by the Portfolio Holder for Corporate Resources and carried.

RESOLVED that the Senior Management Structure report as circulated be approved.

The meeting started at 10.00 am and finished at 12.10 pm.

Chairman

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COUNCIL

CHAIRMAN: Cllr Richard Keeling

DATE: 24 September 2019

REPORT OF: CHAIRMAN OF AUDIT SCRUTINY AND CHIEF FINANCE OFFICER

SUBJECT: 2018/19 STATEMENT OF ACCOUNTS INCLUDING THE ANNUAL GOVERNANCE STATEMENT

PART I

RECOMMENDATION

That the Council resolve to

- (a) Approve the 2018/19 Statement of Accounts including the Annual Governance Statement and letter of representation as recommended by the Audit Scrutiny Committee subject to any final adjustments agreed with the external auditors to be reported to Council; and**
- (b) Note the Audit Findings Report from Grant Thornton and approve the actions arising from the action plan.**

1. PURPOSE

- 1.1 To bring the Statement of Accounts 2018/19, letter of representation to Grant Thornton from the Chairman of the Council and the Annual Governance Statement to Members for approval;
- 1.2 To note the Audit Findings Report from Grant Thornton and approve the actions arising.

2. BACKGROUND

- 2.1 The Audit Scrutiny Committee considered the draft Statement of Accounts 2018/19 and the Annual Governance Statement at its meeting on 20 June 2019 and the final accounts (subject to audit) including the Annual Governance Statement on 17 July. The 17 July Committee recommended that the Council approve these documents which took place at Full Council on 29 July. The subsequently audited accounts were then considered on 12 September following the audit together with the letter of representation. The Audit Findings Report was also considered on 12 September together with future recommended actions. The report is available on the website at

TEIGNBRIDGE DISTRICT COUNCIL

<https://democracy.teignbridge.gov.uk/ieListMeetings.aspx?CId=167&Year=0>

- 2.2 The accounts reports considered by the Audit Scrutiny Committee on 20 June, 17 July and 12 September are appended for ease of reference. The Statement of Accounts including the Annual Governance Statement was circulated with the agenda for the meetings on 20 June, 17 July and 12 September via a web link in the appended reports. A hard copy is also available on request from Democratic Services.
- 2.3 The minutes of the Audit Scrutiny Committee meeting held on 20 June and 17 July can be found on the Council’s website at <https://democracy.teignbridge.gov.uk/ieListMeetings.aspx?CId=167&Year=0>
- 2.4 The Executive considered the draft treasury management results at its meeting on 1 July 2019. The results were also taken to Full Council on 29 July 2019 and noted. The treasury management results for 2018/19 are now final with no changes. For information the minutes of the Executive meeting on 1 July and Full Council of 29 July can be found on the Council’s website at <https://democracy.teignbridge.gov.uk/ieListDocuments.aspx?CId=135&MId=1456&Ver=4>
<https://democracy.teignbridge.gov.uk/ieListDocuments.aspx?CId=165&MId=1505&Ver=4>

Martin Flitcroft
Chief Finance Officer

Cllr Sally Morgan
Chairman – Audit Scrutiny Committee

Wards affected	All
Contact for any more information	Martin Flitcroft on 01626 215246 or Claire Moors on 01626 215242
Background Papers (For Part I reports only)	2018/19 Year End Working Files Accounts and Audit Regulations 2015 The Chartered Institute of Public Finance and Accountancy Toolkit for Local Authority Committees 2006 CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 Financial Reporting Standards The Statement of Valuation Principles and Guidance Notes – The Royal Institution of Chartered Surveyors
Key Decision	Yes
In Forward Plan	Yes
In O&S Work Programme	No

FINANCIAL SERVICES

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My Reference: MF
Please ask for: Martin Flitcroft

Grant Thornton UK LLP
2, Glass Wharf
Temple Quay
Bristol
BS2 0EL

24 September 2019

Dear Sirs

Teignbridge District Council

Financial Statements for the year ended 31 March 2019

This representation letter is provided in connection with the audit of the financial statements of Teignbridge District Council for the year ended 31 March 2019 for the purpose of expressing an opinion as to whether the Council financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i We have fulfilled our responsibilities for the preparation of the Council's financial statements in accordance International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii We have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the financial statements.
- iii The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that

could have a material effect on the financial statements in the event of non-compliance.

- iv We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. There are no other material judgements that need to be disclosed.
- vi Except as disclosed in the financial statements:
 - a) There are no unrecorded liabilities, actual or contingent
 - b) None of the assets of the Council has been assigned, pledged or mortgaged
 - c) There are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- vii We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- viii Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- ix All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.

We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The Council financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.

We have considered the unadjusted misstatements schedule in your Audit Findings Report and attached. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Council and its financial position at the year end.

- x Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xi We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

- xii We believe that the Council's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the Council's needs. We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements.

Information Provided

- xiii We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the Council financial statements such as records, documentation and other matters;
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. unrestricted access to persons within the Council from whom you determined it necessary to obtain audit evidence.
- xiv We have communicated to you all deficiencies in internal control of which management is aware.
- xv All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xvi We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xvii We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council and involves:
 - a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements
- xviii We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xix We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xx We have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which we are aware.

xxi We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

xxii We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS

Narrative Report

xxiii The disclosures within the Narrative Report fairly reflect our understanding of the Council's financial and operating performance over the period covered by the Council financial statements.

Approval

The approval of this letter of representation was minuted by Full Council at its meeting on 24 September 2019.

Yours faithfully

Martin Flitcroft
Chief Finance Officer

Councillor Richard Keeling
Chairman of the Council

AUDIT SCRUTINY COMMITTEE

CHAIRMAN: Cllr Sally Morgan

EXECUTIVE PORTFOLIO HOLDER: Cllr
Alan Connett

DATE: 20 June 2019

REPORT OF: Chief Finance Officer

SUBJECT: 2018/19 Draft Final Accounts & Treasury
Management

PART I

RECOMMENDATIONS

That the Audit Scrutiny Committee note

- (a) That the draft statement of accounts for 2018/19 has been published. (b) The current authorised lending list at Appendix 1.
- (c) The draft treasury management results for 2018/19 at Appendix 2.

1. PURPOSE

- 1.1 To introduce Members to the draft statement of accounts for 2018/19.
- 1.2 To report the latest treasury management authorised lending list.
- 1.3 To report on the draft financial results of the treasury management function for the year ended 31 March 2019.

2. BACKGROUND

2.1 The accounts and audit regulations 2015 set out the requirements for the production and publication of the annual statement of accounts. The statement has to be produced and certified by the chief finance officer by 31 May. It has to be brought for full council approval after external audit and by 31 July.

2.2 The statement of accounts and financial records are being audited by our external auditors Grant Thornton during June and July. If any alterations are required the details will be reported to Audit Scrutiny Committee with the external audit accounts report in July. Any revenue or capital resource effects will be brought to Executive in the next budget monitoring report planned for 8 October. Grant Thornton is required to provide the opinion on the statement of accounts by the end of July.

2.3 The availability of the accounts and records for inspection by interested persons has been advertised on the website www.teignbridge.gov.uk/statementofaccounts see Draft Statement of Accounts 2018-2019. This also advises that the external auditor will be accessible to receive in writing any objections to the accounts from 3 June to 12 July 2019.

2.4 An updated treasury management statement and authorised lending list was approved at the 2019 February budget meeting. This was based on the latest edition of the treasury management code published by the Chartered Institute of Public Finance & Accountancy (CIPFA). The statement has been reviewed and there is no change since the budget update. A copy is shown for information at Appendix 1.

3. 2018/19 DRAFT STATEMENT OF ACCOUNTS

3.1 The draft statement of accounts has been certified by Martin Flitcroft as the responsible finance officer and is available on the website. www.teignbridge.gov.uk/statementofaccounts see public inspection notice Audit of Accounts 31 March 2019 in the download section. The final version will be brought to the next meeting of Audit Scrutiny Members with further explanation for consideration and recommendation to 29 July 2019 Council.

3.2 A brief explanation and overview of the figures is given in the narrative statement on pages 8 to 20. Capital expenditure and details of property, plant and equipment are given in the balance sheet on page 31 and relevant notes 14 to 16 and 23 from page 63. Reserves are shown on the balance sheet and analysed on page 30. The draft closing general reserves at 31 March 2019 of £1.982 million are improved on the original budget by £0.110 million.

3.3 An analysis of this variation is contained within the narrative statement. It has arisen mainly because of additional income from fees and charges, leisure memberships, recycling credits, business rate grants and gains from the business rates pilot arrangement. Additional income was also received from non-specific general grants. Savings were made in expenditure including water, printing & stationery, advertising and other miscellaneous costs together with increased savings from Strata. There were additional costs that arose in the year including fuel, legal fees, bed and breakfast accommodation and business rates.

4. TREASURY MANAGEMENT AUTHORISED LENDING LIST (Appendix 1)

The authorised treasury management lending list was approved at the 2019 February budget meeting. Principality Building Society has re-entered the list due to improved ratings.

From 1 January 2019, the largest UK banks separated core retail banking from investment banking in order to support financial stability and make any potential failures easier to manage without the need for a government bailout. The banks have addressed ring-fencing, each taking their own approach about which side of the bank is best suited for local authorities. In some cases, ring-fencing affected ratings. Officers continue to monitor all ratings to ensure they meet the council's lending criteria.

5. TREASURY MANAGEMENT RESULTS 2018/19 (Appendix 2)

5.1 The council has to report on the financial results of the treasury management function in accordance with the CIPFA 'Treasury Management Code 2017'.

5.2 Teignbridge's lending has been carried out in accordance with its defined strategy and with adherence to its restricted list of approved investment institutions.

5.3 The average funds available for investment have increased in 2018/19 by £2.5 million to £14.6 million, from £12.1 million in 2017/18. This is mainly due to grants and contributions which were received in advance of expenditure. Net interest earned has increased from £40,000 in 2017/18 to £103,000 in 2018/19. The average rate achieved has increased from 0.33% in 2017/18 to 0.71% in 2018/19, due to the Bank of England's base rate increasing to 0.75% on 2 August 2018. Call account rates continue to be low because of the current banking regulations requiring banks to keep greater capital buffers.

5.4 Interest rates earned have been consistently better than the standard benchmark 7 day London Interbank Offer Rate which for the same lending would have averaged 0.63% for the year (0.28% in 2017/18). Base rate increased from 0.5% to 0.75% in August 2018. For future base rates it will be difficult nationally to strike a balance between keeping growth going while not letting inflation get out of hand post Brexit. There continues to be uncertainty about future demand, inflation and the outcome of the European Union negotiations.

5.5 There was no long-term borrowing in 2018/19. Full details of draft treasury management results and prudential indicators are shown at Appendix 2.

6. MAIN IMPLICATIONS

The main implications Members need to be aware of are that preparation and approval of the draft accounts is required by the accounts and audit regulations 2015 and that if these regulations are not complied with the external auditor could qualify the accounts.

7. GROUPS CONSULTED

The draft accounts are advertised as available for inspection and are published on the website. A further copy is available in the Democratic Services office.

8. TIME-SCALE

The draft accounts have been published by 31 May 2019 as required. Completion of the external audit and Council approval of the audited accounts is required by 31 July 2019.

9. CONCLUSION

The draft accounts have been prepared in accordance with the relevant legislation and current best practice. They are complete and published on the website together with a notice about public inspection.

Martin Flitcroft
Chief Finance Officer

Wards affected	All
Contact for more information	Martin Flitcroft on 01626 215246 or Claire Moors on 01626 215242
Background Papers (For Part I reports only)	2018/19 year end files including Accounts & Audit Regulations 2015. Treasury management working files including CIPFA Treasury Management Code 2017.
Key Decision	Yes
In Forward Plan	Yes
In O&S Work Programme	No

TEIGNBRIDGE DISTRICT COUNCIL TREASURY MANAGEMENT: AUTHORISED LENDING LIST FROM 28 FEBRUARY 2019

Lending list

The current authorised lending list has been updated to take account of changes in ratings and banks and is shown below for approval.

Type of Lender	Details	
1. Current Banker	Lloyds Bank	£3,000,000 limit
2. Local Authorities	All	£3,000,000 limit
3. UK Debt Management Office Deposit Facility (UK government AA/Aa2/AA rated) no limit.		
4. UK Treasury Bills (UK government AA/Aa2/AA rated) no limit.		
5. Public Sector Deposit Fund	AAAmmf	£3,000,000 limit
6. Aberdeen Liquidity Fund	AAAmmf	£3,000,000 limit
7. Top UK-registered Banks and Building Societies, subject to satisfactory ratings.		

Institution	Tier	90 day limit	180 day limit	364 day limit	Overall limit
		£	£	£	£
Close Brothers Ltd	1	3,000,000	2,000,000	1,000,000	3,000,000
Santander UK plc	1	3,000,000	2,000,000	1,000,000	3,000,000
Nationwide Building Society	1	3,000,000	2,000,000	1,000,000	3,000,000
NatWest Bank	1	3,000,000	2,000,000	1,000,000	3,000,000
Lloyds Bank plc and Bank of Scotland plc	1	3,000,000	2,000,000	1,000,000	3,000,000
Coventry Building Society	2	2,000,000	1,000,000		2,000,000
Clydesdale Bank	3	1,000,000			1,000,000
Nottingham Building Society	3	1,000,000			1,000,000
Skipton Building Society	3	1,000,000			1,000,000
Yorkshire Building Society	3	1,000,000			1,000,000
Leeds Building Society	3	1,000,000			1,000,000
Principality	3	1,000,000			1,000,000
Royal Bank of Scotland	3	1,000,000			1,000,000

Officers will continue to seek the best rate, balanced against risk, at the time of investment. Use of call and notice accounts with Santander, Lloyds and Clydesdale continue. These accounts provide access to flexible deposits, with a range of access options and interest rates. Treasury Bills, an AA/Aa2/AA (very securely) rated, short dated form of Government debt which are issued by the Debt Management Office via a weekly tender are also included on the lending list, offering the Council an additional secure investment option.

From 1 January 2019, the largest UK banks separated core retail banking from investment banking in order to support financial stability and make any potential failures easier to manage without the need for a government bailout. The banks have addressed ring-fencing, each taking their own approach about which side of the bank is best suited for local authorities. Officers continue to monitor all ratings to ensure they meet the council's lending criteria.

Teignbridge District Council Treasury Management Year-End Results 2018-19

Teignbridge District Council has adopted CIPFA's *Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes 2017 Edition*. One of the requirements is the provision of a year-end report of treasury management activities.

