



BROMSGROVE DISTRICT COUNCIL

MEETING OF THE COUNCIL

WEDNESDAY 25TH JANUARY 2017, AT 6.00 P.M.

PARKSIDE SUITE - PARKSIDE

SUPPLEMENTARY DOCUMENTATION

The attached papers are additional items to be added to] the Agenda previously distributed relating to the above mentioned meeting.

- 7a Urgent Report on Amendments to Bromsgrove DC (Off-Street Parking Places) Order 2017 (Pages 1 - 16)
- 8a Recommendation from the Audit, Standards and Governance Committee (Pages 17 - 30)

To consider the recommendation from the meeting of the Audit, Standards and Governance Committee held on 8th December 2017

K. DICKS
Chief Executive

Parkside
Market Street
BROMSGROVE
Worcestershire
B61 8DA

19th January 2017

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Urgent report re amendments to Bromsgrove District Council (Off-Street Parking Places) Order 2017

Relevant Portfolio Holder	Cllr Karen May
Portfolio Holder Consulted	Yes
Relevant Head of Service	Guy Revans
Ward(s) Affected	All
Ward Councillor(s) Consulted	N/A
Non-Key Decision	

1. SUMMARY OF PROPOSALS

- 1.1 This report is being submitted as an urgent item in relation to the proposed District Council (Off-Street Parking Places) Order 2017. There is already an item on the agenda for Full Council to approve the revised fees and charges for the proposed 2017 order. In addition this report asks Members to approve minor amendments to Schedule 1 of the proposed 2017 order to include the car park at the former market hall site. Secondly, that members agree to the fees for this car park being inserted into the fees and charges schedule for car parking.

2. RECOMMENDATIONS

- 2.1 That the version of Schedule 1 of the proposed Bromsgrove District Council (Off-Street Parking Places) Order 2017 as approved by Cabinet on 07 December 2016 be amended in accordance with Appendix 1.
- 2.2 That Members approve the amended revised schedule of fees and charges for parking (as attached at Appendix 2), the revised fees to come into effect from the date of adoption of the new car parking order.

3. KEY ISSUES

Financial Implications

- 3.1 As the recommendations in this report seek primarily to rationalise existing charges rather than to introduce new ones, it is anticipated that any effect on car parking revenue will be minimal.
- 3.2 There will be costs involved in updating the signage for the various car park pay and display machines and tariff boards.

Legal Implications

- 3.3 Bromsgrove District Council operates a system of providing off street parking for residents under the Road Traffic Regulation Act 1984. The legislation allows the

Council to designate off street car parks (Section 32) and regulate their operation, including the levying of charges through a local parking order (Section 35). The current parking order in force is the Bromsgrove District Council (Off-Street Parking Places) Order 2015.

- 3.4 The process for updating the order is prescribed by the Local Authorities Traffic Orders (Procedure) (England and Wales) Regulations 1996.

Service / Operational Implications

- 3.5 At its meeting on 07 December 2016 Cabinet resolved to agree a number of updates to the District Council (Off-Street Parking Places) Order 2015. The changes related to certain parts of the existing order that are now out of date due to changes to car parks in the centre of Bromsgrove and following the opening of the new Bromsgrove station. Cabinet approved the changes to the wording of the car parking order and recommended that Council approve the revised fees and charges.
- 3.6 The next stage is for Council to approve the revised fees and charges. However, due to progress with the development at the market hall site, this report is being submitted as an urgent item to Full Council. At the time the original changes to the car parking order were drafted work at the development site on the former Hanover Street car park was at the very initial stages. For that reason officers did not include the car park in the revised car parking order. However, over the last couple of months there has been rapid progress on site and the construction of the new Waitrose store is now well underway. The Council are looking to take on the car park at the end of March and to enable the car parking order to be in place for that date, and to avoid the unnecessary costs of advertising the order twice, officers are proposing that the details of the car park be inserted into the proposed 2017 order.
- 3.7 Members are asked to note that the name of the car park is being changed from Hanover Street Car Park to St John Street Car Park. The additional changes Members are being asked to approve in this report are highlighted in yellow on the attached appendices:-
- Appendix 1 – Schedule 1 of the proposed 2017 car parking order
 - Appendix 2 - Amended Revised Schedule of Fees and Charges for Bromsgrove District Council (Off-Street Parking Places) Order 2017
- 3.8 The final stage of the process will be for the proposed car parking order to be formally advertised and consulted on. The rules around consultation require that the Council must wait at least 6 weeks from the date of advertising the order until it can be approved.

