

STONE TOWN COUNCIL

Town Clerk

Les Trigg

Tel: 01785 619740

Fax: 01785 619741

15 Station Road
STONE
ST15 8JP

29 March 2018

A meeting of the **GENERAL PURPOSES COMMITTEE** will be held in **St Michael's Suite at the Frank Jordan Centre, Lichfield Street, Stone**, on **TUESDAY 10 APRIL 2018 at 7:05pm**, or on the rising of the Town Council meeting, if later.

I trust you will be able to attend.

Les Trigg
Town Clerk

AGENDA

1. **To receive apologies for absence**
2. **Declarations of Interest**
3. **Requests for Dispensations Received**
4. **To receive the report of the County Councillors**
 - County Councillor Mrs J. Hood
 - County Councillor I. Parry
5. **Representations from Members of the Public**

To consider representations from members of the public on items to be considered at this meeting, in accordance with the Council's scheme of public participation
6. **To consider the minutes and recommendations of the undermentioned Committees:**
 - a) Estates Sub-Committee held on 13 March 2018, Minute Numbers EST18/029 - EST18/034 (attached)
 - i. To consider the minutes
 - b) Management Sub-Committee held on 13 March 2018, Minute Numbers MAN18/017 – MAN18/020 (attached)
 - i. To consider the minutes
 - ii. To consider the Recommendations contained in Minute Number MAN18/020

7. **To consider the notes of the Neighbourhood Plan Steering Group**
Neighbourhood Plan Steering Group Meeting held on 21 February 2018 (attached)

8. **Appointment of Town Mayor and Deputy Town Mayor Elect**

9. **Annual Review of Risk Management**
To consider the report of the Town Clerk (attached)

10. **Governance and Accountability for Smaller Authorities in England 2018**
The Committee previously considered the Governance and Accountability Guide for Smaller Authorities at its meeting on 7th February 2017, minute number GP17/134. The guide has been updated for the 2018-19 financial year.

A copy of the updated guide has been included with the electronic and web versions of this agenda. The Town Clerk advises that the only change of significance to this Council is at paragraph 2.11, which refers to the statutory guidance on local government investments.

A query has been lodged with NALC in respect of this item. A full report will be brought to the Committee once this query has been resolved.

11. **Review of Committee and Sub-Committee Terms of Reference**
To consider, and update if necessary, the terms of reference of the Council's committees and sub-committees. A copy of the terms of reference are attached to the agenda. They have been reviewed by the Town Clerk, who has made suggested changes to clarify that:

- a. Members wishing to speak at a sub-committee meeting who are not members of the sub-committee need to obtain the Chairman's permission in advance of the meeting.
- b. The quorum for committees and sub-committees excludes members co-opted to those bodies, unless otherwise stated in the terms of reference.

12. **Procedures for Processing Planning Applications**
To consider the Council's procedures for processing planning applications where timescales do not permit them being considered by the Planning Committee

13. **Requests from Developers to Consult with the Town Council**
To consider a policy for dealing with requests from developers to consult on planning applications

14. **National Planning Policy Framework**
To consider the Town Council's views on further changes to national planning policy.

A copy of NALC's National Planning Policy Framework (NPPF) Consultation Summary is attached. The NPPF – Consultation Proposals and NPPF – Draft Text for Consultation documents have been circulated to Members electronically and included in the website version of this agenda.

15. **Review of Local Government Ethical Standards: Stakeholder Consultation**
To consider the Town Council's views in response to a consultation of the Committee on Standards in Public Life who is undertaking a review of local government ethical standards

A copy of a NALC Executive Summary and the consultation proposals are attached.

16. General Data Protection Regulation (GDPR) – Update

The Committee previously considered the new data protection regulations, known as GDPR, at its meeting on 3rd October 2017, minute number GP18/074. The attached table provides Members with an update on the Council's preparations for their implementation on 25th May 2018.

17. Silent Solder Campaign

To consider an invitation from Staffordshire Poppy Appeal to get involved in the country wide Silent Soldier Campaign (attached)

18. Ex Servicemen's Bowls Match

To note the date for the Ex-Servicemen's Bowls Match on Monday 18 June 2018 at 6:00pm, and to agree to fund the buffet as in previous years

19. Non-Cheque Payments

To receive a list of non-cheque payments made by the Council during the period 1 January 2018 to 28 February 2018 (attached)

20. Members Motions under Standing Order 4

Councillor M. Williamson

'Members will have noticed that the window at the Police Post in Stone is still awaiting some sort of remedial attention, and that Stone Town including Walton, has recently received unwanted criminal attention. Consequently, I am continually being asked 'where is the Police presence in Stone?'

Therefore I would like the Council to invite Staffordshire's PCC to come to Council and explain how the Staffordshire Police Policing Plan 2013 – 2018, in particular the three strategic objectives of:

- Preventing Crime and Disorder
- Providing Outstanding Service
- Dealing with what matters to communities

are actually being applied if at all, to Stone Town Centre and its surrounding areas.'

21. Update from Working Groups:

- a) Neighbourhood Plan Steering Group
- b) Project Headstone (Protocol for Marking the Death of the Sovereign or other members of the Royal Family)
- c) Stone Area Parish Liaison Group

22. To receive reports from Town Councillors on attendance at meetings of local organisations and outside bodies as a representative of the Town Council

Stone ATC – Mayor and Cllr M. Green

Age Concern Stone & District – Cllrs: Mrs K. Green and Mrs C. Collier

Stone Town Band – Mayor

Walton Community Centre – Cllr M. Green

Stafford & Stone Access Group – Cllr Mrs C. Collier

Stone Common Plot Trustees – Cllrs: M. Shaw, G. Collier, Mrs J. Hood and R. Kenney

Stone Community Hub Liaison Group – Cllrs: Mrs J. Farnham, M. Green, A. Osgathorpe,
Mrs J. Hood and R. Kenney
SPCA Executive Committee – Cllr M. Williamson

23. **Exclusion of the Press and Public**

To resolve, pursuant to the Public Bodies (Admission to Meetings) Act 1960, that the Public and Press be excluded from the meeting whilst the next items of business are discussed on the grounds that publicity would be prejudicial to public interest by reason of the confidential nature of the debate

24. **To consider the Confidential Minutes and recommendations of the undermentioned Committees:**

- a) Estates Sub-Committee Meeting held on 13 March 2018, Minute Numbers EST18/029, EST18/033 and EST18/034 (attached)
 - i. To consider the Minutes
 - ii. To consider the Recommendations contained in Minute Number EST18/033 and EST18/034

25. **Debt Recovery**

To provide a further update relating to Minute Number GP18/127.

Stone Town Council – Estates Sub-Committee

Minutes of the meeting held in St Michael's Suite, Frank Jordan Centre, Lichfield Street, Stone on Tuesday 13 March 2018

PRESENT: Councillor M. Green in the Chair and
Councillors: Mrs J. Hood, T. Jackson, I. Fordham, J. Davies, R. Kenney,
Mrs E. Mowatt and G. Collier

By Chairman's invitation:
Councillors: Mrs C. Collier, Mrs K. Green, M. Williamson and G. Neagus

ABSENT: Councillor: Mrs J. Farnham

EST18/029 Apologies

Apologies were received from Councillor Mrs J. Farnham

EST18/030 Declarations of Interest and Requests for Dispensations

None received.

EST18/031 Representations from Members of the Public

None received.

The meeting was suspended at this point to enable the Management Sub-Committee Meeting to take place. The meeting was then reconvened for the confidential items to be considered.

EST18/032 Exclusion of the Press and Public

To resolve, pursuant to the Public Bodies (admission to meetings) Act 1960, the Public and Press be excluded from the meeting whilst the next item of business is discussed on the grounds that publicity would be prejudicial to public interest by reason of the confidential nature of the debate

RESOLVED: to exclude Press and Public from the next item of business.

EST18/033 Boiler at Frank Jordan Centre

The Committee received a progress report on the replacement boiler project at the Frank Jordan Centre.

