

**APPENDIX B(v)**  
**INTERNAL AUDIT REPORT**



**Duty to Cooperate (Localism Act requirements)**  
**2014-15**

<b>Issue Date:</b>	27 <sup>th</sup> March 2015
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## EXECUTIVE SUMMARY

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### 1. Introduction and overall opinion

The Duty to Cooperate was introduced under the Localism Act 2011 and places a duty on local planning authorities to engage constructively, actively and on an ongoing basis to maximise the effectiveness of Local Plan preparation in the context of strategic cross-boundary matters. Simple consultation is not considered sufficient and the Council must retain records to demonstrate it has met its duty to cooperate when submitting its Local Plan for approval.

The key risks associated with the requirements of the Localism Act with regard to the Duty to Cooperate that were identified by officers and internal audit are as follows:

- That the Council fails in its obligation to engage constructively, actively and on an ongoing basis in respect of relevant strategic matters;
- That the Council is unable to secure the cooperation and agreement of other bodies in respect of strategic issues; and,
- That the Council fails to provide sufficient or appropriate evidence to demonstrate compliance with the duty to cooperate.

The audit found that appropriate activities were being undertaken to engage strategically with its local planning partners in the area, in a constructive and regular way. Through regular meetings at a range of levels the Council has been able to secure cooperation and agreement on strategic issues. Evidence is being retained to demonstrate active engagement and cooperation with the Council's local planning partners.

It should be noted that the Council is only part way through the process of developing its Local Plan, and that this audit is a snapshot of the current arrangements regarding the Council's Duty to Cooperate. To maintain this good level of collaboration and cooperation will require the continued commitment at both a Member and senior officer level, as the landscape may change, and new challenges arise as neighbouring Councils' Local Plans are developed, tested and inspected. The arrangements examined in February 2015 place the Council in a good position to respond appropriately to those changes.

Based upon the testing completed, it is Internal Audit's opinion that the design and operation of controls provides **substantial assurance** that the identified risks have been sufficiently mitigated.

The audit was carried out in line with the scope set out in the approved Audit Planning Record (appendix 2).

The opinion is based upon testing of the design of controls to manage the risks identified by management and to confirm the extent of compliance with those controls, as summarised below.

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Internal Audit Assurance Opinion	Direction of Travel				
<b>Substantial Assurance</b>	N/A				
Risk	Design	Comply	Recommendations		
			H	M	L
Risk 1. The Council fails in its obligation to engage constructively, actively and on an ongoing basis in respect of relevant strategic matters.	Substantial Assurance	Substantial Assurance	0	0	0
Risk 2. The Council is unable to secure the cooperation and agreement of other bodies in respect of strategic issues	Substantial Assurance	Substantial Assurance	0	0	0
Risk 3. The Council fails to provide sufficient or appropriate evidence to demonstrate compliance with the duty to cooperate.	Substantial Assurance	Substantial Assurance	0	0	0
<b>Total number of recommendations</b>			<b>0</b>	<b>0</b>	<b>0</b>

### 2. Summary of findings

#### **Risk 1 – The Council fails in its obligation to engage constructively, actively and on an ongoing basis in respect of relevant strategic matters**

The Council identifies the bodies it needs to work with by referring to guidance issued by the Department for Communities and Local Government (DCLG). Groups that have been established include the Local Enterprise Partnership (LEP), the Senior Officer Group from the LEP Place Board (previously called HPIG) and the Strategic Planning Group. The Council has representation on all of these groups and engages on an ongoing basis.

The Council engages mostly with these bodies in Leicestershire as part of their recognised Housing Market Area (HMA), but also with adjoining authorities in North Northamptonshire and Rutland, and Leicestershire County Council as the transport authority.

For these reasons, the assurance rating for the design of controls is **substantial assurance**.

Evidence reviewed confirmed that the Council demonstrates good working across the boundaries with its neighbours through involvement in the planning groups at officer and Member level. Tangible outcomes from the joint working so far include the agreed HMA assessment of future housing needs and the Memorandum of Understanding (MoU) with other Leicestershire partners. The latter clearly lays down the interrelationships and agreed housing numbers for each authority in the area.

Based on this evidence, the assurance rating for compliance with controls is **substantial assurance**.