Customer / Equalities and Diversity Implications

- 3.7 There are no significant customer/ equality and diversity implications arising from this report.

4. RISK MANAGEMENT

- 4.1 If action is not taken to include St John Street car park in the current amendments to the car parking order that are going through the decision making process, there might be a delay in bringing the car park into operation and to the ability of the Council to start charging fees for the car park.

5. APPENDICES

Appendix 1 - Bromsgrove District Council (Off-Street Parking Places) Order 2017

Appendix 2 - Revised Schedule of Fees and Charges for Bromsgrove District Council (Off-Street Parking Places) Order 2017

6. BACKGROUND PAPERS

Report to Cabinet dated 07 December 2016: Amendments to update the Bromsgrove Car Parking Order

7. KEY

N/A

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BROMSGROVE DISTRICT COUNCIL

(OFF-STREET PARKING PLACES)

ORDER 2017

SCHEDULE 1 – PAYMENT PARKING PLACES

Name of parking place	Special classes of vehicle (if any)	Days of operation of parking place	Charging days and hours	Scale of charges	Maximum waiting period allowed	Minimum time in which return is prohibited
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Aston Fields Car Park	1) Motor vehicles and motor cycles all as defined in the Road Traffic Regulation Act 1984 2) Motor vehicles not exceeding 1.5 tonnes unladen weight constructed or adapted solely for the purpose of carrying goods; or 3) Any other class of vehicle as specified in column 2 of Schedule 1.	All days	08.00 – 22.00 All days	No charges [Note: Display of timed pay and display ticket required]	2 hours	No return within 2 hours

Churchfields Multi Storey Car Park	<p>Levels 1 and 2;</p> <p>1) Motor vehicles and motor cycles all as defined in the Road Traffic Regulation Act 1984</p> <p>2) Motor vehicles not exceeding 1.5 tonnes unladen weight constructed or adapted solely for the purpose of carrying goods; or</p> <p>3) Any other class of vehicle as specified in column 2 of Schedule 1.</p> <p>Levels 3,4,5, and 6; vehicles not in excess of 3 tonnes.</p>	All days	<p>08.00 – 19.00 Monday to Saturday (excluding Bank Holidays) 09.00 – 16.30 Sunday and Bank Holidays</p>	<p>Up to 30 minutes £0.40 Up to 1 hour £0.80 Up to 2 hours £1.60 Up to 3 hours £2.40 All day £3.00</p>	N/A	N/A
New Road Car Park	<p>1) Motor vehicles and motor cycles all as defined in the Road Traffic Regulation Act 1984</p> <p>2) Motor vehicles not exceeding 1.5 tonnes unladen weight constructed or adapted solely for the purpose of carrying goods; or</p> <p>3) Any other class of vehicle as</p>	All days	<p>08.00 – 22.00 All days</p>	<p>Up to 30 minutes £0.40 Up to 1 hour £0.80 Up to 2 hours £1.60 Up to 3 hours £2.40</p> <p>All day £5.00</p>	N/A	N/A

	specified in column 2 of Schedule 1					
Parkside Car Park	1) Motor vehicles and motor cycles all as defined in the Road Traffic Regulation Act 1984 2) Motor vehicles not exceeding 1.5 tonnes unladen weight constructed or adapted solely for the purpose of carrying goods; or 3) Any other class of vehicle as specified in column 2 of Schedule 1	All days	08.00 – 22.00 All days	Up to 30 minutes £0.40 Up to 1 hour £0.80 Up to 2 hours £1.60 Up to 3 hours £2.40 All day £5.00	N/A	N/A
Parkside Offices Car Park	1) Motor vehicles and motor cycles all as defined in the Road Traffic Regulation Act 1984 2) Motor vehicles not exceeding 1.5 tonnes unladen weight constructed or adapted solely for the purpose of carrying goods; or 3) Any other class of vehicle as specified in column 2 of Schedule 1.	All days	All days 00.00 – 23.59	(i) Parking bays – permit holders only	(i) no maximum waiting period for permit holders	N/A