Two quotations have been received with the second quotation incorporating

* Items marked with an asterisk refer to reports or papers circulated with the agenda or distributed at the meeting. They are attached as an appendix to the signed copy of the Council minutes.

additional costings.

The first company has been asked to provide a new quotation which includes this potential additional work. The costings are awaited.

RECOMMENDED: That the Town Council seeks information from Stafford Borough Council on whether they already have an asbestos assessment for the building.

EST18/034 Marketing of Frank Jordan Centre & Stone Station Community Centre

The Sub-Committee considered a proposal for the promotion and marketing of the Frank Jordan Centre and Stone Station Community Centre, which had been circulated with the agenda.

The proposal had been provided by Lawrence Davis, who outlined a marketing strategy which included advertising, banners, website improvements, leafletting, E-shot, Social Media Optimisation and photography.

RECOMMENDED: Not to accept the proposal from Lawrence Davis and to add the item to the next meeting agenda for the Estates Sub-Committee in order to consider the possibility of delivering the promotion and marketing of the Town Council's community venues, in house.

Town Mayor

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Stone Town Council – Management Sub-Committee

Minutes of the meeting held in St Michael's Suite at the Frank Jordan Centre, Lichfield Street, Stone on Tuesday 13 March 2018

PRESENT: Councillor M. Green in the Chair and
Councillors: Mrs E. Mowatt, A. Osgathorpe, G. Neagus, M. Shaw, M. Williamson,
J. Davies and R. Kenney

By Chairman's invitation: Mrs C. Collier, Mrs J. Hood, P. Leason, Mrs K. Green and
I. Fordham

ABSENT: Councillor: Mrs M. Goodall

MAN18/017 **Apologies**

Apologies were received from Councillor Mrs M. Goodall

MAN18/018 **Declarations of Interest and Requests for Dispensations**

None received

MAN18/019 **Representations from Members of the Public**

None received

MAN18/020 **Review of Council Policies & Procedures**

- a. The Sub-Committee considered a draft copy of the Equalities Policy in accordance with the Council's programme of reviewing its policies and procedures on a regular basis.

RECOMMENDED: That the draft Equalities Policy be approved.

- b. The Sub-Committee considered a draft copy of the Press & Media Protocol in accordance with the Council's programme of reviewing its policies and procedures on a regular basis.

RECOMMENDED: That the draft Press & Media Protocol be approved.

Town Mayor

* Items marked with an asterisk refer to reports or papers circulated with the agenda or distributed at the meeting. They are attached as an appendix to the signed copy of the Council minutes.

Neighbourhood Planning Steering Committee

Notes of the meeting held in St Michael's Suite at the Frank Jordan Centre on Wednesday 21 February 2018

PRESENT: Councillors:
Mrs J. Hood (Chairman), A. Osgathorpe, R. Kenney, I. Fordham, Mrs J. Piggott,
M. Green, M. Williamson and T. Jackson

Also: Mrs H. Barter (Urban Vision), Mrs J. Bonser, Mr G. Barr, Mr L. Trigg (Town Clerk) and Mrs T. Williams

APOLOGIES: Councillors: J. Davies

Also: Mrs B. Fradley

To discuss delays with the Neighbourhood Plan screening process

Councillor Mrs Hood informed the Working Group of delays related to the screening process of the Neighbourhood Plan.

She reported that the original screening submission had been made to Stafford Borough Council on 20 December 2017, but a number of queries were received on 25 January 2018 from the Principal Planning Officer. These were replied to as soon as possible but two weeks later, on 12 February 2018, the Town Clerk was informed that the Stafford Borough Council screening report was unlikely to be ready for a further two weeks, and that we should expect comments back by around mid-April.

Both Hannah Barter of Urban Vision and the Town Clerk reported difficulty in making contact with the Principal Planning Officer, and Hannah reported on the likely extension to the Plan timescale.

The Town Clerk reported that the £3,000 Neighbourhood Plan grant would be at risk, as it needed to be spent by 31 March 2018, and that Stafford Borough had been informed of this.

Councillor Mrs Hood said she was meeting with the Chief Executive tomorrow and would raise the issue of the delay.

AGREED:

That the Town Clerk write to the Chief Executive of Stafford Borough Council to ask whether screening had started, and when it would be completed. A copy would be forwarded to the Head of Economic Development and Principal Planning Officer.

That the next meeting would be called after a response had been received from Stafford Borough Council.

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Stone Town Council - General Purposes Committee

10th April 2018

Annual Review of Risk Management

Report of Town Clerk

Purpose of Report

1. To undertake an annual review of the Council's Risk Management Policy, Strategy and Risk Register.

Background

2. Attached to this report is the Town Council's:
 - a. Risk Management Policy
 - b. Risk Management Strategy
 - c. Risk Register
3. Members are asked to consider the documents and make comments or updates as appropriate.

Recommendations

4. The Committee is recommended to consider and review the Council's Risk Management Policy, Strategy and Risk Register.

Stone Town Council

Risk Management Policy

Introduction

1. Stone Town Council recognises that it has a responsibility to manage risks, both internal and external, and is therefore committed to the implementation of a risk management strategy to protect the Council from avoidable losses.

Responsibilities

2. This Policy places a responsibility on all Members and Officers to have regard for risk in carrying out their duties. Its purpose is to enable the Council to manage its risks through anticipation and control.

Definition

3. The Audit Commission (2001) defined “risk” as an event or action which will adversely affect an organisation’s ability to achieve its objectives, project plans and processes and to successfully execute its strategies. Therefore “risk management” is the process by which risks are **identified, evaluated and controlled**.
4. It is good business practice that risk management processes should be supportive rather than restrictive, and should be embedded in the culture of the Council and embraced by all staff and Members.

Aims

5. The Council’s aims with respect to risk management are as follows:
 - a. To integrate risk management into the culture of the Council.
 - b. To raise awareness of the scope of risk management including business risk, the identification of opportunities as well as threats and that the process supports innovation.
 - c. To manage risk in accordance with best practice.
 - d. To minimise losses, injury and damage and reduce the cost of risk.
 - e. To ensure appropriate actions are taken to address identified risks.
 - f. To ensure that risks are monitored and that an appropriate reporting mechanism exists to support the annual assurance statement on the effectiveness of the Councils’ system of internal control.
 - g. To ensure appropriate actions are taken to identify and pursue opportunities.

6. These aims will be achieved through the Council's risk management strategy which details the roles, responsibilities and actions necessary for successful implementation.
7. The co-operation of all Members and officers is essential to ensure the Council's resources and service provision are not adversely affected by uncontrolled risk, to ensure the Council does not fail to seize opportunities which benefit the community.

Relevant Legislation

8. Stone Town Council will implement its Risk Management Policy in accordance with the current legislation governing local authorities and the associated codes of practice.

Stone Town Council

Risk Management Strategy

Introduction

1. This strategy sets out the framework on which risk management processes at Stone Town Council are based. This framework ensures a consistent approach is taken across the Council and provides for an element of independent oversight by Council Officers.

Objectives

2. The objectives of this strategy are:
 - a. To clearly identify roles and responsibilities for managing risk,
 - b. To follow a structured framework for the identification, assessment and evaluation of risks,
 - c. To ensure a corporate approach is adopted across the Council which facilitates the prioritisation of risks and avoids duplication of mitigating action,
 - d. To ensure risk management principles are embedded in all systems and processes to help demonstrate openness, integrity and accountability in all the Council's activities,
 - e. To ensure the risk management process contributes to the development of a more robust internal control framework, providing assurance to senior officers and Members that appropriate levels of control exist, and
 - f. To provide a framework for ensuring actions are proportionate to identified risks thereby efficiently and effectively utilising resources and maintaining a balance between risks and controls.