Activities Undertaken: Daily lending and borrowing from 1 April 2018 to 31 March 2019:

Fixed-term lending

Borrower	Terms %	Amount Lent £	Dates	Total Days Lent in year	Interest Earned in year £
Close Brothers	1.00%	1,000,000	03/04/18 – 15/03/19	346	9,479.45
DMO	0.25%	8,000,000	16/04/18 – 20/04/18	4	219.18
Nottingham Building Society	0.55%	1,000,000	15/05/18 – 10/08/18	87	1,310.96
Coventry Building Society	0.70%	1,000,000	15/05/18 – 09/11/18	178	3,413.70
DMO	0.25%	1,000,000	15/05/18 – 21/05/18	6	41.10
DMO	0.25%	1,000,000	15/06/18 – 19/06/18	4	27.40
DMO	0.25%	1,000,000	02/07/18 – 04/07/18	2	13.70
DMO	0.25%	2,000,000	16/07/18 – 19/07/18	3	41.10
Nationwide Building Society	0.71%	1,000,000	16/07/18 – 25/03/19	252	4,901.92
Nationwide Building Society	0.69%	1,000,000	16/07/18 – 11/01/19	179	3,383.84
DMO	0.45%	3,000,000	01/08/18 – 09/08/18	8	295.89
Santander	0.90%	1,000,000	15/08/18 – 19/03/19	216	5,326.03
DMO	0.50%	2,000,000	15/08/18 – 20/08/18	5	136.99
DMO	0.50%	1,000,000	03/09/18 – 17/09/18	14	191.78
Thurrock Council	0.90%	1,000,000	03/09/18 – 15/03/19	193	4,758.90
DMO	0.50%	1,000,000	06/09/18 – 07/09/18	1	13.70
DMO	0.50%	1,000,000	07/09/18 – 17/09/18	10	136.99
Santander	0.85%	1,000,000	02/10/18 – 14/03/19	163	3,795.89
DMO	0.50%	5,000,000	15/10/18 – 22/10/18	7	479.45
DMO	0.50%	2,000,000	15/11/18 – 19/11/18	4	109.59
DMO	0.50%	1,000,000	15/11/18 – 23/11/18	8	109.59
DMO	0.50%	4,000,000	15/11/18 – 26/11/18	11	602.74
Coventry Building Society	0.78%	1,000,000	03/12/18 – 26/03/19	113	2,414.79
DMO	0.50%	1,500,000	17/12/18 – 21/12/18	4	82.19
DMO	0.50%	5,000,000	17/12/18 – 04/01/19	18	1,232.88
DMO	0.50%	2,300,000	02/01/19 – 04/01/19	2	63.01
DMO	0.50%	3,000,000	15/01/19 – 21/01/19	6	246.58
DMO	0.50%	1,000,000	15/01/19 – 23/01/19	8	109.59
DMO	0.50%	3,700,000	15/01/19 – 08/02/19	24	1,216.44
Coventry Building Society	0.50%	1,000,000	25/01/19 – 08/02/19	14	191.78
DMO	0.51%	500,000	28/01/19 – 08/02/19	11	76.85
DMO	0.50%	500,000	30/01/19 – 08/02/19	9	61.64
DMO	0.50%	1,600,000	01/02/19 – 04/02/19	3	65.75
DMO	0.51%	1,000,000	04/02/19 – 08/02/19	4	55.89
DMO	0.50%	1,000,000	15/02/19 – 18/02/19	3	41.10

DMO	0.50%	2,000,000	15/02/19 – 19/02/19	4	109.59
DMO	0.50%	2,000,000	01/03/19 – 04/03/19	3	82.19
DMO	0.51%	500,000	04/03/19 – 15/03/19	11	76.85
DMO	0.50%	1,000,000	14/03/19 – 15/03/19	1	13.70
Close Brothers	1.15%	1,000,000	15/03/19 – 23/12/19	283 (17 in year)	504.11
Thurrock Council	1.06%	1,000,000	15/03/19 – 15/01/20	306 (17 in year)	464.66

Deposits were also made into the following call accounts, dependent upon cash flow:

Bank	Account terms	Interest Earned £
Barclays Bank plc	0.25% to 0.55% instant access	46.86
Barclays 95-day notice	0.50% to 0.70% 95-day notice	2,422.87
Clydesdale Bank	0.20% 30 days' notice	0.74
Clydesdale Bank	0.35% to 0.50% instant access	86.70
Royal Bank of Scotland	0.05% to 0.20% instant access	1.16
Santander UK plc	0.25% to 0.40% instant access	1,108.55
Public Sector Deposit Fund	0.46% to 0.81% instant access	19,589.68
Lloyds plc 175-day notice	0.75% to 1.13% 175-day notice	15,937.67
Lloyds plc	0.40% to 0.65% current account	431.40
Lloyds plc Deposit account	0.40% to 0.65% instant access	4,407.74
Aberdeen Standard (formerly Standard Life)	0.41% to 0.74% instant access	13,066.37

Temporary Borrowing 1 April 2018 to 31 March 2019:

Lender	Terms %	Amount lent £	Dates	Days lent in year	Interest paid in year £
Lloyds Bank	Base + 1%	0	Overdraft agreement	0	0
Vale of Glamorgan Council	0.42%	1,000,000	29/05/18 – 01/06/18	3	34.52

Teignbridge District Council Performance Report for the Period 1 April 2018 to 31 March 2019

	Apr-Mar 2017-18	Apr-Mar 2018-19
(i) Short Term Funds Invested		
Interest received and receivable for the period	£39,844	£102,999
Maximum period of investment on any one loan made in the period	308 days	346 days

“Fixed” investment rates in period.	0.10% – 0.65%	0.25% - 1.15%
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(ii) Short Term Funds Borrowed

Interest paid and payable for the period	£4.71	£34.52
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Number of new loans borrowed in the period	0	1
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Maximum period of borrowing on any one loan borrowed in the period.	n/a	3 days
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“Fixed” borrowing rates.	n/a	0.42%
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(iii) Average Net Interest Rate Earned	0.33%	0.71%
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(iv) Average Short Term Net Lending	£12,134,604	£14,566,511
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Regular Monitoring

Two monthly reports are prepared for the Chief Finance Officer: a forecast of interest receivable for the year, and an investment comparison, which shows the sum available for investment compared to the previous year. The Chief Finance Officer presents a monthly report to CMT and updates the Executive Committee on a quarterly basis. These reports include any policy updates, such as changes to the official lending list, based on the latest ratings information. Full Council receives an annual review and strategy statement and a mid-year review.

Total net interest received in 2018-19 was £102,964.70. This compares to £ 39,839.52 in 2017-18. The increase is mainly due to higher interest rates (an average of 0.71%, compared to 0.33% in 2017-18), although there has also been an increase in the funds available for lending out (average daily lending is slightly higher in 2018-19 at £14.6 million compared to £12.1 million in 2017-18). Average benchmark 7-day LIBOR rate for 2018-19 was 0.63%.

Treasury Management Indicators

These are part of the Prudential Indicators, as agreed at Full Council on 28 February 2019. They are available on request or on the Teignbridge website agenda for that meeting.

AUDIT SCRUTINY COMMITTEE

CHAIRMAN: Cllr Sally Morgan
Connett

EXECUTIVE PORTFOLIO HOLDER: Cllr Alan

DATE: 17 July 2019

REPORT OF: Chief Finance Officer

SUBJECT: STATEMENT OF ACCOUNTS 2018/19

PART I

RECOMMENDATION

That the Audit Scrutiny Committee recommend the statement of accounts 2018/19 for approval to Council subject to any final adjustments agreed with the external auditors which will be reported to Council when the audit is completed.

1. PURPOSE

To bring an update on the statement of accounts 2018/19 for Members to review and recommend to Council for approval.

2. BACKGROUND

- 2.1** The Accounts and Audit Regulations 2015 set out the requirements for the production and publication of the annual statement of accounts. A committee of the authority or the full Council must approve the statement for 2018/19 by the 31 July.
- 2.2** At the Audit Scrutiny meeting on 20 June the committee was introduced to the draft accounts and the results for the year 2018/19 including those for treasury management. The draft accounts were published on the 30 May.
- 2.3** Our external auditors (Grant Thornton) were due to complete their audit and provide their signed opinion by the end of July. This will no longer be completed by the end of July and arrangements are being made for the delayed audit to hopefully take place in August with approval in September. Any final adjustments will be reported to Council following conclusion of the audit. Any likely adjustments will be discussed at today's meeting and the next audit scrutiny meeting when Grant Thornton submit their findings.
- 2.4** The conclusion of the audit will be published by advertisement on the Teignbridge website as required by legislation. After approval the final accounts will be available on the website or a hard copy can be obtained. Members can access the accounts via this link: [Teignbridge website](#) and a hard copy is available in the Democratic Services department.

2.5 The Chartered Institute of Public Finance and Accountancy (CIPFA) Toolkit for Local Authority Audit Committees published in 2006 recommends the following focus in relation to the committee's review of the financial statements :

- the suitability of accounting policies and treatments
- any changes in, and compliance with, accounting policies and treatments
- major judgemental arrears such as provisions
- significant adjustments and material weaknesses in internal control reported by the external auditor

This report will concentrate on those areas.

3. STATEMENT OF ACCOUNTS 2018/19

3.1 The audit of the statement of accounts is currently being delayed due to resourcing issues identified by Grant Thornton our external auditors. Some minor work has been carried out and there are no known major adjustments to date. Grant Thornton will discuss any findings separately in their report when the audit is completed. There are no adjustments required to the Strata figures consolidated into the accounts of the Council.

3.2 The draft balance sheet shows a net worth of £13.9 million at 31 March 2019 compared to a net worth of £5.6 million at 31 March 2018. This is due mainly to a decrease in the pension fund deficit and an increase in the value of our property, plant and equipment.

3.3 The regulations require the formal approval of the accounts and this will be signified by the Chairman of the Council signing and dating the accounts on the page entitled The Statement of Responsibilities for the Statement of Accounts at the Council meeting. This statement is from the Chief Finance Officer and will be signed by him before presentation of the accounts to the Council meeting.

3.4 Accounting Policies and Treatments

Note 1 of the notes to the financial statements identifies the accounting policies which follow CIPFA recommendations in the latest Code of Practice on Local Authority Accounting in the United Kingdom 2018/19. The most significant policies relate to property, plant and equipment, charges to revenue, accruals, pensions, reserves and provisions as follows:

- All expenditure over £10,000 on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis in the accounts. These are valued on the basis recommended by CIPFA and in accordance with The Statement of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors. The majority of assets are valued at fair value with some at depreciated historical cost. Property, plant and equipment excluding land are depreciated over their remaining useful life on a straight line basis.

- Charges for depreciation and impairment are made to the comprehensive income and expenditure account by direct allocation to the relevant service and then reversed out in the movement in reserves statement. Capital charges therefore help show the true cost of services but have a neutral impact on the amount required to be raised from council tax.
- The accounts are maintained on an accruals basis in accordance with the Code of Practice on Local Authority Accounting. That is all sums due to or from the council during the year are included whether or not the cash has actually been received or paid in the year.
- Accounting for the council's defined benefit pension scheme is prepared under the requirements of International Accounting Standard 19. Thus entries are made in the accounts and the valuation of liabilities is shown in the balance sheet. The notes explain that the cost of benefits is charged as they are earned but this cost is reversed out so that the charge against council tax is based on the cash payable in the year.
- Reserves are maintained to meet general rather than specific future expenditure although some can be earmarked for specific purposes. Provisions are only recognised when there is a liability that is of uncertain timing or amount. Provisions are required where Teignbridge has a present obligation as a result of a past event.

3.5 Provisions

The main provisions are those for bad debts (now described as an impairment allowance for bad debts) and the most significant of these are for sundry debtors, council tax, and national non domestic rates. An appeals provision is also held for potential appeals against business rates valuations charged. These are as follows:

- A provision of £538,000 or 14% has been made against a year-end balance of £3,714,000 for sundry debts. The majority of the debt relates to housing benefit overpayments where arrangement for regular affordable payments has been made. 20% is provided for small older debts still outstanding with specific appropriate provision for individual large debts. Write offs in the year were £111,000 or 0.8% of debt raised in year (2017/18 £157,000 or 1.0% of debt raised in year).
- The council tax gross debt at the year-end was £3,402,000 (2017/18 £3,266,000) and write offs in the year were £165,000 (2017/18 £276,000).

The write offs have remained low for each of the last five years at less than 0.3% of the debit raised. The debit raised in the year was £110 million. The bad debt provision for 2018/19 remains at £640,000 being 19% of the balance.

- For national non domestic rates the gross balance at the year-end was £390,000 (2017/18 £397,000). Write offs were £78,000 (2017/18

£114,000). The value of the bad debt and appeals provision amounts to £2.25 million at 31 March 2019 to cover potential future bad debts and appeal adjustments on rating valuations. Write offs have remained low for each of the last five years at less than 0.5% of the debit raised. The debit raised in the year was £39 million.

3.6 External Auditor Reports

All reports from Grant Thornton regarding internal control and any other relevant matters and the officer responses for review are brought to this audit scrutiny committee. The specific comments on these accounts will be in the Annual Governance Report (AGR) which will be on a future agenda as part of approving the audited accounts. The accounts adjustments suggested/noted in the AGR can be discussed by the committee at that item together with the draft management letter.

3.7 Letter of Representation

Our external auditor requires assurances from us on various financial matters including statutory and contractual requirements, reasonableness of estimates and provisions, responsibility for internal controls, various disclosures and information provided. These will be detailed in a letter which needs recommendation for approval at full Council and will be brought to the next meeting which recommends the audited accounts for approval.

4. MAIN IMPLICATIONS

The main implication that Members need to be aware of is that preparation and approval of the accounts is required by the Accounts and Audit Regulations 2015 and that if these regulations are not complied with the external auditor could qualify the accounts.

5. GROUPS TO BE CONSULTED

The draft accounts have been advertised as available for inspection and published on the website. As required by legislation these will be updated with the final version including the external audit opinion and Grant Thornton annual audit letter when completed and available. There is also a brief introduction on the website.

6. WITNESSES TO BE CALLED

None, but the external auditor will be in attendance at the audit scrutiny committee meeting when the accounts have been audited if there are any relevant questions that need to be answered.

7. TIME-SCALE

Members' approval and publication of the accounts for the year ended 31 March 2019 is required by 31 July 2019.

8. CONCLUSION

The draft accounts have been prepared in accordance with the relevant legislation and current best professional practice. They await finalisation of the external audit by Grant Thornton and any final adjustments will be reported to Audit Scrutiny and subsequently Full Council for approval after the end of July 2019.