#### **Risk 2 - The Council is unable to secure the cooperation and agreement of other bodies in respect of strategic issues**

The Council has, so far, been successful in agreeing and cooperating with other local planning authorities. Robust arrangements as described above have been established and housing needs have been agreed already as part of the MoU. At this stage there is no need for the Council to rely on another local planning authority to help meet its own housing targets or to contribute to the targets of others. The Council has recently committed to part fund a Joint Strategic Manager post to help share information and liaise with bordering authorities outside of Leicestershire.

For these reasons, the assurance rating for the design of controls is **substantial assurance**.

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Outside of housing needs, there was evidence to confirm that the Strategic Planning Services Manager and other representatives from the team regularly meet with officers of relevant external bodies and neighbouring councils, or liaise by email to consult on other developments such as wind farms, industrial parks and leisure developments to ensure that any problems near borders can be addressed.

Based on this evidence, the assurance rating for compliance with controls is **substantial assurance**.

### **Risk 3 - The Council fails to provide sufficient or appropriate evidence to demonstrate compliance with the duty to cooperate**

The Council produces an Annual Monitoring Report which includes a section on the actions taken to comply with the Duty to Cooperate. The most recent report was presented to the Local Planning Advisory Panel on 28<sup>th</sup> January 2015. This covered the activity for the year to 31<sup>st</sup> March 2014 and included records for all the interactions with other bodies, including links to minutes of meetings and a summary of any decisions made or actions required.

For these reasons, the assurance rating for the design of controls is **substantial assurance**.

The report was obtained and reviewed; it is published on the Council's website via the Council's Committee Minutes Information System (CMIS). The Council is collecting evidence all the time to support its actions under the Duty to Cooperate. It was confirmed that the evidence is logged electronically and will be submitted with the Local Plan in a format based on guidance from the Planning Advisory Service. The Strategic Planning Services Manager provided evidence of a project plan timeline for the production of the Local Plan and the associated evidence trail.

Based on this evidence, the assurance rating for compliance with controls is **substantial assurance**.

No recommendations have been raised as a result of the audit work so there is no action plan in this report.

### **3. Limitations to the scope of the audit**

The audit and associated testing was limited to the risks noted above and does not provide absolute assurance that material error, loss or fraud does not exist.

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### Appendix 1

## GLOSSARY

### The Auditor's Opinion

The Auditor's Opinion for the assignment is based on the fieldwork carried out to evaluate the design of the controls upon which management rely and to establish the extent to which controls are being complied with. The table below explains what the opinions mean.

Level	Design of Control Framework	Compliance with Controls
<b>SUBSTANTIAL</b>	There is a robust framework of controls making it likely that service objectives will be delivered.	Controls are applied continuously and consistently with only infrequent minor lapses.
<b>SUFFICIENT</b>	The control framework includes key controls that promote the delivery of service objectives.	Controls are applied but there are lapses and/or inconsistencies.
<b>LIMITED</b>	There is a risk that objectives will not be achieved due to the absence of key internal controls.	There have been significant and extensive breakdowns in the application of key controls.
<b>NO</b>	There is an absence of basic controls which results in inability to deliver service objectives.	The fundamental controls are not being operated or complied with.

### Category of Recommendation

The Auditor categorises recommendations to give management an indication of their importance and how urgent it is that they be implemented. By implementing recommendations made managers can mitigate risks to the achievement of service objectives for the area(s) covered by the assignment.

Category	Impact & Timescale
<b>HIGH</b>	Management action is imperative to ensure that the objectives for the area under review are met. Recommendation to be implemented immediately with explanation to the Governance and Audit Committee should timeframe extend beyond three months.
<b>MEDIUM</b>	Management action is required to avoid significant risks to the achievement of objectives. Recommendation should be implemented as soon as possible with explanation to the Governance and Audit Committee should timeframe extend beyond six months.
<b>LOW</b>	Management action will enhance controls or improve operational efficiency. Recommendation should be implemented within six months but Governance and Audit Committee be advised where the client specifies that a longer delivery time is necessary and / or justified.

### Limitations to the scope of the audit

The Auditor's work does not provide any guarantee against material errors, loss or fraud. It does not provide absolute assurance that material error, loss or fraud does not exist.