Definitions

3. Key definitions within this strategy are:
 - a. **Risk:** an event or action which will adversely affect an organisation's ability to achieve its objectives, projects, plans or processes and thus to successfully execute its strategies.
 - b. **Risk Management:** the process by which risks are identified, evaluated and controlled, which includes the following approaches:
 - i. **Treat the Risk** - Improve the controls to reduce the probability or impact to acceptable limits
 - ii. **Transfer the Risk** - Insure against risk / outsource / design & build option for contracts
 - iii. **Tolerate the Risk** - Live with it, the risk is acceptable and additional controls would not be cost-effective

- iv. **Terminate the Risk** - Do not pursue the course of action, the risk is unacceptable and cannot be economically mitigated to an acceptable level

Categories of Risk

4. The risks facing the organisation can be split into two main categories:
- Strategic** - Risks which may threaten the achievement of the Council's objectives, and,
 - Operational** - Risks which members and staff may encounter in the daily course of their work.
5. These categories can also be further analysed to identify the types of risk that would be included under each as follows:

STRATEGIC	OPERATIONAL
<p><u>Political:</u></p> <p>failure to deliver key objectives or policies of other levels of Government</p> <p><u>Economic:</u></p> <p>the Council's ability to meet its financial commitments</p> <p><u>Social:</u></p> <p>the effects in changes in demographic, residential or socio-economic trends on the Council's ability to deliver its objectives</p> <p><u>Technological:</u></p> <p>the Council's capacity to deal with technological change or its ability to use technology to meet changing demands</p> <p><u>Legislative:</u></p>	<p><u>Professional:</u></p> <p>professional competences of staff</p> <p><u>Financial:</u></p> <p>financial planning and control and the adequacy of insurance cover</p> <p><u>Legal:</u></p> <p>possible breaches of legislation</p> <p><u>Physical:</u></p> <p>fire, security, accident prevention and health & safety</p> <p><u>Contractual:</u></p>

STRATEGIC	OPERATIONAL
<p>current or potential changes in national or European law.</p> <p><u>Environmental:</u></p> <p>the environmental consequences of service delivery (in terms of energy efficiency, pollution, re-cycling, landfill needs, emissions etc.)</p> <p><u>Competitive:</u></p> <p>the competitiveness of the service/ the ability to deliver best value.</p> <p><u>Customer:</u></p> <p>failure to recognise the changing needs and expectations of the community</p>	<p>the failure of contractors to deliver services or goods to agreed costs and specifications</p> <p><u>Technological:</u></p> <p>reliance on operational equipment (IT systems or equipment and machinery)</p> <p><u>Environmental:</u></p> <p>pollution, noise or energy efficiency of on-going service operation.</p>

Processes

- In line with best practice, the Council has adopted a seven-step process to support the implementation of risk management and help maintain impetus.

	Steps	Actions
1	Identifying risk	Risks will be identified during the service delivery planning process and cross-referenced, where possible, to key tasks and to the achievement of corporate objectives.
2	Analysing risk	Risks will be assessed against likelihood and impact of the identified risks using the Council's approved evaluation criteria to give a risk score.
3	Profiling risk	The evaluation exercise will result in a risk score from which significant risks can be established.
4	Prioritising action	Risks will be entered in the risk register detailing the inherent risk score, existing controls and residual risk score.

5	Determining action	Further actions required to reduce the threat of the risk occurring or minimise its impact will be stated in the risk register. Target dates and assignment of responsibility will also be stated.
6	Controlling risk	The specified actions will be carried out as stated in the risk register.
7	Monitoring	The Town Clerk will keep the risk register under review and progress against actions identified will be regularly monitored. The register will be updated as actions are achieved and risk scores amended as appropriate. The identification of risks is a continual process and risks emerging throughout the year will be evaluated and, where necessary, added to the register.

Risk Management Matrix

- The risk management matrix set out below categorises risks using colour ratings to focus the Council's attention in the right place. A red risk indicates an area where the Council should focus its attention, with that level of attention descending through amber, yellow, and through to green, where it is likely that no action could be justified.
- Each risk is allocated a risk score by multiplying the likelihood of the identified situation occurring by the impact that its occurrence would have on the Council.
- This assessment is undertaken twice. Firstly to assess the gross risk, which is the raw risk if no controls were in place, then secondly to assess the net risk, which is the residual level of risk after taking the existing controls into account. Only the net risk is shown in the register.
- As identified in paragraph 3.b above, the Council will need to determine whether it wishes to treat, transfer, tolerate or terminate the risk, and the actions required, if any, to achieve that outcome.

Stone Town Council – Risk Matrix

Impact	Major	4	8	12	16
	Significant	3	6	9	12
	Serious	2	4	6	8
	Minor	1	2	3	4
		Unlikely	Possible	Likely	Almost Certain
		Likelihood			

Stone Town Council

Strategic Risk Register – March 2017

Risk	Impact/Consequences	Controls in Place	Net Risk Score			Additional Controls/Actions Required ¹
			Likelihood	Impact	Total	
Failure to comply with legislation, regulations or Codes of Practice	Possible legal action against Council or individuals.	Access to legal bulletins, advice and information via NALC, SLCC and Borough Council.	1	4	4	
Failure to maintain a robust and legal decision making process	Challenge to decisions, possible legal action.	Up to date standing orders, code of practice etc. reflecting current legal practices. Access to legal bulletins, advice and information via NALC, SLCC and Borough Council.	1	4	4	
Failure of financial processes and reporting	Decisions taken without full information, Members and officers not properly informed on financial resource matters, potential threat to council resources, reserves and/or reputation.	Annual financial statements prepared by responsible financial officer and, checked by internal and external auditors. Budget monitoring reports provided regularly to Members. Budget consideration annually with forward plan and information on reserves. Town Clerk is qualified and experienced accountant.	1	3	3	
Failure of internal controls	Potential for fraud/theft, procedures not followed leading to possibility of higher costs /need for additional other resources.	Insurance cover - subject to certain requirements being met, internal audit, systems and division of responsibilities. Some limitation due to small number of staff.	1	3	3	

¹ Initials in brackets indicate individual responsible for action as follows – TC: Town Clerk, ATC(BF): Assistant Town Clerk (Business and Finance), ATC(G): Assistant Town Clerk (Governance)

Stone Town Council

Operational Risk Register (Resource Management) – March 2017

Risk	Impact/Consequences	Controls in Place	Net Risk Score			Additional Controls/Actions Required ²
			Likelihood	Impact	Total	
Planning applications and other consultations not responded to within timescale	Views of the Council not taken into consideration resulting in developments/projects etc. not being amended/refused as requested for the benefit of residents.	Planning Committee meets twice per month. Timetables negotiated with Borough Council if necessary. Delegated arrangements in place for emergency decisions.	1	2	2	
Breach of confidentiality	Confidential documents in the public domain. Possible third party claims/loss of public faith in the Council.	Staff and Members clear about need for confidentiality. Private items clearly indicated on agendas. Media protocol adopted.	1	2	2	
Legal proceedings against the Council	Reputation of the Council put at risk, officers / Members personally accountable, possible significant resource implication.	Access to legal advice through NALC, SLCC, Borough Council and independent solicitors. Insurance cover gives some financial protection. Council protocols and procedures designed to prevent actions outside the law.	2	3	6	
Insufficient available resources to meet the Council's needs and priorities	Aims and objectives unable to be met	Budget prepared over three forward years. Regular budget monitoring by members and officers. Reserves at adequate level.	1	3	3	
Major budget overspend	Interruption or termination of services, including services not subject of overspend.	Financial assessment of new developments as part of reporting to Members. Regular budget monitoring by members and officers. Reserves at adequate level. Internal controls re ordering and payments.	1	2	2	

² Initials in brackets indicate individual responsible for action as follows – TC: Town Clerk, ATC(BF): Assistant Town Clerk (Business and Finance), ATC(G): Assistant Town Clerk (Governance)