Martin Flitcroft
Chief Finance Officer

Wards affected	All
Contact for any more information	Martin Flitcroft on 01626 215246 or Claire Moors on 01626 215242
Background Papers (For Part I reports only)	2018/19 Year End Working Files The Accounts and Audit Regulations 2015 The Chartered Institute of Public Finance and Accountancy Toolkit for Local Authority Audit Committees 2006 CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 The Statement of Valuation Principles and Guidance Notes – The Royal Institution of Chartered Surveyors Financial Reporting Standards
Key Decision	Yes
In Forward Plan	Yes
In O&S Work Programme	No

AUDIT SCRUTINY COMMITTEE

CHAIRMAN: Cllr Sally Morgan
Connett

EXECUTIVE PORTFOLIO HOLDER: Cllr Alan

DATE: 12 September 2019
REPORT OF: Chief Finance Officer
SUBJECT: STATEMENT OF ACCOUNTS 2018/19

PART I

RECOMMENDATION

That the Audit Scrutiny Committee recommend the statement of accounts 2018/19 and letter of representation for approval to Council subject to any final adjustments agreed with the external auditors which will be reported to Council.

1. PURPOSE

To bring an update on the statement of accounts 2018/19 for Members to review and recommend to Council for approval.

2. BACKGROUND

2.1 The Accounts and Audit Regulations 2015 set out the requirements for the production and publication of the annual statement of accounts. A committee of the authority or the full Council must approve the statement for 2018/19 by the 31 July.

2.2 At the Audit Scrutiny meeting on 20 June the committee was introduced to the draft accounts and the results for the year 2018/19 including those for treasury management. The draft accounts were published on the 30 May in line with the draft accounts deadline of 31 May.

2.3 Our external auditors (Grant Thornton) were due to complete their audit and provide their signed opinion by the end of July. This did not take place as planned and the delayed audit has taken place in August and they will provide their signed audit opinion by the end of September. Their annual governance report on the accounts has been provided separately on this agenda for consideration. Any final adjustments will be reported to Council on 24 September. Any likely adjustments will be discussed at today's meeting when Grant Thornton submit their findings. Final (subject to audit) accounts were brought to Audit Scrutiny on 17 July 2019 for approval and subsequently agreed at Full Council on 29 July 2019.

2.4 The conclusion of the audit will be published by advertisement on the Teignbridge website as required by legislation. After approval the final accounts will be available on the website or a hard copy can be obtained.

Members can access the accounts via this link: [Teignbridge website](#) and a hard copy is available in the Democratic Services department.

2.5 The Chartered Institute of Public Finance and Accountancy (CIPFA) Toolkit for Local Authority Audit Committees published in 2006 recommends the following focus in relation to the committee's review of the financial statements :

- the suitability of accounting policies and treatments
- any changes in, and compliance with, accounting policies and treatments
- major judgemental arrears such as provisions
- significant adjustments and material weaknesses in internal control reported by the external auditor

This report will concentrate on those areas.

3. STATEMENT OF ACCOUNTS 2018/19

3.1 The audit of the statement of accounts is currently being finalised and there are no known major adjustments to date. Grant Thornton will discuss any findings separately in their report when the audit is completed. There are no adjustments required to the Strata figures consolidated into the accounts of the Council.

3.2 The draft balance sheet shows a net worth of £13.9 million at 31 March 2019 compared to a net worth of £5.6 million at 31 March 2018. This is due mainly to a decrease in the pension fund deficit and an increase in the value of our property, plant and equipment.

3.3 The regulations require the formal approval of the accounts and this will be signified by the Chairman of the Council signing and dating the accounts on the page entitled The Statement of Responsibilities for the Statement of Accounts at the Council meeting. This statement is from the Chief Finance Officer and will be signed by him before presentation of the accounts to the Council meeting.

3.4 Accounting Policies and Treatments

Note 1 of the notes to the financial statements identifies the accounting policies which follow CIPFA recommendations in the latest Code of Practice on Local Authority Accounting in the United Kingdom 2018/19. The most significant policies relate to property, plant and equipment, charges to revenue, accruals, pensions, reserves and provisions as follows:

- All expenditure over £10,000 on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis in the accounts. These are valued on the basis recommended by CIPFA and in accordance with The Statement of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors. The majority of assets are valued at fair value with some at depreciated historical cost. Property, plant and equipment excluding land are depreciated over their remaining useful life on a straight line basis.

- Charges for depreciation and impairment are made to the comprehensive income and expenditure account by direct allocation to the relevant service and then reversed out in the movement in reserves statement. Capital charges therefore help show the true cost of services but have a neutral impact on the amount required to be raised from council tax.
- The accounts are maintained on an accruals basis in accordance with the Code of Practice on Local Authority Accounting. That is all sums due to or from the council during the year are included whether or not the cash has actually been received or paid in the year.
- Accounting for the council's defined benefit pension scheme is prepared under the requirements of International Accounting Standard 19. Thus entries are made in the accounts and the valuation of liabilities is shown in the balance sheet. The notes explain that the cost of benefits is charged as they are earned but this cost is reversed out so that the charge against council tax is based on the cash payable in the year.
- Reserves are maintained to meet general rather than specific future expenditure although some can be earmarked for specific purposes. Provisions are only recognised when there is a liability that is of uncertain timing or amount. Provisions are required where Teignbridge has a present obligation as a result of a past event.

3.5 Provisions

The main provisions are those for bad debts (now described as an impairment allowance for bad debts) and the most significant of these are for sundry debtors, council tax, and national non domestic rates. An appeals provision is also held for potential appeals against business rates valuations charged. These are as follows:

- A provision of £538,000 or 14% has been made against a year-end balance of £3,714,000 for sundry debts. The majority of the debt relates to housing benefit overpayments where arrangement for regular affordable payments has been made. 20% is provided for small older debts still outstanding with specific appropriate provision for individual large debts. Write offs in the year were £111,000 or 0.8% of debt raised in year (2017/18 £157,000 or 1.0% of debt raised in year).
- The council tax gross debt at the year-end was £3,402,000 (2017/18 £3,266,000) and write offs in the year were £165,000 (2017/18 £276,000). The write offs have remained low for each of the last five years at less than 0.3% of the debit raised. The debit raised in the year was £110 million. The bad debt provision for 2018/19 remains at £640,000 being 19% of the balance.
- For national non domestic rates the gross balance at the year-end was £390,000 (2017/18 £397,000). Write offs were £78,000 (2017/18 £114,000). The value of the bad debt and appeals provision amounts to £2.25 million at 31 March 2019 to cover potential future bad debts and appeal adjustments on rating valuations. Write offs

have remained low for each of the last five years at less than 0.5% of the debit raised. The debit raised in the year was £39 million.

3.6 External Auditor Reports

All reports from Grant Thornton regarding internal control and any other relevant matters and the officer responses for review are brought to this audit scrutiny committee. The specific comments on these accounts will be in the Annual Governance Report (AGR) which is on this agenda. The accounts adjustments suggested/noted in the AGR can be discussed by the committee at that item together with the draft management letter.

3.7 Letter of Representation

Our external auditor requires assurances from us on various financial matters including statutory and contractual requirements, reasonableness of estimates and provisions, responsibility for internal controls, various disclosures and information provided. These are detailed in the attached letter which needs recommendation for approval at full Council.

4. MAIN IMPLICATIONS

The main implication that Members need to be aware of is that preparation and approval of the accounts is required by the Accounts and Audit Regulations 2015 and that if these regulations are not complied with the external auditor could qualify the accounts.

5. GROUPS TO BE CONSULTED

The draft accounts were advertised as available for inspection and published on the website. As required by legislation these were updated with a final version (subject to audit) in July and will be updated with the final version including the external audit opinion and Grant Thornton annual audit letter when available. There is also a brief introduction on the website.

6. WITNESSES TO BE CALLED

None, but the external auditor will be in attendance at the audit scrutiny committee meeting when the accounts have been audited if there are any relevant questions that need to be answered.

7. TIME-SCALE

Members' approval and publication of the accounts for the year ended 31 March 2019 is required by 31 July 2019. The audit of the accounts should be completed by 31 July or as soon as practically possible

8. CONCLUSION

The accounts have been prepared in accordance with the relevant legislation and current best professional practice. They await finalisation of the external audit by Grant Thornton and any final adjustments will be reported to Full Council for approval on 24 September 2019.

Martin Flitcroft
Chief Finance Officer

Wards affected	All
Contact for any more information	Martin Flitcroft on 01626 215246 or Claire Moors on 01626 215242
Background Papers (For Part I reports only)	2018/19 Year End Working Files The Accounts and Audit Regulations 2015 The Chartered Institute of Public Finance and Accountancy Toolkit for Local Authority Audit Committees 2006 CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 The Statement of Valuation Principles and Guidance Notes – The Royal Institution of Chartered Surveyors Financial Reporting Standards
Key Decision	Yes
In Forward Plan	Yes
In O&S Work Programme	No

Grant Thornton UK LLP
2, Glass Wharf
Temple Quay
Bristol
BS2 0EL

24 September 2019

Dear Sirs

Teignbridge District Council

Financial Statements for the year ended 31 March 2019

This representation letter is provided in connection with the audit of the financial statements of Teignbridge District Council for the year ended 31 March 2019 for the purpose of expressing an opinion as to whether the Council financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

We have fulfilled our responsibilities for the preparation of the Council's financial statements in accordance International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.

We have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the financial statements.

The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. There are no other material judgements that need to be disclosed.

Except as disclosed in the financial statements:

- a) There are no unrecorded liabilities, actual or contingent
- b) None of the assets of the Council has been assigned, pledged or mortgaged
- c) There are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.

We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.

Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.

All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.

We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The Council financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.

We have considered the unadjusted misstatements schedule in your Audit Findings Report and attached. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Council and its financial position at the year-end.

Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.

We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

We believe that the Council's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the Council's needs. We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements.

Information Provided

We have provided you with:

- a. access to all information of which we are aware that is relevant to the preparation of the Council financial statements such as records, documentation and other matters;
- b. additional information that you have requested from us for the purpose of your audit; and
- c. unrestricted access to persons within the Council from whom you determined it necessary to obtain audit evidence.

We have communicated to you all deficiencies in internal control of which management is aware.

All transactions have been recorded in the accounting records and are reflected in the financial statements.

We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council and involves:

- d. management;
- e. employees who have significant roles in internal control; or
- f. others where the fraud could have a material effect on the financial statements

We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.

We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

We have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which we are aware.

We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS

Narrative Report

xxiii The disclosures within the Narrative Report fairly reflect our understanding of the Council's financial and operating performance over the period covered by the Council financial statements.

Approval

The approval of this letter of representation was minuted by Full Council at its meeting on 24 September 2019.

Yours faithfully

Martin Flitcroft
Chief Finance Officer

Councillor Richard Keeling
Chairman of the Council

Appendix

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The Audit Findings for Teignbridge District Council

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Year ended 31 March 2019

12 September 2019



Contents



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Section

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3. Value for money
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Appendices

- A. Action plan
- B. Audit adjustments
- C. Fees
- D. Audit Opinion

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. 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.

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Headlines

This table summarises the key findings and other matters arising from the statutory audit of Teignbridge District Council ('the Council') and the preparation of the Council's financial statements for the year ended 31 March 2019 for those charged with governance.

<p>Financial Statements</p>	<p>Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion, the Council's financial statements:</p> <ul style="list-style-type: none"> • give a true and fair view of the financial position of the Council and its income and expenditure for the year; and • have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014. <p>We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS), Narrative Report, is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p>	<p>Our audit work was completed on site during August 2019. Our findings are summarised on pages 4 to 11. At the time of writing this report we have identified no adjustments affecting the Council's Comprehensive Income and Expenditure Statement. Audit adjustments are detailed in Appendix B. We have also raised recommendations for management as a result of our audit work in Appendix A.</p> <p>Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion detailed in Appendix D, subject to the following outstanding matters;</p> <ul style="list-style-type: none"> - Checking the final amended financial statements, - Completion of our subsequent events review, - Receipt of the signed Letter of Representation, and <p>We have concluded that the other information to be published with the financial statements is consistent with our knowledge of your organisation and the financial statements we have audited.</p> <p>Our anticipated audit report opinion will be unmodified.</p>
<p>Value for Money arrangements</p>	<p>Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report if, in our opinion, the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('the value for money (VFM) conclusion').</p>	<p>We have completed our risk based review of the Council's value for money arrangements. We have concluded that Teignbridge District Council has proper arrangements to secure economy, efficiency and effectiveness in its use of resources.</p> <p>We therefore anticipate issuing an unqualified value for money conclusion, as detailed in Appendix D. Our findings are summarised later in this report.</p>
<p>Statutory duties</p>	<p>The Local Audit and Accountability Act 2014 ('the Act') also requires us to:</p> <ul style="list-style-type: none"> • report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and • To certify the closure of the audit. 	<p>We have not exercised any of our additional statutory powers or duties. We have completed the majority of work under the Code and expect to be able to certify the completion of the audit when we give our audit opinion.</p>

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Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during our audit.

Summary

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the Council's business and is risk based, and in particular included:

- An evaluation of the Council's internal controls environment, including its IT systems and controls; and

- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks.

We have not had to alter or change our audit strategy, as communicated to you on 21 March 2019.

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding matters being concluded, we anticipate issuing an unqualified audit opinion following the consideration of this report at the Audit Committee meeting on 19 September 2019 and approval of the accounts by Council on 24 September 2019, as detailed in Appendix D. These outstanding items are set out on page 3 of this report.

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality calculations remain the same as reported in our audit plan. We detail in the table below our determination of materiality for Teignbridge District Council.