School Drive Car Park	<p>1) Motor vehicles and motor cycles all as defined in the Road Traffic Regulation Act 1984</p> <p>2) Motor vehicles not exceeding 1.5 tonnes unladen weight constructed or adapted solely for the purpose of carrying goods; or</p> <p>3) Any other class of vehicle as specified in column 2 of Schedule 1</p>	All days	08.00 – 22.00 All days	<p>Up to 30 minutes £0.40</p> <p>Up to 1 hour £0.80</p> <p>Up to 2 hours £1.60</p> <p>Up to 3 hours £2.40</p> <p>All day £5.00</p>	N/A	N/A
St John Street Car Park (formerly Hanover Street Car Park)	<p>1) Motor vehicles and motor cycles all as defined in the Road Traffic Regulation Act 1984</p> <p>2) Motor vehicles not exceeding 1.5 tonnes unladen weight constructed or adapted solely for the purpose of carrying goods; or</p> <p>3) Any other class of vehicle as specified in column 2 of Schedule 1</p>	All days	08.00 – 22.00 All days	<p>Up to 30 minutes £0.50</p> <p>Up to 1 hour £1.00</p> <p>Up to 2 hours £2.00</p> <p>Up to 3 hours £3.00</p>	3 hours	3 hours
Stourbridge Road Car Park	<p>1) Motor vehicles and motor</p>	All days	08.00 – 22.00 All days	<p>Up to 30 minutes £0.40</p> <p>Up to 1 hour £0.80</p>	N/A	N/A

	<p>cycles all as defined in the Road Traffic Regulation Act 1984</p> <p>2) Motor vehicles not exceeding 1.5 tonnes unladen weight constructed or adapted solely for the purpose of carrying goods; or</p> <p>3) Any other class of vehicle as specified in column 2 of Schedule 1</p>			<p>Up to 2 hours £1.60</p> <p>Up to 3 hours £2.40</p> <p>All day £5.00</p>		
Recreation Road South	<p>1) Motor vehicles and motor cycles all as defined in the Road Traffic Regulation Act 1984</p> <p>2) Motor vehicles not exceeding 1.5 tonnes unladen weight constructed or adapted solely for the purpose of carrying goods; or</p> <p>3) Any other class of vehicle as specified in column 2 of Schedule 1</p>	All days	<p>08.00 – 22.00 Monday to Saturday (excluding Bank Holidays)</p> <p>09.00 – 16.30 Sunday and Bank Holidays</p>	<p>Up to 30 minutes £0.40</p> <p>Up to 1 hour £0.80</p> <p>Up to 2 hours £1.60</p> <p>Up to 3 hours £2.40</p> <p>Up to 4 hours £3.20</p> <p>Up to 5 hours £4.00</p> <p>Up to 8 hours £6.40</p> <p>Up to 11 hours £8.80</p> <p>Up to 14 hours £11.20</p>	N/A	N/A
Windsor Street	<p>4) Motor vehicles and motor cycles all as defined in the Road Traffic Regulation Act 1984</p>	All days	<p>08.00 – 22.00 All days</p>	<p>Up to 30 minutes £0.50</p> <p>Up to 1 hour £1.00</p> <p>Up to 2 hours £2.00</p>	2 hours	2 hours

	<p>5) Motor vehicles not exceeding 1.5 tonnes unladen weight constructed or adapted solely for the purpose of carrying goods; or</p> <p>6) Any other class of vehicle as specified in column 2 of Schedule 1</p>					
Catshill Car Park	<p>1) Motor vehicles and motor cycles all as defined in the Road Traffic Regulation Act 1984</p> <p>2) Motor vehicles not exceeding 1.5 tonnes unladen weight constructed or adapted solely for the purpose of carrying goods; or</p> <p>3) Any other class of vehicle as specified in column 2 of Schedule 1</p>	All days	00.00 – 23.59 All days	No charges	2 hours	2 hours
Alvechurch Car Park	<p>1) Motor vehicles and motor cycles all as defined in the Road Traffic Regulation Act 1984</p> <p>2) Motor vehicles not exceeding 1.5 tonnes</p>	All days	00.00 – 23.59 All days	No charges	N/A	N/A