Risk	Impact/Consequences	Controls in Place	Net Risk Score			Additional Controls/Actions Required ²
			Likelihood	Impact	Total	
Loss of trading income	Increase in net costs. Interruption or termination of services, including services not subject of income loss. Longer term threat to service where income has fallen.	Planned budget, prudent estimates for income, regular monitoring by officers and Members allows review of costs or opportunity to expand income to reduce impact where possible.	2	2	4	
Failure of IT systems	Unable to carry out day to day administrative and financial work. Unable to prepare minutes, reports or agendas. Unable to respond to queries from Members or the public.	Professional IT support under contract to provide support to the Council. Full review of security systems undertaken as part of appointment of IT company and all recommendations adopted. All key IT equipment replaced in 2017. Some key systems, e.g. community centre bookings, kept manually. Planned updating of IT hardware and software to maintain currency, compatibility and reliability.	1	3	3	IT support contract still new, so will need close monitoring until it settles now. Needs to achieve panned objectives.
Serious breach of IT security	Confidential data compromised throughout system. Possible data corruption/destruction. Failure of IT systems.	Limited personal and confidential data held. Domain level network security control. Separate guest access to internet with no access to STC data. Security of network, data, etc. reviewed as part of IT support contract.	2	3	6	
Loss of key staff skills for significant period (e.g. illness or resignation)	Reduced performance or reliability in some or all aspects of the Council's work.	Some posts within the organisation can be covered to provide basic service continuation but due mainly to the small size it is not possible for full crossover of skills and knowledge. A small staff base also means there is not the capacity to significantly increase workload without increasing staffing.	2	3	6	
Major failure related to health and safety legislation	Injury to or death of a member of staff, Councillor or member of the public. Possibility of legal action by Health and Safety Executive.	Appointed external consultants to support Council's health and safety work. Up to date health and safety policy and strategy. Risk assessments for Council premises and activities. Staff properly trained. NOTE: Some of these controls are not yet fully in place following the implementation of the support contract.	1	4	4	Undertake full set of risk assessments Continue programme of staff training

Risk	Impact/Consequences	Controls in Place	Net Risk Score			Additional Controls/Actions Required ²
			Likelihood	Impact	Total	
Major staffing issue resulting in industrial tribunal or legal action.	Resource implications, poor press, impact on workforce and council during tribunal	Existing HR experience. Access to Borough HR staff for support (at a cost).	1	3	3	Consider purchase of HR consultancy with indemnity in respect of industrial tribunals, subject to advice being given and followed (TC).
Fraud/Theft	Resource implications, poor press, loss of Council assets, impact on Council reputation.	Internal controls, internal audit, fidelity insurance cover. The effectiveness of internal control is, however, severely restricted in a small organisation with limited scope for separation of duties.	1	3	3	

Stone Town Council

Operational Risk Register (Service Delivery) – March 2016

Risk	Impact/Consequences	Controls in Place	Net Risk Score			Additional Controls/Actions Required ³
			Likelihood	Impact	Total	
Failure to review and/or collect charges	Reduced income to the Council and non-competitive charges.	Charges reviewed annually as part of budget process. Income levels compared to budget by month as part of budget monitoring processes. Casual hirers pay in advance, regular bookings invoices. Market traders pay in cash on day of market. Booked traders who do not turn up are expected to pay on their next visit	1	1	1	
Lack of adequate insurances	Claims against the Council would could result in expenditure in excess of the budget.	Regular review of insurances. Use of insurer's tool to determine level of insurance required. . Requirement for market traders to have their own indemnity insurance, which is checked before a stall is allocated.	1	3	3	
Vandalism	Loss of bookings, additional expenditure, poor image.	Users, caretaker or cleaner report any problems to ATC(BR), who takes action accordingly.	2	3	6	
Inadequate budget provision	Routine and essential maintenance not undertaken or equipment not replaced resulting in reduced bookings and health and safety issues. Deterioration in leased buildings which would need to be reinstated under lease. Open spaces may become unsafe.	Budgets reviewed yearly. Condition of buildings, equipment and open spaces regularly reviewed.	1	4	4	

³ Initials in brackets indicate individual responsible for action as follows – TC: Town Clerk, ATC(BF): Assistant Town Clerk (Business and Finance), ATC(G): Assistant Town Clerk (Governance)

Risk	Impact/Consequences	Controls in Place	Net Risk Score			Additional Controls/Actions Required ³
			Likelihood	Impact	Total	
Inappropriate terms for leased buildings	Council unable to meet obligations under lease, or restrictions prevent Council from making optimum use of asset.	Legal advice sought for new leases, and financial and other implications reported to Members before signing.	2	3	6	
Buildings and equipment not maintained	Fabric of building deteriorates, resulting in less attractive building for hirers and failure to meet lease obligations.	Building maintenance budget in place for planned and reactive work. Periodic building inspections.	2	3	6	Regular buildings inspections (ATC(BR)) Planned preventative maintenance programme (TC)
Lack of Security	Theft and damage resulting in possible loss of assets, cancelled bookings, reduced income and higher insurance premiums.	Regular banking, insurance, buildings alarmed, on-site caretaker at Stone Station, key codes at civic office, and office space shared with police. CCTV installed at Frank Jordan Centre.	1	3	3	
Availability of sufficient marquees for market	Market traders turned away	Council has stock of marquees, which are regularly maintained. Access is available to additional marquees for hire. Refresh of Council marquees agreed as part of 2018-19 budget.	1	2	2	
Allotment tenancy agreements not in place	Lack of control of tenancies and income. Tenants not clear on terms of their agreement	Signed tenancy agreements in place with all allotment holders.	1	2	2	
Japanese Knotweed at allotments	Allotment revenue lost, Damage to reputation if spreads.	Regular monitoring and prompt treatment of any Knotweed presence. NOTE: Current treatment of Knotweed in progress.	3	2	6	
Fly tipping at open spaces or car parks	Unsanitary and possibly hazardous resulting in increased expenditure to remove and possible claims against the Council.	Rubbish removed as and when required.	2	2	4	
Illegal encampment	Unsanitary, unable to gain access for maintenance, health and safety issue resulting in complaints and poor image.	Access partially restricted by gates and fences. Police to be informed as soon as illegal encampment is identified and dealt with by them.	1	3	3	

Risk	Impact/Consequences	Controls in Place	Net Risk Score			Additional Controls/Actions Required ³
			Likelihood	Impact	Total	
Litter/dog mess in open spaces	Unightly, health and safety issue resulting in complaints and poor image.	Dog bins provided, areas litter-picked regularly.	2	2	4	



Governance and Accountability for Smaller Authorities in England

**A Practitioners' Guide to Proper Practices to be applied in the
preparation of statutory annual accounts and governance
statements**

March 2018



This Guide is issued by the Joint Panel on Accountability and Governance (JPAG), and jointly published by the Society of Local Council Clerks, the National Association of Local Councils and the Association of Drainage Authorities.

JPAG is responsible for issuing proper practices in relation to the governance and accounts of smaller authorities, as set out in its Terms of Reference shown in Appendix 2 of this Guide. Its membership consists of sector representatives from the Society of Local Council Clerks, the National Association of Local Councils and the Association of Drainage Authorities, together with stakeholder partners representing the Ministry of Housing, Communities and Local Government, the Department of Environment, Food and Rural Affairs, the Chartered Institute of Public Finance and Accountancy, the National Audit Office, and a representative of the external audit firms appointed to smaller authorities.

JPAG's Members are as follows:

*Gareth Caller (Ministry of Housing, Communities and Local Government)
Phil Camamile (Independent Chair)
Karen Daft (Association of Drainage Authorities)
Derek Kemp (National Association of Local Councils and Vice-Chair)
Andrew Kendrick (National Audit Office)
Rebecca Plane (Smaller Authorities' Auditors Group)
Crispin Taylor (Society of Local Council Clerks)
Phil Winrow (Department of Environment, Food and Rural Affairs)
Vacant Position (Chartered Institute of Public Finance and Accountancy)*

JPAG's Independent Members are as follows:

Mike Attenborough-Cox (Smaller Authorities' Audit Appointments Ltd)

Contact: jpaqchair@wlma.org.uk

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Foreword

The Practitioners' Guide ('the guide') is issued by the Joint Panel on Accountability and Governance (JPAG) to support the preparation by smaller authorities in England of statutory annual accounting and governance statements found in the Annual Governance and Accountability Return.