	Council Amount
Materiality for the financial statements	£1.522m
Performance materiality	£1.065m
Trivial matters	£0.076m
Materiality for Senior Officers Remuneration	£0.005m (bandings)

Significant findings – audit risks

Risks identified in our Audit Plan	Commentary
<p>1 Improper revenue recognition</p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>Auditor commentary</p> <p>In our Audit Plan we set out that having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of local authorities, including Teignbridge District Council, mean that all forms of fraud are seen as unacceptable <p>Therefore we concluded that we do not consider this to be a significant risk for Teignbridge District Council. We have re-assessed this conclusion throughout our audit and have concluded that there has been no change to our assessment reported in the audit plan.</p> <p>Our work against this risk has not identified any issues.</p>
<p>2 Management override of controls</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>Auditor commentary</p> <p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> • reviewed accounting estimates, judgements and decisions made by management, • tested journal entries, • reviewed unusual significant transactions, and • reviewed significant related party transactions outside the normal course of business. <p>Our work against this risk has not identified any significant issues. We have noted that the S151 officer has the ability to, and has, posted journals. We have tested all of these journals and have identified no issues. Whilst we understand that the finance team is small it is not good practice for the S151 officer to post journals due to segregation of duties. We have therefore recommended in Appendix A that the Council review its arrangements for posting journals for future years.</p>

Significant findings – audit risks

Risks identified in our Audit Plan	Commentary
<p>3 Valuation of land and buildings</p> <p>The Council revalues its land and buildings on an annual basis to ensure that the carrying value is not materially different from the current value at the financial statements date. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (c£83.8 million – Net Book Value) and the sensitivity of this estimate to changes in key assumptions.</p> <p>Management have engaged the services of their internal valuer to estimate the current value as at 31 March 2019.</p> <p>We therefore identified valuation of land and buildings, particularly revaluations, as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.</p>	<p>Auditor commentary</p> <p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> • Review of management's processes and assumptions for the calculation of the estimate. • Review of the competence, expertise and objectivity of any management experts used. • Review of the instructions issued to valuation experts and the scope of their work • Discussions with the Council's valuer about the basis on which the valuation was carried out, challenging the key assumptions. • Review and challenge of the information used by the valuer to ensure it was robust and consistent with our understanding. • Testing of revaluations made during the year to ensure they were input correctly into the Council's asset register • Evaluation of the assumptions made by management for those assets not revalued during the year and how management satisfied themselves that these were not materially different to current value. <p>Our work against this risk has not identified any significant issues.</p>
<p>4 Valuation of pension fund net liability</p> <p>The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements and group accounts.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£87m million in the Council's balance sheet) and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Council's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.</p>	<p>Auditor commentary</p> <p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> • Identified the controls put in place by management to ensure that the pension fund net liability is not materially misstated and assessed whether those controls were implemented as expected and whether they were sufficient to mitigate the risk of material misstatement. • Review of the competence, expertise and objectivity of the actuary who carried out the Council's pension fund valuation. • Gaining an understanding of the basis on which the IAS 19 valuation was carried out, undertaking procedures to confirm the reasonableness of the actuarial assumptions made. • Review of the consistency of the pension fund net liability disclosures in notes to the financial statements with the actuarial report from your actuary. <p>Our work against this risk has not identified any significant issues.</p> <p>Although our audit work set out above has not identified any issues in respect of this risk, discussion is ongoing in the sector regarding the potential impact of the McCloud judgement. The Council have discussed this with their Actuary, Barnett Waddingham and the potential impact is set out on page 7 of this report.</p>

Significant findings - other issues

This section provides commentary on new issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan.

	Issue	Commentary	Auditor view
<p>1</p> <p>47</p>	<p>Potential impact of the McCloud judgement</p> <p>The Court of Appeal has ruled that there was age discrimination in the judges and firefighters pension schemes where transitional protections were given to scheme members.</p> <p>The Government applied to the Supreme Court for permission to appeal this ruling, but this permission to appeal was unsuccessful. The case will now be remitted back to employment tribunal for remedy.</p> <p>The legal ruling around age discrimination (McCloud - Court of Appeal) has implications not just for pension funds, but also for other pension schemes where they have implemented transitional arrangements on changing benefits.</p>	<p>The Council requested an estimate from its actuary of the potential impact of the McCloud ruling. The actuary's estimate was of a possible increase in pension liabilities of £1.173m, and an increase in service costs for the 2019/20 year of £0.103m.</p> <p>Management's view is that the impact of the ruling is not material for Teignbridge District Council, and will be considered for future years' actuarial valuations.</p> <p>The Council has added a contingent liability note setting out this uncertainty.</p>	<p>We have reviewed the analysis performed by the actuary, and consider that the approach that has been taken to arrive at this estimate is reasonable.</p> <p>Although we are of the view that there is sufficient evidence to indicate that a liability is probable, we have satisfied ourselves that there is not a risk of material error as a result of this issue. We also acknowledge the significant uncertainties relating to the estimation of the impact on the Council's liability.</p> <p>We have included this as an uncertainty within Appendix B.</p>

Significant findings – key judgements and estimates

Accounting area	Summary of management’s policy	Audit Comments	Assessment
Provisions for NNDR appeals - £0.600m	The Council is responsible for repaying a proportion of successful rateable value appeals. Management has not changed its approach to calculate the level of provision required. Appeals have stayed constant over recent years and the Council continues to take a prudent approach.	We have carried out the following work in relation to this estimate: <ul style="list-style-type: none"> • Reviewed the reasonableness of estimate, and • Reviewed the adequacy of disclosure of estimate in the financial statements. 	

Assessment

- We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider optimistic
- We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider cautious
- We consider management’s process is appropriate and key assumptions are neither optimistic or cautious

Significant findings – key judgements and estimates

	Summary of management's policy	Audit Comments	Assessment
49	<p>Land and Buildings – Other - £83.882m</p> <p>Other land and buildings comprises specialised assets, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The Council has engaged their Internal Valuer to complete the valuation of properties as at 1 April March 2019 on a five yearly cyclical basis. c20% of total assets were revalued during 2018/19. In addition to this a substantial number of other large value assets are also reviewed. The valuation of properties valued by the valuer has resulted in a net increase of £3.857m. Management have considered the year end value of non-valued properties, to determine whether there has been a material change in the total value of these properties. Management's assessment of assets not revalued has identified no material change to the properties values. The total year end valuation of Other land and buildings was £83.882m, a net increase of £3.857m from 2017/18 (£80.025m).</p>	<p>We have carried out the following work in relation to this estimate:</p> <ul style="list-style-type: none"> Assessed management's expert to ensure suitably qualified and independent, Assessed the completeness and accuracy of the underlying information used to determine the estimate, Confirmed there were no changes to valuation method Assessed the consistency of the estimate against near neighbours and using the Gerald Eve report, and Assessed the adequacy of disclosure of the estimate in the financial statements. 	

Assessment

- We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Significant findings – key judgements and estimates

	Summary of management’s policy	Audit Comments	Assessment																								
50	<p>Net pension liability – £87.523m</p> <p>The Council’s total net pension liability at 31 March 2019 is £87.523m (PY £90.787m). The Council uses Barnett Waddingham to provide actuarial valuations of the Council’s assets and liabilities derived from the Devon County Pension Fund. A full actuarial valuation is required every three years. The latest full actuarial valuation was completed in 2016. A roll forward approach is used in intervening periods, which utilises key assumptions such as life expectancy, discount rates, salary growth and investment returns. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £6.812m net actuarial gain during 2018/19.</p>	<p>We have carried out the following work in relation to this estimate:</p> <ul style="list-style-type: none"> Assessed management’s expert to ensure suitably qualified and independent, Assessed the actuary’s roll forward approach taken, We have used PwC as auditors expert to assess actuary and assumptions made by actuary. The table below summarises where Teignbridge fall in the acceptable ranges set by PwC: <table border="1" data-bbox="860 544 1948 986"> <thead> <tr> <th>Assumption</th> <th>Actuary Value</th> <th>PwC range</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>Discount rate</td> <td>2.40%</td> <td>2.35 – 2.45%</td> <td>●</td> </tr> <tr> <td>Pension increase rate</td> <td>2.40%</td> <td>2.40 – 2.45%</td> <td>●</td> </tr> <tr> <td>Salary growth</td> <td>3.90%</td> <td>3.10 – 4.35%</td> <td>●</td> </tr> <tr> <td>Life expectancy – Males currently aged 45 / 65</td> <td>22.4</td> <td>22.2 – 25.0</td> <td>●</td> </tr> <tr> <td>Life expectancy – Females currently aged 45 / 65</td> <td>24.4</td> <td>23.3 – 24.8</td> <td>●</td> </tr> </tbody> </table> <ul style="list-style-type: none"> We have gained assurance over the completeness and accuracy of the underlying information used to determine the estimate, We have gained assurance over the reasonableness of the Council’s share of LGPS pension assets, and We have reviewed the adequacy of disclosure of the estimate in the financial statements. 	Assumption	Actuary Value	PwC range	Assessment	Discount rate	2.40%	2.35 – 2.45%	●	Pension increase rate	2.40%	2.40 – 2.45%	●	Salary growth	3.90%	3.10 – 4.35%	●	Life expectancy – Males currently aged 45 / 65	22.4	22.2 – 25.0	●	Life expectancy – Females currently aged 45 / 65	24.4	23.3 – 24.8	●	●
Assumption	Actuary Value	PwC range	Assessment																								
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Assessment

- We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider optimistic
- We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider cautious
- We consider management’s process is appropriate and key assumptions are neither optimistic or cautious

Going concern

Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

Going concern commentary

Management's assessment process

Management have carried out an assessment of the Council's ability to continue as a going concern. This was completed as part of the budget process. This process included undertaking a detailed cash flow forecast through to September 2020. As part of this assessment management have considered their general fund and earmarked reserves balances as well as their net current asset position on their balance sheet.

Auditor commentary

- We have concluded that management's process is adequate, and that the assessment is supported by robust assumptions.

Work performed

We have:

- discussed with management the financial standing of the Council;
- reviewed and challenged management's assessment of going concern assumptions and supporting information, e.g. medium term financial planning assumptions and cash flow forecasts;
- reviewed savings targets over the medium term as part of drawing our VFM conclusion.

Auditor commentary

- We have reviewed management's assessment and have not identified any issues that would lead us to believe that there is a material uncertainty in the Council's assumption in preparing the financial statements on a going concern basis.

Concluding comments

Following our review we are satisfied with management's assessment of use of going concern basis of accounting.

Auditor commentary

- Based on the work completed we plan to issue an unmodified audit opinion in relation to going concern.
- Our audit work detailed in the VFM section of this report provides more commentary regarding the financial challenge faced by the Council.

Other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

	Issue	Commentary
①	Matters in relation to fraud	<ul style="list-style-type: none"> We have previously discussed the risk of fraud with the Audit Committee. We have not been made aware of any incidents in the period and no other issues have been identified during the course of our audit procedures.
②	Matters in relation to related parties	<ul style="list-style-type: none"> We are not aware of any related parties or related party transactions which have not been disclosed.
③	Matters in relation to laws and regulations	<ul style="list-style-type: none"> You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
④	Written representations	<ul style="list-style-type: none"> A letter of representation has been requested from the Council which is included in the Audit Committee papers.
⑤	Confirmation requests from third parties	<ul style="list-style-type: none"> We requested from management permission to send confirmation request(s) to banks and financial institutions with which the Council have investments. This permission was granted and the requests were sent. We have received positive confirmations in all cases.
⑥	Disclosures	<ul style="list-style-type: none"> Our review found no material omissions in the financial statements.
⑦	Audit evidence and explanations/significant difficulties	<ul style="list-style-type: none"> All information and explanations requested from management were provided.

Other responsibilities under the Code

Issue	Commentary
1 Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements (including the Statement of Accounts, Annual Governance Statement (AGS) and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>No inconsistencies have been identified. We plan to issue an unqualified opinion in this respect.</p>
2 Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a numbers of areas:</p> <ul style="list-style-type: none"> • If the Annual Governance Statement does not meet the disclosure requirements set out in the CIPFA/SOLACE guidance or is misleading or inconsistent with the other information of which we are aware from our audit • If we have applied any of our statutory powers or duties <p>We have nothing to report on these matters.</p>
3 Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <p>No detailed work is required in this area as the Council is below the thresholds set by the NAO.</p>
4 Certification of the closure of the audit	<p>We intend to certify the closure of the 2018/19 audit of Teignbridge District Council in our audit opinion.</p>

Value for Money

Background to our VFM approach

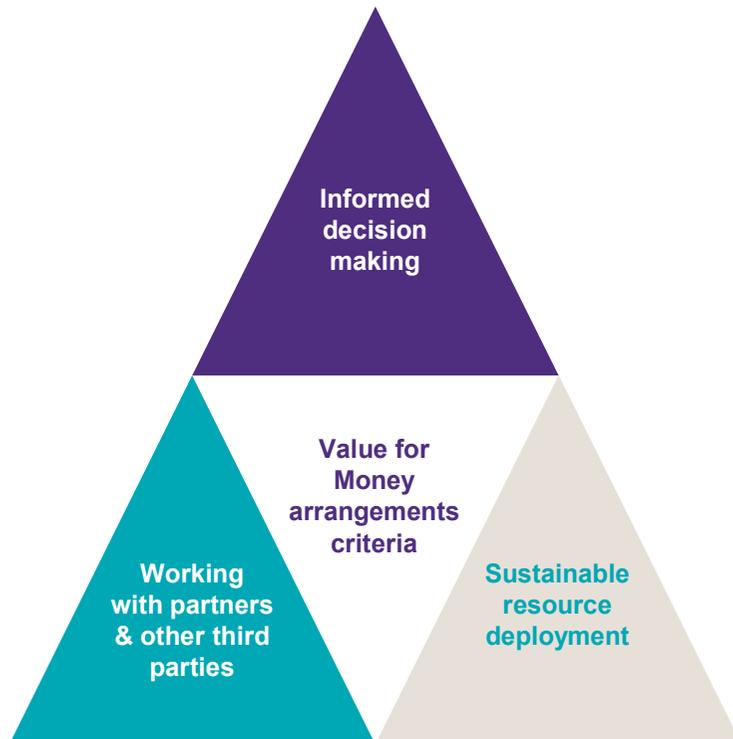
We are required to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VFM) conclusion.

We are required to carry out sufficient work to satisfy ourselves that proper arrangements are in place at the Council. In carrying out this work, we are required to follow the NAO's Auditor Guidance Note 3 (AGN 03) issued in November 2017. AGN 03 identifies one single criterion for auditors to evaluate:

"In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people."

This is supported by three sub-criteria, as set out below:

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Risk assessment

We carried out an initial risk assessment in January 2019 and identified one significant risks in respect of specific areas of proper arrangements using the guidance contained in AGN03. We communicated these risks to you in our Audit Plan dated 21 March 2019.

We have continued our review of relevant documents up to the date of giving our report, and have not identified any further significant risks where we need to perform further work.

We were further requested by members of the Audit Committee to review the Council reports in relation to the investment in the Mutual Bank and the proposed hotel development within Newton Abbot.

We carried out further work only in respect of the significant risks (and the additional areas set out above) we identified from our initial and ongoing risk assessment. Where our consideration of the significant risks determined that arrangements were not operating effectively, we have used the examples of proper arrangements from AGN 03 to explain the gaps in proper arrangements that we have reported in our VFM conclusion.

Value for Money

Our work

AGN 03 requires us to disclose our views on significant qualitative aspects of the Council's arrangements for delivering economy, efficiency and effectiveness.

We have focused our work on the significant risks that we identified in the Council's arrangements. In arriving at our conclusion, our main considerations were:

- Financial outturn position and medium term financial plan;
- Arrangements for delivering and monitoring savings plans;
- Council reports in relation to the investment in the Mutual Bank and the proposed hotel development within Newton Abbot.