	<p>unladen weight constructed or adapted solely for the purpose of carrying goods; or</p> <p>3) Any other class of vehicle as specified in column 2 of Schedule 1</p>					
Alvechurch Sports and Social Club	<p>1) Motor vehicles and motor cycles all as defined in the Road Traffic Regulation Act 1984</p> <p>2) Motor vehicles not exceeding 1.5 tonnes unladen weight constructed or adapted solely for the purpose of carrying goods; or</p> <p>3) Any other class of vehicle as specified in column 2 of Schedule 1</p>	All days	00.00 – 23.59 All days	No charges	2 hours if parked between 08.00 to 19.00 Monday to Saturday except for vehicle clearly displaying a club membership sticker at the time of parking during club opening hours or vehicle clearly displaying a permit for this car park at the time of parking.	For vehicles not displaying a club membership sticker, or a permit, no return within 2 hours

Aston Road (Part) Car Park	<ol style="list-style-type: none"> 1) Motor vehicles and motor cycles all as defined in the Road Traffic Regulation Act 1984 2) Motor vehicles not exceeding 1.5 tonnes unladen weight constructed or adapted solely for the purpose of carrying goods; or 3) Any other class of vehicle as specified in column 2 of Schedule 1 	All days	00.00 – 23.59 All days	No charges	N/A	N/A
Sanders Park Car Park	<ol style="list-style-type: none"> 1) Motor vehicles and motor cycles all as defined in the Road Traffic Regulation Act 1984 2) Motor vehicles not exceeding 1.5 tonnes unladen weight constructed or adapted solely for the purpose of carrying goods; or 3) Any other class of vehicle as specified in column 2 of Schedule 1 	All days	00.00 – 23.59 All days	No charges	N/A	N/A

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Environmental Services

SERVICE CATEGORY	VAT Treatment	Revised Net Total	VAT to be applied	Proposed charge from 2017 £	Comments
CAR PARKS					
Aston Fields					
All day	Standard	0.00	0.00	0.00	Following amendments to parking order - .Two hours minimum waiting. No return within two hours.
Churchfields Multi-storey					
Not exceeding 30 minutes	Standard	0.33	0.07	0.40	
Not exceeding one hour	Standard	0.67	0.13	0.80	
Not exceeding two hours	Standard	1.33	0.27	1.60	
Not exceeding three hours	Standard	2.00	0.40	2.40	
All day	Standard	2.50	0.50	3.00	
New Road					
Not exceeding 30 minutes	Standard	0.33	0.07	0.40	New tariff structure on New Road car park
Not exceeding one hour	Standard	0.67	0.13	0.80	
Not exceeding two hours	Standard	1.33	0.27	1.60	
Not exceeding three hours	Standard	2.00	0.40	2.40	
All day	Standard	4.17	0.83	5.00	
Parkside					
Not exceeding 30 minutes	Standard	0.33	0.07	0.40	New tariff structure on Parkside car park
Not exceeding one hour	Standard	0.67	0.13	0.80	
Not exceeding two hours	Standard	1.33	0.27	1.60	
Not exceeding three hours	Standard	2.00	0.40	2.40	
All Day	Standard	4.17	0.83	5.00	
Recreation Road South					
Not exceeding 30 minutes	Standard	0.33	0.07	0.40	New tariff structure on Recreation Rd car park
Not exceeding one hour	Standard	0.67	0.13	0.80	
Not exceeding two hours	Standard	1.33	0.27	1.60	
Not exceeding three hours	Standard	2.00	0.40	2.40	
Not exceeding four hours	Standard	2.67	0.53	3.20	
Not exceeding five hours	Standard	3.33	0.67	4.00	
Not exceeding eight hours	Standard	5.33	1.07	6.40	
Not exceeding eleven hours	Standard	7.33	1.47	8.80	
Not exceeding fourteen hours	Standard	9.33	1.87	11.20	
School Drive					
Not exceeding 30 minutes	Standard	0.33	0.07	0.40	
Not exceeding one hour	Standard	0.67	0.13	0.80	
Not exceeding two hours	Standard	1.33	0.27	1.60	
Not exceeding three hours	Standard	2.00	0.40	2.40	
All day	Standard	4.17	0.83	5.00	
Stourbridge Road					
Not exceeding 30 minutes	Standard	0.33	0.07	0.40	
Not exceeding one hour	Standard	0.67	0.13	0.80	
Not exceeding two hours	Standard	1.33	0.27	1.60	
Not exceeding three hours	Standard	2.00	0.40	2.40	
All day	Standard	4.17	0.83	5.00	
Windsor Street					
Not exceeding 30 minutes	Standard	0.42	0.08	0.50	
Not exceeding one hour	Standard	0.83	0.17	1.00	
Not exceeding two hours	Standard	1.67	0.33	2.00	
St John Street					
Not exceeding 30 minutes	Standard	0.42	0.08	0.50	Formerly Hanover Street car park
Not exceeding one hour	Standard	0.83	0.17	1.00	
Not exceeding two hours	Standard	1.67	0.33	2.00	
Not exceeding three hours	Standard	2.50	0.50	3.00	