This 2018 edition of the guide applies to Annual Governance and Accountability Returns in respect of financial years commencing on or after 1 April 2018. As there are no changes to the guidance, simply clarification of proper practices, it can be applied to Annual Governance and Accountability Returns covering the period 1 April 2017 to 31 March 2018.

In accordance with Section 6 of the Local Audit and Accountability Act 2014, an authority is a 'smaller authority' if the higher of the authority's gross income for the year and its gross expenditure for the year does not exceed £6.5 million. For the purposes of the Accounts and Audit Regulations 2015, a smaller authority may also be referred to as a 'Category 2 authority'. This guide uses the term 'authority' to refer to all types of smaller authority. For the purposes of the Practitioners' Guide this will include local councils (parish and town councils), parish meetings, internal drainage boards and 'other' authorities (including charter trustees, conservation bodies, port health authorities, harbour boards and crematorium boards).

Smaller authorities with no financial transactions meet their responsibility to produce accounts by completing Part 1 of the Annual Governance and Accountability Return.

Smaller authorities where the higher of gross income or gross expenditure was £25,000 or less, that meet the eligibility criteria set out in Regulation 9(3) of the Local Audit (Smaller Authorities) Regulations 2015, and that wish to certify themselves as exempt from a limited assurance review should complete Part 2 of the Annual Governance and Accountability Return.

All remaining smaller authorities should complete Part 3 of the Annual Governance and Accountability Return.

Sections 1, 2 and 3 of the guide represent the proper accounting and governance practices (*'proper practices'*) referred to in statute. They set out for responsible financial officers the appropriate standard of financial and governance reporting for smaller authorities and are **mandatory**. Although a parish meeting is a relevant authority, there are some circumstances where legislative requirements differ. As a result, JPAG has agreed the way in which proper practices set out in this Practitioners' Guide apply differently to parish meetings:

- a) It will be acceptable for the chair of a parish meeting to sign the Annual Governance and Accountability Return and Exemption Certificate where appropriate in the spaces provided for chair, clerk and responsible financial officer.
- b) It will be acceptable for trust fund declarations to be left blank because parish meetings cannot act as sole managing trustees.
- c) It will be acceptable for parish meetings with no website to publish their notices on a noticeboard for a period of 14 days, as required by 22(5)(b)(ii) of the Accounts and Audit Regulations 2015, in relation to public rights and exemption from a limited assurance review.

Section 4 of the guide sets out the non-statutory guidance relating to internal audit which authorities are required to take into account.

Section 5 of the guide provides supporting information and practical examples to assist smaller authorities to manage their governance and financial affairs and is not mandatory.

The guide is intended as a working tool for smaller authorities, providing not only the common 'rules' for completing an Annual Governance and Accountability Return for use by responsible financial officers, but also as a reference work for auditors, both internal and external, members, other officers and the public to aid understanding of the Annual Governance and Accountability Return and the reporting on the smaller authority's governance and finances within it.

For this reason, the guide is written with the intention to be as widely accessible as possible to all users within the constraints of it also representing the appropriate standards for public reporting by smaller authorities.

JPAG is committed to a regular review of the guide to ensure that it remains fit for purpose for all smaller authorities in England. The guide is supported by the technical support teams at SLCC, NALC and ADA where you may address any questions about the content of the guide or suggestions for its improvement.

Phil Camamile
Chair, JPAG
19 March 2018

Section 1 - The Annual Governance Statement

Introduction

- 1.1 [The Accounts and Audit Regulations 2015](#) require smaller authorities, each financial year, to conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement in accordance with proper practices in relation to accounts.
- 1.2 This guide represents the proper practices in relation to accounts that smaller authorities need to follow in preparing their annual governance statement.
- 1.3 The purpose of the annual governance statement is for an authority to report publicly on its arrangements for ensuring that its business is conducted in accordance with the law, regulations and proper practices and that public money is safeguarded and properly accounted for.
- 1.4 Smaller authorities prepare their annual governance statement by completing Section 1 of the Annual Governance and Accountability Return. This is in the form of a number of statements, known as assertions, to which the authority needs to answer 'Yes' or 'No'. This guide follows the order of Section 1 of the Annual Governance and Accountability Return and sets out the actions that authorities need to have taken either during the financial year or after the financial year-end to answer 'Yes' to each assertion.
- 1.5 The authority needs to have appropriate evidence to support a 'Yes' answer to an assertion, for example a reference in a set of formal minutes.
- 1.6 If an authority is not able to respond 'Yes' to any assertion, it needs to provide an explanation to the external auditor on a separate sheet describing how the authority will address the weaknesses identified.
- 1.7 To assist practitioners, a pro-forma Annual Governance and Accountability Return is available alongside this guide.

Annual Governance Statement assertions

Assertion 1: Financial management and preparation of accounting statements

We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.

To warrant a positive response to this assertion, the following processes need to be in place and effective:

- 1.8 **Budgeting.** The authority needs to prepare and approve a budget in a timely manner before setting a precept or rates and prior to the commencement of the financial year. It needs to

monitor actual performance against its budget during the year, taking corrective action where necessary. A financial appraisal needs to be undertaken before the authority commences any significant project or enters into any long term commitments.

- 1.9 **Accounting records and supporting documents.** All authorities, other than parish meetings where there is no parish council, need to appoint an officer to be responsible for the financial administration of the authority in accordance with section 151 of the Local Government Act 1972. Section 150(6) of the same Act makes the chairman of a parish meeting (where there is no parish council) responsible for keeping its accounts. The authority needs to have satisfied itself that its Responsible Finance Officer (RFO) has determined a system of financial controls and discharged their duties under [Regulation 4 of the Accounts and Audit Regulations 2015](#). The RFO needs to have put in place effective procedures to accurately and promptly record all financial transactions, and maintain up to date accounting records throughout the year, together with all necessary supporting information. The accounting statements in Section 2 of the Annual Governance and Accountability Return need to agree to the underlying records.
- 1.10 **Bank reconciliation.** Statements reconciling each of the authority's bank accounts with its accounting records need to be prepared on a regular basis, including at the financial year-end, and reviewed by members of the authority.
- 1.11 **Investments.** Arrangements need to be in place to ensure that the authority's funds are managed properly and that any amounts surplus to requirements are invested appropriately, in accordance with an approved strategy which needs to have regard to MHCLG's statutory [Guidance on local government investments](#). If total investments are to exceed the threshold specified in MHCLG's statutory guidance at any time during a financial year, an authority needs to produce and approve an annual Investment Strategy in accordance with the MHCLG guidance.
- 1.12 **Statement of accounts.** The authority needs to ensure that arrangements are in place to enable preparation of an accurate and timely statement of accounts in compliance with its statutory obligations and proper practices.
- 1.13 Supporting information on financial management and preparation of accounting statements can be found in Section 5.

Assertion 2: Internal Control

We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.

In order to warrant a positive response to this assertion, the following processes need to be in place and effective:

- 1.14 Standing Orders and Financial Regulations.** The authority needs to have in place standing orders and financial regulations governing how it operates. Financial regulations need to incorporate provisions for securing competition and regulating the manner in which tenders are invited. These need to be regularly reviewed, fit for purpose, and adhered to.
- 1.15 Safe and Efficient Arrangements to Safeguard Public Money.** Practical and resilient arrangements need to exist covering how the authority orders goods and services, incurs liabilities, manages debtors, makes payments and handles receipts.
- 1.15.1 Authorities need to have in place safe and efficient arrangements to safeguard public money. Where doubt exists over what constitutes money, the presumption is that that it falls within the scope of this guidance.
- 1.15.2 Authorities need to review regularly the effectiveness of their arrangements to protect money. Every authority needs to arrange for the proper administration of its financial affairs and ensure that one of its officers (the RFO) has formal responsibility for those affairs (see paragraph 1.9 above).
- 1.15.3 Authorities need to ensure controls over money are embedded in Standing Orders and Financial Regulations. Section 150(5) of the Local Government Act 1972 required cheques or orders for payment to be signed by two elected members. Whilst this requirement has now been repealed, the ‘two member signatures’ control needs to remain in place until such time as the authority has put in place safe and efficient arrangements in accordance with paragraphs 1.15.4 to 1.15.7 of this guide.
- 1.15.4 Authorities need to approve the setting up of, and any changes to, accounts with banks or other financial institutions. Authorities also need to approve any decisions to enter into ‘pooling’ or ‘sweep’ arrangements whereby the bank periodically aggregates the authority’s various balances via automatic transfers.
- 1.15.5 If held, corporate credit card accounts need to have defined limits and be cleared monthly by direct debit from the main bank account.
- 1.15.6 The authority needs to approve every bank mandate, the list of authorised signatures for each account, the limits of authority for each account signature and any amendments to mandates.