We have reviewed the Council report in relation to the investment in the mutual bank. This clearly set out the risks around the investment. The purpose of the £50k investment was to open up banking services to remote communities rather than its primary purpose being to generate a return. The Council has impaired the investment to zero in the financial statements due to the associated risk and have no further investment in this scheme committed.

We have further reviewed the Council report and supporting working papers in relation to the hotel build in Newton Abbot. Whilst we have not identified any significant inadequacies in the arrangements in place we note that it is early days of this development and that there are risks associated with this and other projects of its type. This will be a significant investment for the Council in an area where they have not had previous experience.

Whilst arrangements to date are adequate, in that risks and rewards have been reported, ongoing work is needed to ensure that members are fully informed in ongoing decision making. We also recommend that as the Council start to look at more innovative ways of generating income that appropriate professional advice is sought at each stage.

We have set out more detail on our significant risk in relation to financial sustainability, the results of the work we performed, and the conclusions we drew from this work on the following page.

Overall conclusion

Based on the work we performed to address the significant risks, we are satisfied that the Council had proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The text of our report, which confirms this can be found at Appendix D.

Recommendations for improvement

We discussed findings arising from our work with management and have agreed recommendations for improvement.

Our recommendations and management's response to these can be found in the Action Plan at Appendix A

Significant difficulties in undertaking our work

We did not identify any significant difficulties in undertaking our work on your arrangements which we wish to draw to your attention.

Significant matters discussed with management

There were no matters where no other evidence was available or matters of such significance to our conclusion or that we required written representation from management or those charged with governance.

Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

1	Significant risk	Findings	Conclusion
56	<p>Financial Resilience</p> <p>Although the Council has a strong history of delivering its budget, Teignbridge District Council face a significant financial challenge over the medium term. This is a challenge faced by the majority of councils as Central Government funding reduces and costs pressures continue to rise.</p> <p>As at 31 March 2018, the Council had general fund reserves of £1.9m and earmarked reserves of £11m. In the latest budget summary the Council are forecasting achievement of its revenue budget for 2018/19.</p> <p>However, the current Financial Plan 2019-2022 shows that there will be a required use of reserves in 2020/21 (£1.3m) and 2021/22 (£1.2m).</p> <p>The Council is currently working on an income generation and cost reduction programme to limit the future impact on reserves.</p> <p>In response to this risk we will review the significant assumptions made in the Council's financial plans. We will further review the arrangements in place for developing</p>	<ul style="list-style-type: none"> • During 2018/19 the Council has met its budget requirement through a planned use of £1.2m of earmarked reserves, following slippage of its capital programme in 2017-18. The deficit on the provision of services was £4.322m. General Fund Reserves have stayed consistent at c£1.9m. • The BEST 2020 process has generated a number of income generation and cost reduction schemes during 2018/19. Those that are deliverable by officers have been built into the 2019/20 budget, with others being for the consideration of members. • After the 2019/20 budget setting process there remains a cumulative c£2.5m budget gap to 2021/22. The Council also have a desire to increase the revenue contribution to capital which will increase this budget gap. This is currently being covered by the use of earmarked reserves. • If no action is taken then earmarked reserves will reduce from c£9.762m to c£7.114m. 	<p>Auditor view</p> <ul style="list-style-type: none"> • Despite the challenges faced by the Council there are adequate arrangements in place to achieve financial resilience. • The Council have arrangements in place for addressing the budget gap and have a robust reserves levels should no action be taken. • The Council is however taking action to mitigate the impact on reserves. • Whilst some progress has been made in identifying further income generation/cost reduction schemes further work is still needed. • Decisions need to be made to ensure that those schemes identified are actioned in order to take effect by 2020/21. <p>We recommend that as a matter of urgency the Council identify further income generation/cost reduction schemes to reduce the future budget gaps and minimise the use of the Council's reserves.</p> <p>We further recommend that the Council take action on the implementation of those schemes identified to date. This is to ensure the earliest possible impact.</p> <p>Management response</p> <p>We are working up schemes to deliver efficiencies, income generation and alternative ways of working and will be developing our investment strategy with a key focus on commercialism to assist in delivering income for the Council.</p>

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in December 2017 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix C.

Audit and Non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The following non-audit services were identified, as well as the threats to our independence and safeguards that have been applied to mitigate these threats.

	Fees £	Threats identified	Safeguards
Audit related			
Housing Benefit Certification	8,400	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £8,400 in comparison to the total fee for the audit of £37,240 and in particular is not significant relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Total			

These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. None of the services provided are subject to contingent fees.

Action plan

We have identified four recommendations for the Council as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2019/20 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
●	The Council have a budget gap of c£2.5m through to 2021/22. Whilst progress has been made in identifying schemes to address this gap, further work is need in order to reduce the impact on the Council's reserves.	<p>We recommend that as a matter of urgency the Council identify further income generation/cost reduction schemes to reduce the future budget gaps and minimise the use of the Council's reserves.</p> <p>We further recommend that the Council take action on the implementation of those schemes identified to date. This is to ensure the earliest possible impact.</p> <p>Management response</p> <p>Agreed – schemes are being developed and new ideas investigated. This work will be ongoing.</p>
58 ●	As part of our journals work we have noted that the S151 officer has the ability to, and has, posted journals. This is not good practice.	<p>We recommend that the Council review its arrangements for posting journals going forward.</p> <p>Management response</p> <p>As a small team it is not possible to avoid some input from the CFO. We are looking to change some of the work of the CFO going forward which will reduce the number of journals carried out.</p>
●	The Council are entering into, and considering new and innovative ways of delivering services to reduce costs and generate additional revenue. These are often in areas where the Council does not have the relevant technical experience.	<p>We recommend that as the Council progresses new and innovative ways of generating income that the appropriate technical advice is sought at each stage in the process. The accounting implications of each transaction should also be considered.</p> <p>Management response</p> <p>Agreed – we use internal and external advice as determined by each project/scheme.</p>
●	Our work identified that the Capital Financing Requirement in note 37 did not reconcile to the balance sheet.	<p>Whilst this is a disclosure difference the Council should ensure it is reviewed at the end of each period to the Capital Financing Requirement reconciles to the capital items on the balance sheet.</p>

Controls

- High – Significant effect on control system
- Medium – Effect on control system
- Low – Best practice

Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

There were no adjustments noted as part of our work that impacted on the key statements and the reported net expenditure for the year ending 31 March 2019.

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure omission	Detail	Auditor recommendations	Adjusted?
Financial Statements – Various	During the course of the audit a number of small disclosure amendments were made to the financial statements. These have not been reported separately due to their insignificant nature.	<ul style="list-style-type: none"> None. 	✓
Capital Commitments	The disclosure of Capital Commitments of £1million was found to be understated by £0.100million.	<ul style="list-style-type: none"> None. 	✓
Capital Financing Requirement (Note 37)	Our work identified that the Capital Financing Requirement in note 37 does not reconcile to the balance sheet. Note 37 is overstated by £0.211million.	<ul style="list-style-type: none"> Whilst this is a disclosure difference the Council should endeavour to ensure the Capital Financing Requirement reconciles to the capital items on the balance sheet. 	✓

Audit Adjustments

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2018/19 audit which have not been made within the final set of financial statements. The Audit Committee is required to approve management's proposed treatment of all items recorded within the table below:

Detail	Reason for not adjusting
<p>1 Potential impact of the McCloud judgement</p> <p>The legal ruling around age discrimination (McCloud - Court of Appeal) has implications for pension schemes where transitional arrangements on changing benefits have been implemented.</p> <p>The Council has requested an estimate from its actuary of the potential impact of the McCloud ruling. The actuary's estimate was of a possible increase in pension liabilities of £1.173m, and an increase in service costs for the 2019/20 year of £0.103m.</p> <p>We have satisfied ourselves that there is not a risk of material error as a result of this issue. We also acknowledge the significant uncertainties relating to the estimation of the impact on the Council's liability.</p>	<p>The figures provided by the actuary are an estimate, and not a formal actuarial valuation. Although we are of the view that there is sufficient evidence to indicate that a liability is probable, we are satisfied that the differences are not likely to be material. This issue will be considered as part of the next actuarial valuation exercise in 2019/20.</p> <p>The Council have added a contingent liability note setting out this uncertainty.</p> <p>Management response</p> <p>The potential additional pension liability from the McCloud case has not been adjusted for as the amount of the likely liability cannot be calculated with any degree of certainty at this point.</p>

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Fees

We confirm below our proposed fees for the audit and provision of non-audit services.

Planned Audit Fees

Our Audit Plan included a PSAA published scale fee for 2018/19 of £37,240 and assumes that the scope of the audits does not significantly change. Our audit approach, including the risk assessment, is continually reviewed throughout the year and fees are reviewed and updated as necessary as our work progresses.

Update to our risk assessment – additional work in respect of the audit code

The table below sets out the additional work which we have undertaken to complete the audit, along with the impact on the audit fee where possible. Please note that these proposed additional fees are estimates based on our best projection of work and will be subject to approval by PSAA in line with the Terms of Appointment.

Additional Audit Fees

Area of work	Comment	£
Assessing the impact of the McCloud ruling	The Government's transitional arrangements for pensions were ruled discriminatory by the Court of Appeal last December. The Supreme Court refused the Government's application for permission to appeal this ruling. As part of our audit we considered the impact on the financial statements along with any audit reporting requirements. This included consultation with our own internal actuary in their capacity as an auditor expert.	1,500
Pensions – IAS 19	The Financial Reporting Council has highlighted that the quality of work by audit firms in respect of IAS 19 needs to improve across local government audits. Accordingly, we have increased the level of scope and coverage in respect of IAS 19 this year.	1,500
PPE Valuation – work of experts	As above, the Financial Reporting Council has highlighted that auditors need to improve the quality of work on PPE Valuations across the sector. We have increased the volume and scope of our audit work to reflect this and made additional enquiries of the Council's external valuer to support this work.	1,500

Fees

We confirm below our proposed fees for the audit and provision of non-audit services.

As a result of the variation to fees set out on page 21, we propose the revised fee for the audits will be £41,740 excluding VAT. This compares with an actual fee charged for the 2017/18 audit of £48,363 excluding VAT. The revised fee still provides a saving of £6,623 (or 14%) on the prior year fee. In light of the additional work performed to provide the statutory audit opinion over and above that performed in the prior year, we believe the revised fee still provides value for money.

Total Audit Fees

	Actual fee 2017-18	Proposed 2018-19 fee	Final 2018-19 fee
Council Audit	£48,363	£37,240	£37,240
Additional Audit fees proposed (see analysis per page 22)			£4,500
Total audit fees (excluding VAT)	£48,363	£37,240	£41,740

Non Audit Fees

Fees for other services	Fees
Audit related services:	£8,400
• Certification of Housing Benefits	
	£8,400

Audit opinion

We anticipate we will provide the Council with an unmodified audit report

Independent auditor's report to the members of Teignbridge District Council

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Teignbridge District Council (the 'Authority') for the year ended 31 March 2019 which comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2019 and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Section 151 Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Section 151 Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Section 151 Officer is responsible for the other information. The other information comprises the information included in the Statement of Accounts, the Narrative Report, and the Annual Governance Statement, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge of the Authority obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Audit opinion (continued)

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the 'Delivering Good Governance in Local Government: Framework (2016)' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls. We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Statement of Accounts, the Narrative Report, and the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority, the Section 151 Officer and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Section 151 Officer. The Section 151 Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19, for being satisfied that they give a true and fair view, and for such internal control as the Section 151 Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Section 151 Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided. The Audit Scrutiny Committee is Those Charged with Governance. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Audit opinion (continued)

Report on other legal and regulatory requirements - Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, we are satisfied that the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether in all significant respects the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be satisfied that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Report on other legal and regulatory requirements - Certificate

We certify that we have completed the audit of the financial statements of the Teignbridge District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Julie Masci, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

Bristol



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FULL COUNCIL**CHAIRMAN: Cllr Richard Keeling****DATE: 24th September 2019****REPORT OF: David Eaton, Environmental Protection Manager and
Cllr Jackie Hook, Portfolio Holder for Climate
Emergency and Housing****SUBJECT: Progressing Carbon Neutral
PART I****RECOMMENDATION****That the Council resolves;**

- a) To note the progress made**
- b) Approve the appointment of a dedicated officer for this work**

1. PURPOSE

To set out the Council's initial response to its declaration of a Climate Change Emergency made on the 18th April 2019 and the proposed framework for moving towards a Carbon Neutral District by 2025.

2. BACKGROUND

2.1 At Full Council on the 18th April 2019 a Notice of motion was presented and debated calling on the Council to take action to achieve a carbon neutral district by 2025. It was resolved that Teignbridge District Council:-

- 1. Declare a 'climate emergency'
- 2. Pledge to do what is within our powers, to make Teignbridge District carbon neutral by 2025, taking into account both production and consumption emissions.
- 3. Call on Westminster to provide the powers and resources necessary for Teignbridge District to achieve the target of becoming carbon neutral by 2025, and to implement best practice methods to limit global warming to 1.5C.
- 4. Report to Full Council within six months with an Action Plan, outlining how

TEIGNBRIDGE DISTRICT COUNCIL

the Council will address this emergency. The Action Plan will detail the leadership role Teignbridge District will take in promoting community, public, business and other Council partnerships to achieve this Carbon Neutral 2025 Commitment throughout the District. The Action Plan will also outline adequate staff time and resources to undertake the actions to achieve the target.

5. To investigate all possible sources of external funding and match funding to support this commitment
- 2.2 The minutes of the Full Council Meeting held on the 18th April 2019 can be found on the Councils website at <https://democracy.teignbridge.gov.uk/ieListDocuments.aspx?CId=165&MId=1547&Ver=4>
- 2.3 Given the scale of the challenge to achieve a carbon neutral district by 2025, it is likely that some of the future measures will require national and international level policy changes. However, this should not deter local action to be taken where we have impact and influence. It is not clear whether the target we are working towards is an achievable goal, however, by pursuing this target and delivering actions it will take us further than ignoring the challenge.

3. PROGRESS TO DATE

- 3.1 The work to date has focused on three main areas.

Teignbridge District Council operations and assets

- Identifying the staff resources required
- Data collection to compile a draft Carbon Footprint
- Identification of projects and areas of influence
- Meeting key policy officers to identify areas of opportunity
- Developing a draft Framework for Action (Appendix A)
- Lobbying the Prime Minister to provide the powers and resources to allow Teignbridge to deliver its actions (Appendix B and C)

Teignbridge working within partnerships

- Meeting with colleagues from South Hams District Council
- Meeting with local community representatives
- Identifying links to following existing partnerships and strategies;
 - Low Carbon Task Force
 - Greater Exeter Strategic Plan
 - Teignbridge Local Plan Review
 - Local Enterprise Partnership

The District of Teignbridge as part of the County of Devon

- Active participation in the wider Devon Climate Emergency Response
- Working with District Councils to identify collaborative opportunities.