Season Tickets (valid for all Pay and Display Car Parks excluding Windsor Street, Hannover Street, St John Street & Aston Fields)				
Annual	Standard	266.67	53.33	320.00
Quarterly	Standard	66.67	13.33	80.00
Season Tickets (valid at Aston Fields car park only)				
Annual	Standard	266.67	53.33	320.00
Quarterly	Standard	66.67	13.33	80.00
Season Tickets (valid at Churchfields Road car park only)				
Annual		179.17	35.83	215.00
Quarterly		44.83	8.97	53.80
Season Tickets (valid at Alvechurch Sports and Social club car park only)				
Annual		208.33	41.67	250.00
Quarterly		52.08	10.42	62.50

New Permit Option

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

RECOMMENDATION TO THE COUNCIL

8TH DECEMBER 2016

1. APPOINTMENT OF EXTERNAL AUDITORS FOR FINANCIAL YEAR 2018 ONWARDS

The Audit, Standards and Governance Committee has considered a report on the appointment of external auditors from 2018/19 when the contract with Grant Thornton will cease.

It is RECOMMENDED

that the Council accepts Public Sector Audit Appointments' (PSAA) invitation to 'opt in' to the sector led option for the appointment of external auditors for five financial years commencing 1st April 2018.

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AUDIT, STANDARDS & GOVERNANCE COMMITTEE

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DECISION TO OPT IN TO THE NATIONAL SCHEME FOR AUDITOR APPOINTMENTS WITH PSAA AS THE 'APPOINTING PERSON'

Relevant Portfolio Holder	Councillor Geoff Denaro.
Portfolio Holder Consulted	Yes
Relevant Head of Service	Jayne Pickering
Wards Affected	All Wards

1. SUMMARY OF PROPOSALS

- 1.1 This report sets out the proposals for appointing the external auditor to the Council for the 2018/19 accounts and beyond, as the current arrangements only cover up to and including 2017/18 audits. The auditors are currently working under a contract originally let by the Audit Commission and the contract was novated to Public Sector Audit Appointments (PSAA) following the closure of the Audit Commission.
- 1.2 If the Council is to take advantage of the national scheme for appointing auditors to be operated by PSAA for the subsequent years, it needs to take the decision at this meeting to enable it accept the invitation by early March 2017.

2. RECOMMENDATIONS

- 2.1 **The Audit, Standards and Governance Committee are requested to RECOMMEND that**

The Council accepts Public Sector Audit Appointments' (PSAA) invitation to 'opt in' to the sector led option for the appointment of external auditors for five financial years commencing 1st April 2018.

3. KEY ISSUES

Financial Implications

- 3.1 There is a risk that current external fees levels could increase when the current contracts end in 2018.
- 3.2 Opting-in to a national scheme provides maximum opportunity to ensure fees are as low as possible, whilst ensuring the quality of audit is maintained by entering in to a large scale collective procurement arrangement.
- 3.3 If the national scheme is not used some additional resource will be needed to establish an auditor panel and conduct a local procurement. Until a procurement exercise is completed it is not possible to state

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what, if any, additional resource may be required for audit fees for 2018/19.