- 1.15.7 Risk assessment and internal controls need to focus on the safety of the authority's assets, particularly money. Those with direct responsibility for money need to undertake appropriate training from time to time.
- 1.16 **Employment.** The remuneration payable to all employees needs to be approved in advance by the authority. In addition to having robust payroll arrangements which cover the accuracy and legitimacy of payments of salaries and wages, and associated liabilities, the authority needs to ensure that it has complied with its duties under employment legislation and has met its pension obligations.
- 1.17 **VAT.** The authority needs to have robust arrangements in place for handling its responsibilities with regard to VAT.
- 1.18 **Fixed Assets and Equipment.** The authority's assets need to be secured, properly maintained and efficiently managed. Appropriate procedures need to be followed for any asset disposal and for the use of any resulting capital receipt.
- 1.19 **Loans and Long Term Liabilities.** Authorities need to ensure that any loan or similar commitment is only entered into after the authority is satisfied that it can be afforded and that relevant approvals have been obtained. Proper arrangements need to be in place to ensure that funds are available to make repayments of capital and any associated interest and other liabilities.
- 1.20 **Review of effectiveness.** [Regulation 6 of the Accounts and Audit Regulations 2015](#) requires the authority to conduct each financial year a review of the effectiveness of the system of internal control. The review needs to inform the authority's preparation of its annual governance statement.
- 1.21 Supporting information on internal control can be found in Section 5.

Assertion 3: Compliance with laws, regulations and proper practices

We took all reasonable steps to assure ourselves that there are no matters of actual or potential noncompliance with laws, regulations and proper practices that could have a significant financial effect on the ability of this smaller authority to conduct its business or on its finances.

In order to warrant a positive response to this assertion, the following processes need to be in place and effective:

- 1.22 **Acting within its powers.** All authorities' actions are controlled by statute. Therefore, appropriate decision making processes need to be in place to ensure that all activities undertaken fall within an authority's powers to act. In particular authorities need to have robust procedures in place to prevent any decisions or payments being made that are *ultra*

vires, i.e. that the authority does not have the lawful power to make. The exercise of legal powers needs always to be carried out reasonably. For that reason, authorities making decisions need always to understand the power(s) they are exercising in the context of their decision making.

- 1.23 **General power of competence.** In particular an authority seeking to exercise a general power of competence under the Localism Act 2011 needs to ensure that the power is fully understood and exercised in accordance with the Parish Councils (General Power of Competence) (Prescribed Conditions) Order 2012.
- 1.24 **Regulations and proper practices.** Procedures need to be in place to ensure that an authority's compliance with statutory regulations and applicable proper practices is regularly reviewed and that new requirements, or changes to existing ones, are reported to members and applied. Authorities need to have particular regard to the requirements of the Accounts and Audit Regulations 2015.
- 1.25 **Actions during the year.** An authority needs to have satisfied itself that it has not taken any decision during the year, or authorised any action, that exceeds its powers or contravenes any laws, regulations, or proper practices.
- 1.26 Supporting information on compliance with laws, regulations and proper practices can be found in Section 5.

Assertion 4: Exercise of public rights

We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.

In order to warrant a positive response to this assertion the authority needs to have taken the following actions in respect of the previous year's Annual Governance and Accountability Return¹:

- 1.27 **Exercise of public rights.** The authority provided for the exercise of public rights set out in Sections 26 and 27 of the Local Audit and Accountability Act 2014. Part 5 of the Accounts and Audit Regulations 2015 requires the RFO to have published, including on the authority's website or other website:
- Sections 1 and 2 of the Annual Governance and Accountability Return;
 - a declaration that the status of the statement of accounts is 'unaudited'; and

¹ If the Annual Governance and Accountability Return referred to is that for 2014/15 (in the case of voluntary application of this guide to the Annual Governance and Accountability Return for 2015/16), the relevant legislation was the Audit Commission Act 1998 and the Accounts and Audit (England) Regulations 2011.

- a statement that sets out details of how public rights can be exercised, as set out in Regulation 15(2)(b), which includes the period for the exercise of public rights.

1.28 **External Auditor's Review.** A notice of the conclusion of the external auditor's limited assurance review of the Annual Governance and Accountability Return, together with relevant accompanying information, was published (including on the authority's website or other website) in accordance with the requirements of Regulation 16 the Accounts and Audit Regulations 2015.

1.29 A parish meeting may meet the publication requirements by displaying the information in question in a conspicuous place in the area of the authority for at least 14 days.

1.30 Supporting information on the exercise of public rights can be found in Section 5.

Assertion 5: Risk Management

We carried out an assessment of the risks facing this smaller authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.

In order to warrant a positive response to this assertion, the authority needs to have the following arrangements in place:

1.31 **Identifying and assessing risks.** The authority needs to identify, assess and record risks associated with actions and decisions it has taken or considered taking during the year that could have financial or reputational consequences.

1.32 **Addressing risks.** Having identified, assessed and recorded the risks, the authority needs to address them by ensuring that appropriate measures are in place to mitigate and manage risk. This might include the introduction of internal controls and/or appropriate use of insurance cover.

1.33 Supporting information on risk management can be found in Section 5.

Assertion 6: Internal Audit

We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.

In order to warrant a positive response to this assertion, the authority needs to have taken the following actions:

1.34 **Internal audit.** The authority needs to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes taking into account internal auditing guidance for smaller authorities.

1.35 **Provision of information.** The authority needs to ensure it has taken all necessary steps to facilitate the work of those conducting the internal audit, including making available all relevant documents and records and supplying any information or explanations required.

1.36 Non-statutory guidance on internal audit can be found in Section 4.

Assertion 7: Reports from Auditors

We took appropriate action on all matters raised in reports from internal and external audit.

1.37. To warrant a positive response to this assertion, the authority needs to have considered all matters brought to its attention by its external auditor and internal audit and taken corrective action as appropriate.

1.38. Supporting information on reports from auditors can be found in Section 5.

Assertion 8: Significant events

We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this smaller authority and, where appropriate have included them in the accounting statements.

To warrant a positive response to this assertion, the authority needs to have taken the following actions where necessary:

1.39. **Significant events.** The authority needs to have considered if any events that occurred during the financial year (or after the year-end), have consequences, or potential consequences, on the authority's finances. If any such events are identified, the authority then needs to determine whether the financial consequences need to be reflected in the statement of accounts.

1.40. Supporting information on significant events can be found in Section 5.

Assertion 9: Trust Funds (local councils only)

Trust funds (including charitable). In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.

1.41. Where a local authority acts as a sole managing trustee for a trust or trusts, to warrant a positive response to this assertion the authority needs to have made sure that it has discharged all of its responsibilities with regard to the trust's finances. This needs to include financial reporting and, if required, independent examination or audit. This is notwithstanding the fact that the financial transactions of the trust do not form part of the authority's accounts

and are therefore not included in the figures reported on Section 2 of its Annual Governance and Accountability Return (see paragraph 2.29 below).

1.42. Supporting information on trust funds can be found in Section 5.

Approval process

1.43. The authority needs to approve the annual governance statement by resolution of members of the authority meeting as a whole, in advance of the authority approving the accounting statements in Section 2 of the Annual Governance and Accountability Return. The Chair of the meeting and the Clerk need to sign and date the annual governance statement and a minute reference entered.