TEIGNBRIDGE DISTRICT COUNCIL

- 3.2 Devon County Council is leading on the work across Devon that involves all local authorities, environmental groups, research institutions, emergency agencies, health, business and utility operators.

The objective of this partnership is to co-ordinate a collaborative Devon-wide response to the climate emergency to:

- a) facilitate the reduction of carbon emissions to net-zero by 2050 at the latest.
- b) prepare Devon for the necessary adaptations to infrastructure and services to respond to a 1.5-degree warmer world.

- 3.3 Teignbridge committed to this Devon wide approach and the Leader and the Managing Director signed the Devon Climate Declaration on the 19th June 2019 (Appendix D)

Three main groups that exist to support the work are;

- Climate Emergency Response Group (CERG) – Strategic level
- Climate Emergency Tactical Group (CETG) – Tactical level
- Climate Risks Impact Group – Adapting to a 1.5-degree warmer world

The interaction between these groups and the wider public, community and businesses can be seen in the partnership map in Appendix E

- 3.4 The deliverables of this work will be;

1. A Devon Carbon Plan
2. A review of Devon's climate-related community risks and opportunities
3. A plan from each signatory to the Devon Climate Declaration, within 6 months of signing, to reduce their organisational carbon emissions

Whilst the importance of this work across Devon is recognised this will not delay the work that Teignbridge can achieve and influence.

- 3.5 Meetings have been held and attended with community representatives to identify how they can engage with the Councils work and also offer advice and assistance. Recently a group of organisations and community groups have collaborated to create Action for Climate in Teignbridge, ACT.

4. GOVERNANCE

- 4.1 Currently within the Council Strategy 2016 -2025 there is a programme of work that aims to reduce waste and carbon emissions. The Council Strategy is currently undergoing a review to check the main priorities remain the same as identified in 2016.

- 4.2 There is a Portfolio Holder and a programme manager for this area of the Council Strategy who are currently progressing the work on climate emergency.

TEIGNBRIDGE DISTRICT COUNCIL

- 4.3 The reporting mechanism for members, businesses and the wider local community is proposed to be through quarterly updates to Overview and Scrutiny Committee. This will report on progress in meeting the targets and priorities in the Action Plan.
- 4.4 Action for Climate in Teignbridge, ACT are keen to provide the Council with a single conduit for community engagement. The suggested mechanism for community engagement is include in their letter in Appendix F.

5. MAIN IMPLICATIONS

- 5.1 This is a new area of work for the Council and to achieve the goal, significant co-ordination and project management will be required to deliver success.
- 5.2 There are existing vacancy management savings that will fund this post in 2019/20. The financial implications will be included in the budget monitoring reports at the next Executive meeting in October.

The ongoing staffing budget for this post of £39,120 per annum including on costs will be part of the initial budget papers for the financial year 2020/21.

- 5.3 A number of actions have already been started. However, some of the actions within the plan will have financial implications for the Council. Before proceeding with those actions, financial evaluation will be undertaken to assess those costs and the relative carbon benefits against available finance.

David Eaton
Environmental Protection Manager

Cllr Jackie Hook
Portfolio Holder for Climate
Emergency and Housing

BELOW TO BE FILLED IN BY THE REPORT AUTHOR:

Wards affected	All
Contact for any more information	David Eaton, Environmental Protection Manager 01626 215064
Background Papers (For Part I reports only)	N/A
Key Decision	Y
In Forward Plan	Y
In O&S Work Programme	N
Community Impact Assessment attached:	N
Appendices attached:	A: Framework for Action B: Letter to the Prime Minister from the Leader of the Council dated 1 st July 2019 C: Reply from Rt Hon Kwasi Kwarteng MP D: Signed Devon Climate Declaration 19 th June 2019 E: Stakeholder Plan F: Community Support proposal from ACT

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Framework for action

The Draft Action Plan is not intended to provide a step by step response to how the key targets or priorities set out are to be achieved. In addition to these initial priorities and actions, it is envisaged that a further, more detailed plan of action will be developed under the governance arrangements proposed.

Key Priorities

- Increase resilience to the changing climate so that Teignbridge remains a safe and healthy place to live and do business.
- Enable reductions in greenhouse gas emissions from energy consumption in homes, transport and businesses in Teignbridge.
- Enable the development of secure supplies of renewable and low carbon energy by individuals, community groups and industry
- Support new development to minimise additional associated greenhouse gas emissions, incorporate low carbon technologies and build in climate resilience.
- Develop the low carbon economy

Transport

Action ongoing

- Development of an Agile Working policy and project
- Development of a Workplace Travel plan for Forde House to include car sharing, cycling, public transport and electric charging.

Requires investigation

- Transition of our fleet to electric vehicles

Planning

Action ongoing

- Development of a low carbon policy for new developments

Requires investigation

- Reducing the need to own and use a car through policies in the local plan
- Assessment of Carbon Emission targets for all new developments.
- Use policy to maximise onsite renewable energy generation in new developments

Buildings

Action ongoing

- Providing residents with energy-saving and affordable warmth advice and information on how to get an energy audit and insulation grants
- Identifying projects to reduce our energy consumption

Requires investigation

- Detailed projects to reduce our carbon footprint.

Waste

Action ongoing

- Work to maximise the level of recycling and to make it easier for residents who want to recycle more.

Requires investigation

- Assessment and minimisation of the carbon footprint of key council purchases

Energy

Action ongoing

- Reducing our energy consumption, with a focus on our top ten sites.

Requires investigation

- Cost and impact of changing our energy providers
- The feasibility of using our policies to shift to very low or zero carbon electricity generation, mostly renewable and much of it decentralised

Resilience -

Action ongoing

- Work to improve resilience in areas that will become more prone to flooding

Procurement - Teignbridge spends approximately £21 million per year on goods, works and services contracts. We recognise the impact that our contracts may have on the environment and that we can influence sustainable practices and policy in our area.

Action ongoing

- Review of the Sustainable Procurement Policy and Procedure

Requires investigation

- Consider increasing the weighting for environmental sustainability.

Influence - Teignbridge has an important leadership role in creating low carbon and climate-resilient communities. Individual councillors also have an important leadership role.

Action ongoing

- Developing guidance to ensure all Council decisions consider the climate impact.
- Continue work with the Devon Climate Emergency project

Requires investigation

- Continued lobbying of government to provide resources and legislation to deliver carbon neutrality.

Engagement

Action ongoing

- Developed a specific area of the website to promote the work and provide contact details for the local community.
- Attendance by the Portfolio Holder at the Teignbridge Climate Emergency event on the 4th July 2019.
- Regular meetings with representatives of Action for Climate in Teignbridge (ACT).

Requires investigation

- The ongoing mechanism for community engagement during the subsequent work on the Action Plan development and implementation.
- The role and training for staff to ensure carbon reduction is considered in all Council decisions.

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Please Ask For: Gordon Hook
Tel: 01626 215107
Email: Gordon.hook@teignbridge.gov.uk

My Ref: GH/DLH

1 July 2019

The Rt. Honourable Theresa May, MP
Prime Minister
Office of the Prime Minister
10 Downing Street
London SW1A 2AA

Dear Prime Minister

I am writing to you as leader of Teignbridge District Council to impress upon you the urgency of the climate change debate, and show commitment to leading the change required to help ensure our environment remains sustainable in the future.

All elected members of Teignbridge District Council resolved to declare a Climate Emergency at Full Council on 18 April 2019.

In Teignbridge we have a large community that wishes to take action but are looking for support and backing from central government.

As a district authority we are showing local leadership by making sure our own house is in order. We have committed to reduce our environmental impact through our own waste management strategies, energy consumption plans and implementing new working practices that reduce our carbon footprint.

We are working with our private and public sector colleagues in Devon to shape policy locally and will continue to work with other partners within the voluntary sector to effect positive change.

Taking this action will have a positive effect not only on our environment but also on our economy and so I am asking that government considers some actions to take that will address the climate emergency.

I am now appealing to you to help us by:

1. Putting climate change impact at the heart of government policy, regulation and investment decisions including setting explicit decarbonisation objectives for Ofgem.

Teignbridge District Council, Forde House, Newton Abbot, Devon TQ12 4XX

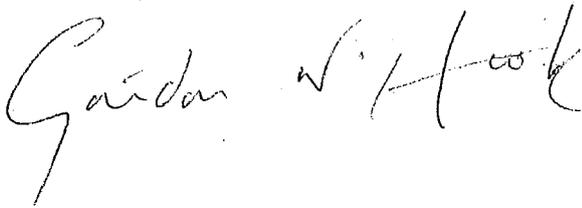
Making a healthy and desirable place where people want to live, work and visit

2. Announcing a commitment to deploy 45 GW of new renewable electricity capacity by 2032. This could be achieved with continued support for offshore wind and the removal of the artificial barriers to onshore wind and solar.
3. Bringing forward the commitment to ban the sale of new diesel and petrol vehicles to a more meaningful date of 2030.
4. Regulating for net-zero targets for all new homes and commercial buildings.
5. Bringing aviation and marine into the UK's climate change targets and commit to a reduction in aviation emissions.
6. Committing to extending the Renewable Heat Incentive Scheme beyond its current end date of 2021 to accelerate the uptake of low carbon heating technology.
7. Announcing a massively increased programme to incentivise the deployment of energy efficiency measures in UK homes and businesses, saving both carbon and energy costs.
8. Banning all new oil and gas production in the UK, including fracking.
9. Planting 700 million trees (70,000 hectares) per year, and improve grant schemes for small scale planting.
10. Introducing a Frequent Flyer Tax.
11. Rolling out free bus travel for young people and those on lower incomes.
12. Investing in new technologies to end carbon emissions from heavy industry like steel and cement.
13. Creating millions of jobs in a new green economy, with help for workers to transition their skills to the green economy.
14. Retrofitting our homes to go zero carbon, empowering and supporting local authorities to improve building efficiency and heat supply at a local level.
15. Radically changing the farming and food system to encourage a less meat-based diet, providing support to farming communities to make the shift to more sustainable production methods, whilst ensuring those on lower incomes have access to affordable, healthier, more sustainable food.
16. Backing these measures with industrial and skills training policies to equip UK businesses and workforces to deliver decarbonisation locally and compete in the global economy.
17. Rescinding the proposed increase in VAT on the installation of a renewable and sustainable energy sources and battery storage. This makes no sense when VAT on coal will remain at the lower rate.

18. Providing local government with a funding stream to deliver zero carbon initiatives and projects that support the Climate Emergency.

Our mission at Teignbridge is to make our district a healthy, more desirable place where people want to live, work and visit. Addressing the changing climate is one of the biggest challenges we all face. We are playing our part in leading the change locally and ask that you join us and contribute to the changes required nationally and globally.

Yours sincerely

A handwritten signature in black ink that reads "Gordon Hook". The signature is written in a cursive style with a large initial 'G' and a distinct 'H'.

Cllr Gordon Hook
Leader of the Council



Department for
Business, Energy
& Industrial Strategy

Councillor Gordon Hook
Leader of the Council
Teignbridge District Council
Forde House
Newton Abbot
Devon
TQ12 4XX

Rt Hon Kwasi Kwarteng MP
Minister of State for Business and Energy

Department for Business, Energy &
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Our ref: MCB2019/13678/NB

Your ref: GD/DLH

Dear Mr Hook

6th August 2019

Thank you for your letter dated 1 July, to the Prime Minister, regarding Teignbridge District Council's commitment to tackle climate change. I am replying in my role as Acting Minister of State for Energy and Clean Growth.

I welcome the news that Teignbridge District Council has recently backed the Devon Climate Declaration. The Government welcomes the actions of Local Authorities across England to tackle climate change. We have always been clear that to achieve our climate targets will take significant ambition at all levels. This Government is looking at what support we can provide through our local energy programme and other programmes to help Councils make progress in taking action to tackle climate change.

Additionally, in November 2018, the Government launched six local supply chain demonstration projects, across the country. The projects will focus on reducing the cost for retrofit and building supply chain capacity, at a local level, whilst also addressing the non-financial barriers to deeper retrofit, such as supply chain fragmentation and the high costs of installing measures.

The Government supports local areas who wish to become carbon neutral or reduce their carbon footprint. The BEIS Local Energy Programme supports Local Authorities and Local Enterprise Partnerships (LEPs) to plan for and develop local energy projects for their region. As part of this we have provided funding for each LEP to develop a Local Energy Strategy to further thinking and action in this area. Heart of the South West LEP have developed their strategy jointly with Dorset LEP and Cornwall and Isles of Scilly LEP.

We have also established 5 Local Energy Hubs which work with Local Authorities and LEPs to plan and develop business cases for low carbon energy projects. One of these is based in the South West and hosted by West of England Combined Authority.

In support of communities directly, we have recently re-opened the Rural Community Energy Fund which is being run by the Local Energy Hubs. This fund aims to support rural communities to develop renewable energy projects.

More broadly, we have made world-leading progress to date in cutting our emissions while growing the economy- between 1990 and 2017, the UK reduced its emissions by 42% while growing the economy by more than two thirds.

A net zero target requires us to build on this progress by transforming our economy – our homes, our transport, our businesses, and how we generate and use energy. We have set out strong frameworks under the Clean Growth Strategy and Industrial Strategy which we will build to deliver the net zero target. More details about the Clean Growth Strategy can be found at: www.gov.uk/government/publications/clean-growth-strategy.

You mentioned the potential for jobs and the need for skills training for the transition to a green economy. The UK has a strong base to build upon – there are already almost 400,000 jobs in low carbon businesses and their supply chains across the country, and latest official statistics show turnover for clean businesses was up 7% in 2017, with turnover in the low carbon sector growing more quickly than UK GDP.

We want to position the UK at the forefront of low carbon technologies, systems and services that will be needed for this transformation. For example, the Offshore Wind Sector Deal, published on 7 March 2019, aims to deliver the potential to support 27,000 jobs in the offshore sector by 2030.

We also launched the Buildings Mission to halve the energy use of new buildings by 2030. This will lead the way in achieving our net-zero targets. In addition, the introduction of a Future Homes Standard by 2025 was announced at Spring Statement 2019 to ensure so that new build homes are future-proofed with low carbon heating and world-leading levels of energy efficiency.

Alongside this, The Energy Company Obligation (ECO), worth £640m per annum, requires larger energy suppliers to install energy efficiency measures, including insulation. The latest iteration of the scheme, ECO3, is focussed entirely on low income and vulnerable households and will last until March 2022. We estimate that around 1 million insulation measures will be installed under ECO3.