Legal Implications

- 3.4 Section 7 of the Local Audit and Accountability Act 2014 requires a relevant Council to appoint a local auditor to audit its accounts for a financial year not later than 31st December in the preceding year. Section 8 governs the procedure for appointment including that the Council must consult and take account of the advice of its auditor panel on the selection and appointment of a local auditor. Section 8 provides that where a relevant Authority is a local Council operating Cabinet arrangements, the function of appointing a local auditor to audit its accounts is not the responsibility of a Cabinet of the Council under those arrangements;
- 3.5 Section 12 makes provision for the failure to appoint a local auditor: the Council must immediately inform the Secretary of State, who may direct the Council to appoint the auditor named in the direction or appoint a local auditor on behalf of the Council.
- 3.6 Section 17 gives the Secretary of State the power to make regulations in relation to an 'appointing person' specified by the Secretary of State. This power has been exercised in the Local Audit (Appointing Person) Regulations 2015 (SI 192) and this gives the Secretary of State the ability to enable a Sector Led Body to become the appointing person. In July 2016 the Secretary of State specified PSAA as the appointing person.

Service/Operational Implications

Background

- 3.7 The Local Audit and Accountability Act 2014 (the Act) brought to a close the Audit Commission and established transitional arrangements for the appointment of external auditors and the setting of audit fees for all local government and NHS bodies in England. On 5th October 2015 the Secretary of State Communities and Local Government (CLG) determined that the transitional arrangements for local government bodies would be extended by one year to also include the audit of the accounts for 2017/18.
- 3.8 The Act also set out the arrangements for the appointment of auditors for subsequent years, with the opportunity for authorities to make their own decisions about how and by whom their auditors are appointed. Regulations made under the Act allow authorities to 'opt in' for their auditor to be appointed by an 'appointing person'.

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- 3.9 In July 2016 PSAA were specified by the Secretary of State as an appointing person under Regulation 3 of the Local Audit (Appointing Person) Regulations 2015. The appointing person is sometimes referred to as the sector led body and PSAA has wide support across local government. PSAA was originally established to operate the transitional arrangements following the closure of the Audit Commission under powers delegated by the Secretary of State. PSAA is an independent, not-for-profit company limited by guarantee and established by the Local Government Association.
- 3.10 PSAA is inviting the Council to opt in, along with all other authorities, so that PSAA can enter into a number of contracts with appropriately qualified audit firms and appoint a suitable firm to be the Council's auditor.
- 3.11 The principal benefits from such an approach are as follows:-
- a) PSAA will ensure the appointment of a suitably qualified and registered auditor and expects to be able to manage the appointments to allow for appropriate groupings and clusters of audits where bodies work together;
 - b) PSAA will monitor contract delivery and ensure compliance with contractual, audit quality and independence requirements;
 - c) Any auditor conflicts at individual authorities would be managed by PSAA who would have a number of contracted firms to call upon;
 - d) It is expected that the large-scale contracts procured through PSAA will bring economies of scale and attract keener prices from the market than a smaller scale competition;
 - e) The overall procurement costs would be lower than an individual smaller scale local procurement;
 - f) The overhead costs for managing the contracts will be minimised though a smaller number of large contracts across the sector;
 - g) There will be no need for the Council to establish alternative appointment processes locally, including the need to set up and manage an 'auditor panel', see paragraph 3.16 below;

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- h) The new regime provides both the perception and reality of independent auditor appointment through a collective approach; and
 - i) A sustainable market for audit provision in the sector will be easier to ensure for the future.
- 3.12 The Council's current external auditor is Grant Thornton, this appointment having been made under a contract let by the Audit Commission. Following closure of the Audit Commission the contract was novated to PSAA, and since this date PSAA has demonstrated its capability in terms of auditor appointment, contract management, and monitoring audit quality. The Council's current external audit fees are £58K per annum.
- 3.13 The proposed fees for the subsequent years cannot be known until the procurement process has been completed, as the costs will depend on proposals from the audit firms.
- 3.14 The scope of the audit will still be specified nationally, the National Audit Office (NAO) is responsible for writing the Code of Audit Practice which all firms appointed to carry out the Council's audit must follow. Not all audit firms will be eligible to compete for the work, they will need to demonstrate that they have the required skills and experience and be registered with a Registered Supervising Body approved by the Financial Reporting Council.
- 3.15 Currently, there are only nine providers that are eligible to audit local authorities and other relevant bodies; all of these being firms with a national presence. This means that a local procurement exercise, as described immediately below, would seek tenders from these same firms, subject to the need to manage any local independence issues. Local firms could not be invited to bid.