Section 2 - The Statement of Accounts

Introduction

- 2.1. The Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 require all authorities to prepare a statement of accounts for each financial year in accordance with proper practices. This guide presents the proper practices in relation to accounts that smaller authorities need to follow in preparing their annual accounts and follows the order set out in Section 2 of the Annual Governance and Accountability Return. To assist practitioners, a pro-forma Annual Governance and Accountability Return is available alongside this guide.
- 2.2. For smaller authorities the statement of accounts needs to be prepared in accordance with, and in the form specified in, any Annual Governance and Accountability Return required by these proper practices in relation to accounts. Smaller authorities with no financial transactions meet their responsibility to produce accounts by completing Part 1 of the Annual Governance and Accountability Return.
- 2.3. Section 2 of the Annual Governance and Accountability Return is a smaller authority's statement of accounts and takes the form of a summary income and expenditure account and a statement of balances. Where an authority's gross income or expenditure is not more than £200,000 for that year, or for either of the two immediately preceding financial years, the statement may take the form of a summary receipts and payments account.
- 2.4. An authority's statement of accounts needs to be in the form set out in Section 2 of the Annual Governance and Accountability Return. The figures entered in the relevant cells are the authority's receipts and payments for the year, or its income and expenditure, as appropriate. This guide assumes that most authorities maintain current records on a receipts and payments basis and convert these to income and expenditure at the year end, if necessary. Information and examples on the conversion process from receipts and payments to income and expenditure is provided in Section 5 and does not form part of proper practices.
- 2.5. All highlighted cells of the Annual Governance and Accountability Return need to be completed, including writing 'nil' or '0' in any cell that does not apply. Leaving cells blank may lead to questions by readers who may not be sure if the compiler intended a nil balance or whether an omission or error has occurred.
- 2.6. All figures in Section 2 of the Annual Governance and Accountability Return need to agree to the authority's primary accounting records. The RFO needs to be able to show how the

figures in the Annual Governance and Accountability Return reconcile to those in the cashbook and other primary accounting records. Members need to see this reconciliation when they are asked to approve the statement of accounts in the Annual Governance and Accountability Return. Interested persons inspecting the accounts have a legal right to inspect the accounting records and all books, deeds, contracts, bills, vouchers, receipts and other documents relating to those records, including this reconciliation.

- 2.7. The accounting statements present two years accounts for the authority, side by side. The prior year figures can be taken directly from the previous year's Annual Governance and Accountability Return or, if this is the first year of accounts, the prior year figures will all be £0.
- 2.8. The figures for the preceding financial year are shown in the first column so that members, local electors, residents and other interested parties can easily see any significant changes that have occurred during the current year and help to set the context in which the accounts need to be viewed.
- 2.9. Where an error has been identified in the prior year's accounts, after the external auditor's review, which has resulted in the carried forward figure in Line 7 being amended, then the corrected figure needs to be carried forward to the current year's Annual Governance and Accountability Return. The authority must clearly indicate that the prior year column in the accounting statements is 'Restated' and inform the external auditor.
- 2.10. Authorities that change the basis on which their accounts are presented, i.e. from income and expenditure to receipts and payments (or vice versa), need to ensure that the comparative accounts in the Annual Governance and Accountability Return are shown on a consistent basis and are reported in Section 2 of the Annual Governance and Accountability Return by adding the word 'Restated' at the top of the prior year column, and explained by means of a note to the auditor.

Accounting statements

Line 1: Balances brought forward

- 2.11. This cell shows the opening figure for the summary of the smaller authority's annual accounts. It is the closing balance carried forward from the previous year's accounting statements – see paragraph 2.19 below. The amount in the current year cell in Line 1 should be the same figure as the 'balances carried forward' figure in the prior year column at Line 7.

Line 2: Precept or Rates and Levies

- 2.12. For precepting authorities, this cell shows the total precept received or receivable in the year. For internal drainage boards this cell shows the total of rates and special levies received or receivable in the year. This cell should contain only the value of precepts or rates and levies received or receivable in the year. Any other receipts, including grants, are to be included in Line 3.

Line 3: Total other receipts

- 2.13. This cell shows the authority's total income or receipts for the year, less the precept or rates and levies figure shown in Line 2. It will therefore include any repaid investments, any monies borrowed to finance projects, proceeds from the sale of fixed assets, fees, charges, and grants such as council tax support grant.
- 2.14. Compilers of the accounting statements must exclude from the figure shown in Line 3 the value of any transactions recorded in the authority's accounting records arising from daily cash management activities. These transactions include transfers between bank current and deposit accounts and other short-term deposits. It is correct to record such transactions in the cash book for control and reconciliation purposes. However, they are not reported in the accounting statements because these transfers do not represent either receipts or payments, or income or expenditure for the authority.
- 2.14A. 'Total other receipts' for the year should include the Community Infrastructure Levy passed to a local council under Regulation 59A of the Community Infrastructure Regulations 2010 and received by the authority, in the year in which it is received by the authority.
- 2.14B. 'Total other receipts' for the year should include all grants received by the authority, in the year in which they are received by the authority.

Line 4: Staff costs

- 2.15. This cell shows all the costs incurred by the authority in relation to the employment of its staff. It includes employment expenses which are benefits (for example, mileage and travel expenses) but it does not include payments made in respect of office expenses reimbursed to employees or the costs of engaging agency staff or consultants (these expenses form part of the amount shown in Line 6). Where the authority makes deductions for PAYE and National Insurance, and pays employer's contributions for NI and pensions, then staff costs should include payments to HM Revenue and Customs and any pension contributions.

Line 5: Loan interest/capital repayments

2.16. This cell shows the total of capital and interest payments made by the authority in the year. It includes repayment of loan principal, whether as part of a scheduled repayment plan or as a special payment, and interest arising from any borrowing including bank overdrafts and credit cards.

2.17. Authorities preparing income and expenditure accounts need to make a provision in their accounts for any accrued interest payable at the year-end in accordance with the terms of any loan. The accrued value of unpaid interest due would be shown in this cell.

Line 6: All other payments

2.18. This cell shows the authority's total expenditure or payments made in the year, less the total of the specific expenditure amounts shown in Lines 4 and 5. It will include the costs of purchasing fixed assets and undertaking capital projects as well as the costs of providing day to day services. Payments made in respect of investments need to be included, but not entries that result from daily cash management activities, such as transfers between bank current and deposit accounts or the making of short-term investments – see 2.14 above.

Line 7: Balances carried forward

2.19. This cell shows the closing figure for the balances of the authority after all of its financial transactions have been accounted for. The cell value is calculated by adding the amounts in Lines 2 and 3 to the balances brought forward in Line 1 and then deducting the sum of the amounts in Lines 4, 5 and 6.

Line 8: Total value of cash and short-term investments

2.20. This cell shows the actual value of the authority's cash and short-term investments in the form of cash held, current and deposit accounts plus any short-term investments. The figure should be equal to the corresponding figure in the authority's cash book.

2.21. Short-term investments, which mainly include deposit and savings accounts typically provided by banks, are those that display the following characteristics:

- are denominated in pounds Sterling;
- have a maturity of 12 months or less;
- the whole of the original sum invested can, from the time that the investment is made, be accessed for use by the authority without any reduction; and
- the authority has assessed the counterparty and is satisfied that the original sum invested is not subject to unreasonable risk.

2.22. For authorities preparing accounts on a receipts and payments basis, the figure in Cell 8 will be the same that shown at Cell 7. For other authorities a statement needs to be prepared explaining the difference by reference to the adjustments that have been made to convert the accounts to an income and expenditure basis, particularly accounting for debtors, creditors and provisions. Further information and examples on converting accounts from receipts and payments to income and expenditure are provided in Section 5.

2.23. The authority will need to reconcile this figure to its year-end bank account statements and submit the reconciliation to the external auditor. Further information on bank reconciliations can be found in Section 5.