With regard to the Renewable Heat Incentive (RHI), the budget to cover both Domestic and Non-Domestic schemes was confirmed in the November 2015 Spending Review up to 31 March 2021. Those who have submitted an application before this date will continue to receive financial support for 7 years on the Domestic scheme and 20 years on the Non-Domestic.

I note your point about electric vehicles, and we are committed to supporting the transition to zero emission vehicles. The 2040 target is ambitious but achievable and we believe, following extensive consultation, that we have identified the right balance between our environmental ambitions and deliverability, giving consumers and industry time to transition.

You also raised the issue of international aviation and shipping emissions in regard to the net zero target and I agree that it is essential that these sectors play their role. Action to tackle emissions from these sectors must be done globally to be effective, which is why we are taking a leadership role in the relevant international organisations – the International Maritime Organisation (IMO) and the International Civil Aviation Organisation (ICAO). We will keep our approach to the inclusion of these emissions in our legislation under review, taking account of progress in the IMO and ICAO

We are also working to support our farmers to become more sustainable. This year, we will start developing a new emissions reduction plan for agriculture, in which we will set out our long-term vision for a more productive, low-carbon farming sector. The Agriculture Bill, our future farming policy, Food Strategy and 25 Year Plan will consider measures to address climate change.

Finally, the Government hosted the first Green GB Week in October 2018 showcasing the benefits and opportunities of clean growth. Over 100 events were held across the UK and

over 60 pledges were made by businesses for the week, including from Amazon, HSBC and John Lewis.

This year Green GB Week will be hosted from 4-8 November, in conjunction with the Government's Year of Green Action, to highlight the opportunities, benefits and challenges of reducing our emissions to net zero. More information on how to get involved in Green GB & NI week 2019 will be available on the website in due course.

Thank you again for taking the time to write. It is heartening to see communities across the UK working together to face the profound challenge of tackling climate change. I have also enclosed a summary of 'Ten Climate Actions to Celebrate' that may be of interest.



RT HON KWASI KWARTENG MP
Minister of State for Business and Energy

TEN CLIMATE ACTIONS TO CELEBRATE

1. The UK passed the world's first Climate Change Act over a decade ago with cross-party support. This gave us both a framework to set statutory carbon budgets and set up the independent Committee on Climate Change.
2. On 27 June 2019, the UK became the first major economy to set a net zero target in law.
3. Since 2000, independent analysis shows that no other major industrialised country has done more than the UK to cut CO₂ intensity (the measure of carbon for each pound of GDP). We have seen reductions of an average of 3.7 percent a year, compared to the EU average of 2.3 per cent and a G7 average of 2.2 per cent. The last time emissions in the UK were this low was in 1888 when Queen Victoria was on the throne, and our progress is accelerating; between 2010 and 2018, we reduced UK greenhouse gas emissions by approximately a quarter overall.
4. Ending coal use in our electricity generation through a huge shift to renewables and gas driven by decisive policy action: a UK carbon floor price (in addition to the European ETS). We have seen coal use on the grid tumble from almost 40 per cent in 2012 to our first "coal free" generation day in April 2018 and our first coal-free fortnight since the Industrial Revolution in May-to-June this year. By 2025 the UK will have no coal powered electricity generation.
5. We've used this achievement to establish the global Powering Past Coal Alliance with Canada – a coalition of 80 national and sub-national governments, businesses and organizations committed to phasing out unabated coal generation by no later than 2030.
6. Renewable electricity generation has quadrupled since 2010 and clean electricity now gives us over 50 per cent of our total.
7. Our renewables mix is diverse but we are rapidly developing the incredible potential for offshore wind around our coastlines, with the world's largest offshore wind capacity (8GW) and, in March, the launch of a new £250 million sector deal to provide at least 30 percent of our electricity from offshore wind by 2030 (and a requirement that at least 60 per cent of the supply chain is UK sourced by 2030).
8. The low carbon sector and its supply chain is now providing almost 400,000 "green collar" jobs in the UK (more than aerospace) and is growing much faster than the main economy – with estimated potential exports of more than £60 billion by 2030.
9. The government is investing more than £3 billion in low carbon technology over this parliament – the largest ever public R&D investment in clean growth.
10. We have consistently been in the vanguard of international action, helping to lead the Paris 2015 Climate conference, delivering £6 billion in International Climate Finance over this Parliament and bidding to host the crucial 2020 UN climate negotiations here in the UK.

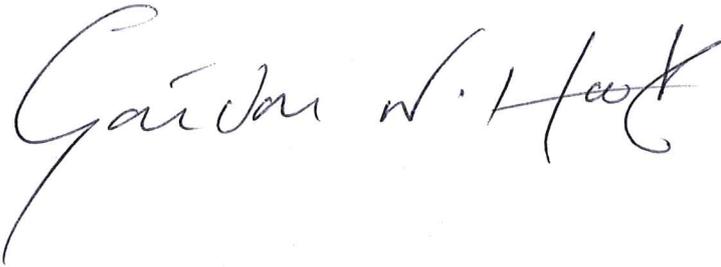
Devon Climate Declaration

1. This Declaration has been prepared by a consortium of public, private and voluntary organisations collaborating through a Devon Climate Emergency Response Group. It sets out an ambition to tackle climate change that covers all of Devon, including those people who live, work in and visit our county, and those businesses who are based or operate here.
2. We are aware of the significant implications of climate change for Devon's communities; it is already affecting our environment, infrastructure, economy and health & wellbeing. If not addressed, the impact on future generations will be profound and the ability to meet the United Nation's Sustainable Development Goals will be severely compromised.
3. We understand that the Intergovernmental Panel on Climate Change (IPCC) has advised that carbon emissions must reduce globally by at least 45% by 2030 from 2010 levels and reach net-zero by 2050 if we are to avoid the worst effects of climate change by keeping warming below 1.5 degrees.
4. We will lead in the global response to climate change through our collective action, innovation and influence.
5. Individually, we will review (within 6 months) our plans to reduce our organisation's carbon emissions to meet or exceed these targets, including ensuring the people we do business with are doing the same. We will publicly report our carbon emissions annually in accessible formats.
6. In collaboration, we will engage Devon's residents, businesses and visitors to develop and implement a plan to facilitate the reduction of Devon's production and consumption emissions to meet IPCC recommendations at the latest. We will openly report progress on its delivery. We know this transformational change will be challenging and will include:
 - Deploying more renewable, decentralised and smart energy systems
 - Retrofitting energy-efficiency measures into our existing buildings
 - Constructing zero-carbon new buildings
 - Travelling less and using improved walking, cycling and public transport infrastructure more often, and using electric and hydrogen vehicles
 - Changing our consumption to use less, re-use more and choose low-carbon options
 - Challenging all economic sectors to review their practices and the values of those they do business with
 - Divesting from fossil fuels
 - Changing our dietary patterns and reducing food waste
 - Changing agricultural practices to reduce emissions associated with farming operations, manage soils sustainably and replenish soil carbon
 - Encouraging carbon storage such as through tree planting, the use of wood in

construction and peatland restoration

- Empowering the people of Devon with the knowledge and skills to act collectively.

7. Additionally, we will work to understand the near-term and future risks of climate change for Devon to plan for how our infrastructure, public services and communities will have to adapt for a 1.5-degree warmer world.
8. Local organisations and communities cannot do this alone as national government plays a key role in many of the policy areas that are vital to reducing emissions and adapting to climate change. We call on government to prioritise decarbonisation and adaptation within decision making and work with us by using its powers to provide the resources and funding necessary to accelerate the transition to a low-carbon and resilient economy and society.
9. We challenge every organisation, business, community and individual to do the same



Councillor Gordon Hook
Leader
Teignbridge District Council



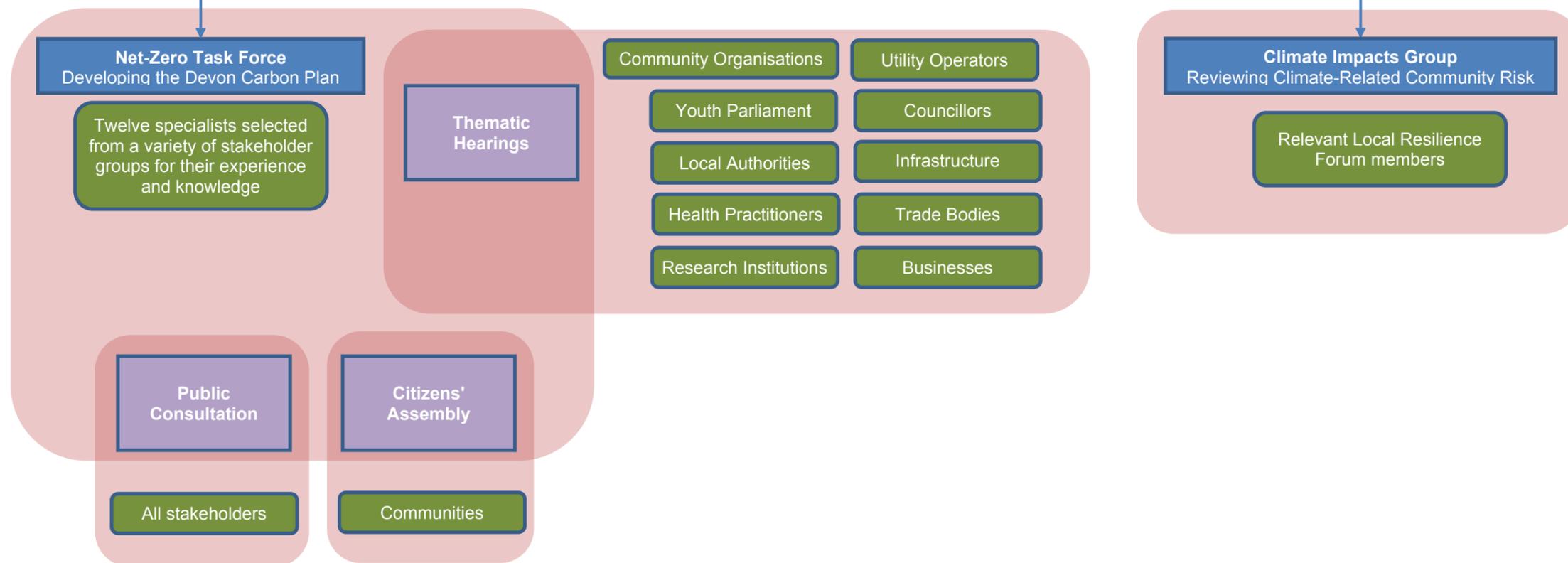
Phil Shears
Managing Director
Teignbridge District Council

Devon Climate Emergency Stakeholder Map



Mitigating Carbon Emissions

Adapting to a 1.5-degree warmer world



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Action on Climate in Teignbridge

PROPOSAL TO TEIGNBRIDGE DISTRICT COUNCIL FOR A PARTNERSHIP IN RESPONSE TO THE CLIMATE EMERGENCY DECLARATION

Author / Contact:

Kate Benham on behalf of
ACT coordinating group
TeignbridgeCE@gmail.com

Action on Climate in Teignbridge

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Section 1. Background

Action on Climate in Teignbridge (ACT) was set up in response to Teignbridge District Council's (TDC) declaration of a Climate Emergency. It was formed following a very successful public information and consultation event on the 4th July 2019, which had 200 attendees, despite being called at limited notice. Those attendees included representatives from TDC, parish councils, education, health and businesses, a wide range of community sector environment-related groups, and Teignbridge residents.

ACT, which is in the process of incorporating as community interest company, has a coordination group and several thematic working groups. It has 170 members on its mailing list and a further 150 on its very active Facebook group. Many town and parish councillors are involved, increasingly representing councils which have passed their own climate emergency resolutions, held often packed public meetings (as in Bishopsteignton, where 80 people filled the hall to capacity), and are developing parish-wide or trans-parish initiatives.. ACT membership is spread widely across the district.

ACT has met Jackie Hook, TDC climate emergency portfolio holder and David Eaton, climate emergency lead officer, on several occasions, to discuss a joint approach for delivering on the TDC declaration. We have also gathered over 150 proposals for possible action from members of the community, which has been passed to the council.

The coordination group is confident that ACT can help both TDC and everyone in Teignbridge achieve the goal of net zero carbon emissions by 2025. This proposal describes ACT's vision, mission and objectives, and proposes a partnership with the council. Finally, it provides an provisional timeline for getting the relationship established.

Section 2. ACT's vision, mission, principles and objectives

The following is in draft, pending discussion and approval by ACT's membership.

2.1 Vision

A low carbon Teignbridge where residents are actively engaged in building communities and economies which are sustainable, resilient and healthy

2.2 Mission

To assist, encourage and help facilitate Teignbridge District Council and all interested town and parish councils, community groups and Teignbridge residents to achieve carbon neutrality by 2025

2.3 Principles

ACT will follow the following principles as it undertakes its mission:

1. reducing the speed and effects of climate change should be at heart of all actions
2. community participation is essential
3. bold, innovative and far-reaching initiatives are required
4. of openness, inclusivity, respect and democracy

2.4 Objectives

We will realise our mission through achieving the following objectives:

1. To support Teignbridge District Council to ensure its Climate Emergency Declaration is reflected in all its policies, decisions and activities
2. To support town and parish councils to implement initiatives in response to their climate emergency declarations

Action on Climate in Teignbridge

3. To inspire and enable organisations and residents across Teignbridge to develop and implement initiatives which contribute significantly to achieving our mission
4. In pursuing its other objectives, to recognise the value of infrastructural change working at scale, assisting people experiencing deprivation and ensuring initiatives are socially and financially sustainable

Section 3. Proposal for a partnership between TDC and ACT

The challenge of reaching net zero carbon emissions by 2025 is enormous. While the council is to be congratulated on passing the declaration which lays out this goal, it clearly cannot reach it alone. It will be able to act in those areas which are within its remit, though it is likely to need considerable support to ensure, for example, that all planning decisions, or new town centre developments, are in line with the goal.

In the many areas for which the council does not have direct responsibility, such as transport, food, farming and forestry, it will need the expertise, resources and lobbying capacity of partners. One key partnership is already in place, with the [Devon Climate Emergency Response Group](#). ACT proposes a second, between the council and itself. The partnership could have these benefits for the council:

1. A designated single point of contact with a community-led umbrella organisation, which would facilitate communications to and from community organisations and residents.
2. The ability to obtain informed comment on the climate-related implications of its new policies or initiatives at an early stage.
3. Access to additional expertise and delivery capacity obtained through grant funding, which the council could not access alone. An example might be a grant from the [National Lottery Climate Action Fund](#).
4. Developing and delivering new initiatives with enthusiastic and informed partners drawn from the Teignbridge community and national specialist partners (such as [Sustain](#), [Sustrans](#) and [Regen](#)).
5. Being able to evidence community support for policy change regionally (for example, by the [Heart of the South West Local Economic Partnership](#)) and nationally.
6. The ability to realise all of the above benefits, from an organisation comprising people with huge enthusiasm, knowledge and passion to achieve the goal, at no direct cost to the council.