Other Options

- 3.16 If the Council did not opt in there would be a need to establish an independent auditor panel. In order to make a stand-alone appointment the auditor panel would need to be set up by the Council itself. The members of the panel must be wholly or a majority of independent members as defined by the Act. Independent members for this purpose are independent appointees, this excludes current and former elected members (or Officers) and their close families and friends. This means that elected members will not have a majority input to assessing bids and choosing which audit firm to award a contract for the Council's external audit.

**AUDIT, STANDARDS & GOVERNANCE
COMMITTEE**8th December 2016

- 3.17 Alternatively the Act enables the Council to join with other authorities to establish a joint auditor panel. Again this will need to be constituted of wholly or a majority of independent appointees (members). Further legal advice would be required on the exact constitution of such a panel having regard to the obligations of each Council under the Act and the Council would need to liaise with other local authorities to assess the appetite for such an arrangement.
- 3.18 Neither of these options are recommended. Both these options would be more resource-intensive processes to implement and without the bulk buying power of the sector led procurement, would be likely to result in a more costly service. It would also be more difficult to manage quality and independence requirements through a local appointment process.

The invitation

- 3.19 PSAA has now formally invited this Council to opt in. Details relating to PSAA's invitation are provided in an Appendix to this Report
- 3.20 In summary the national opt-in scheme provides the following:-
- a) The appointment of a suitably qualified audit firm for each of the five financial years commencing 1 April 2018;
 - b) Appointing the same auditor to other opted in bodies that are involved in formal collaboration or joint working initiatives to the extent this is possible with other constraints;
 - c) Managing the procurement process to ensure both quality and price criteria are satisfied. PSAA will seek views from the sector to help inform its detailed procurement strategy;
 - d) Ensuring suitable independence of the auditors from the bodies they audit and managing any potential conflicts as they arise;
 - e) Minimising the scheme management costs and returning any surpluses to scheme members;
 - f) Consulting with authorities on auditor appointments, giving the Council the opportunity to influence which auditor is appointed;
 - g) Consulting with authorities on the scale of audit fees and ensuring these reflect scale, complexity and audit risk; and
 - h) Ongoing contract and performance management of the contracts once these have been let.

AUDIT, STANDARDS & GOVERNANCE COMMITTEE

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The way forward

- 3.21 Regulation 19 of the Local Audit (Appointing Person) Regulations 2015 requires that a decision to opt in must be made by a meeting of the Council. The Council then needs to formally respond to PSAA's invitation in the form specified by PSAA by early March.
- 3.22 PSAA will commence the formal procurement process after this date. It expects to award contracts in summer 2017 and consult with authorities on the appointment of auditors so that it can make an appointment by the statutory deadline of December 2017.

Customer / Equalities and Diversity Implications

- 3.23 There are no equalities or diversity implications arising from this report.

4. RISK MANAGEMENT

The principal risks are that the Council fails to appoint an auditor in accordance with the new frameworks or does not achieve value for money in the appointment process. These risks are considered best mitigated by opting in to the sector led approach through PSAA.

5. APPENDICES

Appendix 1 – Invitation letter and background information from Public Sector Audit Appointments

6. BACKGROUND PAPERS

None

7. KEY

LGA – Local Government Association
PSAA – Public Sector Audit Appointments
NAO – National Audit Office

AUTHOR OF REPORT

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27 October 2016

Email: appointingperson@psaa.co.uk

Kevin Dicks
Bromsgrove District Council
The Council House
Burcot Lane
Bromsgrove Worcestershire B60 1AA

Copied to: Jayne Pickering, Executive Director (Finance And Corporate Resources) [and Section 151 Officer], Bromsgrove District Council
Claire Felton, Head of Legal, Bromsgrove District Council

Dear Mr Dicks

Invitation to opt into the national scheme for auditor appointments

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

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

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

I need to highlight two things:

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

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

Yours sincerely



Jon Hayes, Chief Officer

Appointing an external auditor

Information on the national scheme

Public Sector Audit Appointments Limited (PSAA)

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

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

The national scheme for appointing local auditors

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

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

What the appointing person scheme will offer

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

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

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

Using the scheme will avoid the need for you to:

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

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

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

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

High quality audits

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

We will:

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

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

Procurement strategy

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

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

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

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

Auditor appointments and independence

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

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

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

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

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

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

Fee scales

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

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

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

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

Opting in

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

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

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

Timetable

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

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

Enquiries

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

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

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