Some of these benefits will take time to realise, or are dependent on ACT being able to access resources itself. Nevertheless, ACT believes that the proposed partnership offers one of the main ways in which the council will be able to demonstrate considerable progress towards the goal over the coming years.

Section 4. Timeline

The following figure summarises the steps ACT plans to take over the next 12 months to become a sustainable organisation capable of supporting a range of initiatives to deliver zero carbon emissions by 2025, in partnership with the council.

Figure 1: ACT Year 1 Timeline



TEIGNBRIDGE DISTRICT COUNCIL

COUNCIL

CHAIRMAN OF CONSTITUTION WORKING GROUP: Cllr Gordon Hook, The Leader

DATE: 24 September 2019

REPORT OF: Constitution Working Group

SUBJECT: First Report of the Constitution Working Group

RECOMMENDATIONS TO FULL COUNCIL

The Constitution be amended as follows:

1. (a) The format (including content) of the Constitution be revised as outlined in Section 3; and
(b) Delegated authority be given to the Monitoring Officer to make such minor amendments to the Constitution as they consider appropriate (including changes to reflect current legislation, organisational arrangements, to promote clarity and to enable the Constitution to be kept up to date).
2. The Scheme of Delegations be amended to:
 - (a) Reflect current legislation and operational arrangements;
 - (b) Extend the 'call in' procedure for planning applications as detailed in Section 4.3 to cover district councillors of contiguous wards and parish / town councils for at least six months subject to a review of its application not revealing significant resource implications for the Council as outlined in Section 4.3; and
 - (c) Delegate operational matters to CMT as detailed in Section 4.4;
3. The Constitution Working Group reconvene to consider the additional matters outlined in section 5 of the report and report back with its recommendations (if any) to full Council before the end of the municipal year.

REPORT DETAIL

1. PURPOSE

- 1.1 This report sets out the Constitution Working Group's recommendations on changes to the Constitution for full Council's approval.

TEIGNBRIDGE DISTRICT COUNCIL

2. BACKGROUND

- 2.1 The CWG met on three occasions during the summer. In recognising the extent of the work required, the group identified the following priorities for its report to September's full Council meeting:
- (i) a review of the format of the constitution (to improve understanding of its content, reduce duplication and address gaps particularly in the procedural rules); and
 - (ii) a review of planning delegations in particular the Planning Committee 'call in' procedure to increase local engagement in planning matters as its priorities.
- 2.2 In undertaking this review, the CWG members have discussed the recommendations with their respective groups and have confirmed that their groups support the recommendations.

3. CONSTITUTION FORMAT – Recommendation 1

- 3.1 Currently, the Constitution is largely divided into sections with reference to each decision making meeting (i.e. full Council, the Executive and each Committees). This has led to each section repeating the same key rules which apply to all decision making, creating a rather cumbersome and unduly long document which omits to address some key areas. For example:
- The delegations to committees and staff are not in one place. They are instead unnecessarily split across well over 10 sections within the Constitution despite the fact that they could readily be combined in far fewer sections to ease identification (e.g. two sections namely Meetings of the Council and Scheme of Officer Delegations).
 - Unfortunately, there are still some basic gaps in these numerous sections collectively (e.g. absence of a clear officer delegations to facilitate the delivery of routine operational matters).
- 3.2 Further, it would seem that in the absence of a fundamental review of the Constitution in recent years, a series of seemingly minor changes which have been made to the rules over time have not been followed through or considered with referenced to other parts of the Constitution which they affect. This has created some contradictions and gaps within the originally duplicated text applicable to the decision making process generally across the Council. For example:
- The 'call-in' procedure to facilitate the scrutinising of Executive decisions (i.e. largely by Overview and Scrutiny and the Audit Scrutiny Committee) refers to different times for publication of notices (despite there being a specific statutory time period);
 - Time limits for questions to be submitted vary between public and councillors without reason.
- 3.3 These types of issues have understandably caused some confusion for staff councillors and importantly, the public they represent. It is considered that the Constitution could be made much simpler and easier to follow for the benefit of

TEIGNBRIDGE DISTRICT COUNCIL

all concerned if a description of the different decision making bodies within the Council, common procedural rules applicable to all meetings and delegations to officers, could each be set out in their own single section. This approach would also enable gaps to be identified more readily and addressed.

- 3.4 As part of the Constitution review, work has been commenced by staff to review the main problems area (e.g. gaps in delegations to committees / staff and meeting procedural rules). The recommendations to which the remainder of this report refers set out the changes that are considered a priority, although this part of the Constitution review will (subject to approval of the relevant recommendations) need to continue over the coming months to further improve the layout of the Constitution and to remove minor errors. Assuming that the proposed on-going review also identifies further material changes that are required, such changes will be considered by the CWG over the coming months. Any recommendations regarding further material changes to the Constitution would then be included in a subsequent CWG report to full Council for councillor approval.
- 3.5 The CWG considers each of the following listed areas are pertinent to effective decision making and should be combined into a separate section in the Constitution (rather than being dispersed as is currently the case).
- (i) The terms of reference and composition of councillor decision making bodies (i.e. full Council, Executive and the committees) be included in a section called "Meetings of the Council" or similar;
 - (ii) The existing meeting procedure rules be collated into one section of the Constitution headed "Meeting Procedure Rules" or similar; and
 - (iii) The existing delegations to officers to be included in a section headed Scheme of Officer Delegations.
- 3.6 As indicated above, this particular change will help improve the understanding and as such compliance with the Constitution by virtue of making it easier to identify what rules apply to particular situations. For the avoidance of doubt and as indicated above, the existing rules will not be materially changed (i.e. will only cover changes to remove / address clear errors in law or drafting to improve clarity and understanding of the relevant provision as the Monitoring Officer considers appropriate).
- 3.7 The CWG also proposes that in the interests of transparency and accountability, the important difference in roles of staff and councillors be highlighted in the Constitution. This would involve referring to elected councillor being responsible for strategic matters (e.g. developing policy and setting budget); and to staff/managers being responsible for day to day operational matters in accordance with the councillor approved policy and budget, in an updated introduction to the Constitution (currently Part 1 of the Constitution).
- 3.8 Recommendation 1 in this report seeks authority to amend the format of the Constitution to address all of these CWG proposals.

TEIGNBRIDGE DISTRICT COUNCIL

4 SCHEME OF DELEGATIONS – Recommendation 2

- 4.1 Although the current delegations have operated for some years without significant issues in practice, the distribution of the delegations through the Constitution as noted above has created some confusion. An additional issue with the publicised delegations is that for some years, they have not been regularly updated to reflect changes in legislation and organisation structure. Recommendations 1b and 2a seek to address this omission. For the avoidance of doubt the existing Constitution already includes provision for delegations to specific officers to be sub-delegated in their absence so changes can be made in a timely fashion.
- 4.2 In addition to these general issues, two other key gaps have been identified as part of the CWG's review. These concern (i) the locally referred to 'call in' process whereby planning applications are referred to the Planning Committee and (ii) general delegations to senior staff to undertake day to day operational matters.
- 4.3 Regarding (i) to help improve public engagement in the planning process particularly via district and local / parish councillors, the CWG proposes that the relevant part of existing planning delegations be amended to permit town and parish councils and councillors whose wards adjoin the application site ward to request that an application be referred to committee. (Currently the delegation scheme only permits ward councillors and the chairman to refer applications to committee). This element of the CWG's work has also highlighted the need to ensure that the procedure for 'call in' is properly documented within the Constitution as it forms part of the scheme of officer delegations. The wording in Appendix A reflects the existing 'call-in' arrangements including the extension proposed by the CWG. Following consultation with the Business Manager, the CWG does not expect the extension of the 'call in' procedure to have any additional resource implications for the Council. However, if full Council wishes to approve Recommendation 2(c) the CWG would like to keep the number of call-ins under review over the coming 6 months. Any significant issues will then be considered by the CWG and, if it is so minded to do so in response to the review findings, may recommend to full Council that the right may be removed.
- 4.4 Turning to (ii) in line with common practice, a delegation should be documented in the Constitution to cover routine management and administrative decisions which senior staff take on a daily basis. Consequently, it is proposed that the following be inserted into the Scheme of Officer delegations:

Delegated authority be given to officers within the Corporate Management Team to make decisions on the management and administration of the services for which they are responsible subject to such decisions being within approved budget and policy and other relevant provisions in the Constitution.

TEIGNBRIDGE DISTRICT COUNCIL

4.5 Whilst again in line with good practice the existing Constitution does enable staff to sub-delegate their decision making powers to colleagues with relevant expertise etc. in the interests of transparency there should be central record of sub delegations. Consequently it is proposed to include this within the general delegated powers procedure rules (currently within Part 3 of the Constitution).

5. MISCELLANEOUS – Recommendation 3

5.1 In view of the extent of the Constitution Review, the CWG also identified others areas which it considered it might (with full Council approval) usefully examine over the coming months. Issues which were mentioned included a review of meeting times. However, the CWG noted that with the pending introduction of webcasting of meetings, council meetings will be more accessible to all (whether by viewing live broadcasts or filmed meeting afterwards); and also that feedback from other councils with evening meetings illustrate that it is the topic under discussion, not the meeting time, which tends to affect public attendance.

5.2 The CWG notes that there has not been a significant review of the decision making structure for some years. Given the options for executive structures to reflect local circumstances (e.g. hybrid forms of decision making which potentially combine the benefits of committee and executive structures) such could be examined by the group. It was also noted that some committees may be busier than others and terms of reference may overlap. The CWG recognised that in seeking to promote public engagement / participation the CWG should consider recent national good practice guides for scrutiny committees. Other potential topics for consideration include the introduction of a petition scheme and also access by councillors to exempt / confidential meeting papers. In summary, the CWG suggests that it examine these various matters over the coming months and reports back to full Council with any recommendations before the end of 2019/20.

5.3 Whilst not directly within its terms of reference, as part of its discussions with the Business Manager regarding the call-in of planning applications, the CWG has asked for an officer report to be submitted to Overview and Scrutiny Committee over the coming months. The purpose of this will be to enable councillors to promote and support the improvements being made to the planning service under the management of the Business Manager.

Officer Name: Sarah Selway and Karen Trickey

Officer Designation: Team Leader and Solicitor to the Council respectively

The box below to be completed by the report author.

Wards affected	All
Contact for any more information	Sarah Selway and Karen Trickey
Key Decision	N
In Forward Plan	N
In O&S Work Programme	N

TEIGNBRIDGE DISTRICT COUNCIL

Appendices attached:	Appendix A: Planning Application call in
Background papers attached:	

Scheme of Delegations: Planning Call in

Delegation to Business Manager - Strategic Place (Development Services) to determine all planning applications and related planning matters (“**Applications**”) to which Article 8 ⁱ refers UNLESS they consider the matter merits Planning Committee consideration or falls within one or more of the paragraphs 1 to 5 below ⁱⁱ

1 Call in of Applications excluding planning enforcement matters ⁱⁱⁱ

1.1 Subject to 1.2 – 1.3 below, the delegation shall not apply to an application where:

- (a) a Member of the ward in which the application site is located or whose ward is contiguous to that ward (and which is demonstrably affected by the application); or
- (b) the Chairman of the Planning Committee; or
- (c) the Town / Parish Council of the parish in which the application site is located

makes a valid request to the Business Manager for the Application to be determined by Planning Committee.

1.2 To be valid, a request must:

- (a) set out the material planning reasons that are relevant to the application;
- (b) set out why the matter should be referred to committee; and
- (c) be received by the Business Manager or by planning@teignbridge.gov.uk before the expiration of the consultation period being at least 21 days after the relevant weekly list of Applications

1.3 An application may not be referred to committee pursuant to paragraph 1 if it concerns a matter of technical appraisal or legal opinion; or is an application with fixed determination periods or an application with no statutory public consultation requirement which shall include for example:

- consultations
- notifications and prior approvals
- permission in principle
- certificates of lawfulness
- screening and scoping opinions
- advertisements
- hazardous substances applications
- public right of way orders
- works to protected trees
- hedgerow notifications
- high hedge remedial notices

2 Major Applications

The delegation shall not apply to any major Application ^{iv} where:

- (a) approval is recommended by the Business Manager and
- (b) which would represent a departure from the policies of the Development Plan.

3 Council Member or Officer Applications

- 3.1 The delegation shall not apply to an application where the applicant or agent (or their close associate / family member) is a Council Member or Officer.
- 3.2 For the avoidance of doubt this does not cover applications made on behalf of the Council e.g. in respect to Council owned land or development on behalf of the Council.

4 Tree Preservation Orders (TPOs)

- 4.1 The delegation shall not apply to an application concerning a TPO where objections are made (and not withdrawn) to the unconfirmed order
- 4.2 The decision whether to confirm the order will be determined by the Regulatory and Appeals Committee.

5 Enforcement Action

- 5.1 The delegation shall not apply to planning enforcement action which involves the cessation of the use of any land or building as a dwelling(s) unless urgent enforcement action (as determined by the Business Manager) is required
- 5.2 Subject to 5.3 and 5.4 below, the delegation shall not apply to planning enforcement action where:
 - (a) a Member of the ward in which the application site is located or
 - (b) the Chairman of the Planning Committee

makes a valid request to the Business Manager for the action to be approved by Planning Committee.

- 5.3 To be valid a request must meet the following requirements:
 - (a) the request must set out the material planning reasons that are relevant to the Action;
 - (b) why the matter should be referred to Planning committee; and
 - (c) be received by the Business Manager or by planning@teignbridge.gov.uk before the expiration of 14 days (or such shorter period as may be determined by the Business Manager e.g. due to urgency) from the date of the email advising them of the proposed action.
- 5.4 A matter may not be referred to committee pursuant to paragraph 5 if it concerns a matter of technical appraisal or legal opinion.

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- i The number of this part of the Constitution will change following the approval of Recommendation 1 in the CWG report (if appropriate)
 - ii Members who have an interest under the Member's Code of Conduct in the matter under consideration will not be entitled to call in an application (pursuant to paragraph 1 or paragraph 5) unless a dispensation has been granted.
 - iii For exclusions applicable to planning enforcement matters please see paragraph 5
 - iv Major applications are planning applications for dwelling houses of at least 10 or on a site of at least 0.5 hectares where the number of houses is not known to be at least 10; the provisions of a building(s) where the floor space to be created is at least 1000²m; or development on at least one 1 hectare

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