Line 9: Total fixed assets plus long-term investments and assets

2.24. This cell shows the value of all the long-term assets the authority owns. It is made up of its fixed assets and long-term investments. The term fixed assets means the property, plant and equipment used by the authority to deliver its services. A long-term investment arises where the authority invests money in anything other than a short-term investment.

2.25. Authorities need to maintain a register of the fixed assets, long-term investments and other non-current assets that they hold.

2.26. The value of the cell at Line 9 is taken from the authority's asset register which is up to date at 31 March and includes all capital acquisition and disposal transactions recorded in the cash-book during the year. Authorities need to apply a reasonable approach to asset valuation which is consistent from year to year. Where an authority changes its method of asset valuation during a financial year, it will need to restate the prior year's figure in Line 9 of the Annual Governance and Accountability Return.

2.27. Further information on fixed assets and long-term investments can be found in Section 5.

Line 10: Total borrowings

2.28. This cell shows the outstanding capital balance of all borrowings from third parties at the end of the year, including all loans but excluding bank overdrafts. Authorities need to maintain a record of all borrowings and similar credit arrangements entered into, other than temporary bank overdrafts. Further information can be found in Section 5.

Line 11: Disclosure note re Trust funds (local councils only)

2.29. This cell requires a local council only to answer 'yes' or 'no' to whether it acts as sole trustee for, and is responsible for managing, Trust funds or assets. The council needs to ensure that

the accounting statements in Section 2 of the Annual Governance and Accountability Return do not include any Trust transactions or balances (see paragraph 1.41 above).

Signature of Responsible Finance Officer

2.30. Notwithstanding who prepared the statement of accounts, it is the responsibility of the authority's RFO to certify it as either presenting fairly the financial position of the authority or properly presenting its receipts and payments, as the case may be. In so certifying the RFO confirms that proper practices have been followed in preparing the statement of accounts.

Signature of Chairman

2.31. After the RFO has signed the statement of accounts, the members of the authority meeting as a whole need to consider it and approve it by resolution. Alongside the RFO's certificate, the person presiding at the meeting at which the statement of accounts is approved needs to confirm, by signing and dating the statement at the bottom of Section 2 of the Annual Governance and Accountability Return, that the accounts have been approved by the authority in accordance with the Accounts and Audit Regulations 2015.

2.32. The authority needs to ensure that the accounting statements are signed by the RFO and approved by the authority, by the latest date in order for the RFO to comply with the duty to commence the period for the exercise of public rights so that it includes the first ten working days of July.

Accompanying information

2.33. There is no provision in the Annual Governance and Accountability Return (AGAR) for additional notes to explain and expand on the figures shown in the accounting statements. To address this, authorities need to provide the following accompanying information to the external auditor, where Part 3 of the AGAR is subject to review by the external auditor:

Explanation of variances

2.34. Authorities need to understand the changes in income and expenditure from year to year and their significance. The RFO needs to produce an explanation of significant variances in annual levels of income, expenditure and balances shown in Section 2 of the Annual Governance and Accountability Return that provides a sufficiently detailed and meaningful analysis and explanation of the reasons for the change.

Bank Reconciliation.

- 2.35. The year-end bank reconciliation (see paragraph 1.10 above) needs to be provided to the external auditor together with the Annual Governance and Accountability Return and other accompanying documentation.
- 2.36. The external auditor may request that other information is provided to support their review of the Annual Governance and Accountability Return. The authority needs to comply with any such requests.
- 2.36A. Where an authority meets the criteria and wishes to certify itself exempt from a limited assurance review, it needs to submit a copy of the exemption certificate to the external auditor.
- 2.37. Supporting information on completion of the accounting statements can be found in Section 5.

Section 3: Proper practices in relation to accounts for a smaller authority that has decided to prepare accounts and be audited as a full audit authority

Introduction

- 3.1. Regulation 8(1) of the Local Audit (Smaller Authorities) Regulations 2015 allows smaller authorities with annual turnover exceeding £25,000 to decide to prepare a statement of accounts and be audited as if it were a relevant authority that is not a smaller authority. This is defined in the Regulations as a ‘full audit authority’.
- 3.2. For the purposes of the Accounts and Audit Regulations 2015, a full audit authority is treated as a Category 1 authority.
- 3.3. Regulation 7 of the Accounts and Audit Regulations 2015, requires a Category 1 authority to prepare a statement of accounts in accordance with the regulations and proper practices in relation to accounts. Regulation 5 requires a Category 1 authority to prepare an annual governance statement in accordance with proper practices in relation to accounts.
- 3.4. The proper practices in relation to accounts for a full audit authority are set out in this guidance issued by JPAG.

Proper practices – Statement of accounts

- 3.5. JPAG recommends that, for financial years commencing on or after 1 April 2016, a full audit authority should follow the proper accounting practices found in UK GAAP (FRS 102) issued by the Financial Reporting Council².
- 3.6. Alternatively, a full audit authority may adopt as proper practices the Code of Practice on Local Authority Accounting in the UK issued by CIPFA/LASAAC.

Proper practices – Annual governance statement

- 3.7. JPAG recommends that a full audit authority should follow *Delivering Good Governance in Local Government: Framework*, published by CIPFA and SOLACE in 2007 and its subsequent addendum, published in 2012, which provides an updated example annual governance statement. A full audit authority may also wish to refer to *Delivering good governance in local government: A guidance note for English authorities*, published by CIPFA/SOLACE in 2012, which is intended to assist authorities in reviewing their governance arrangements and can be used in conjunction with the Framework and the addendum.

² The Financial Reporting Standard for Smaller Entities (the FRSSE) has been withdrawn for financial years commencing on or after 1 January 2016.

- 3.8. Alternatively, a full audit authority may use the annual governance statement in Section 1 of the Annual Governance and Accountability Return (see Section 1 of this guide and the pro-forma Annual Governance and Accountability Return available alongside this guide).

Section 4: Non-statutory guidance for internal audit at smaller authorities

Introduction

- 4.1. A smaller authority is required by Regulation 5(1) of the Accounts and Audit Regulations 2015 to 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.'
- 4.2. The public sector internal audit standards, issued in 2013, have not been applied to smaller authorities. The information in this section of the Practitioners' Guide is therefore the non-statutory 'guidance' referred to in Regulation 5(1), and needs to be taken into account by smaller authorities in undertaking an effective internal audit.

Overview of internal audit

- 4.3. Internal auditing is an independent, objective assurance activity designed to improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- 4.4. The purpose of internal audit is to review and report to the authority on whether its systems of financial and other internal controls over its activities and operating procedures are effective.
- 4.5. The internal audit function must be independent from the management of the financial controls and procedures of the authority which are the subject of review. The person or persons carrying out internal audit must be competent to carry out the role in a way that meets the business needs of the authority. It is for each authority to decide, given its circumstances, what level of competency is appropriate, and to keep this issue under review.
- 4.6. Internal audit is an on-going function, undertaken regularly throughout the financial year, to test the continuing existence and adequacy of the authority's internal controls. It results in an annual assurance report to members designed to improve effectiveness and efficiency of the activities and operating procedures under the authority's control. Managing the authority's internal controls is a day-to-day function of the authority's staff and management, and not the responsibility of internal audit.
- 4.7. Internal audit does not involve the detailed inspection of all records and transactions of an authority in order to detect error or fraud.

Appointing an internal audit provider

- 4.8. It is a matter for the authority to determine how best to meet the statutory requirement for internal audit, having regard to its business needs and circumstances.
- 4.9. There are two key principles an authority should follow in sourcing an internal audit provider: independence and competence.

Independence

- 4.10. Independence requires the absence of any actual or perceived conflict of interest. It means that whoever carries out the internal audit role does not have any involvement in or responsibility for the financial decision making, management or control of the authority, or with the authority's financial controls and procedures.
- 4.11. It follows, for example, that the circumstances in which a member could demonstrate that they are sufficiently independent of the financial decision making and procedures of the authority are difficult to envisage. Such a member would need to exclude themselves entirely from key financial decisions by the authority in order to maintain their independence. Similarly, it would not be appropriate for any individual or firm appointed by the authority to assist with the authority's accounting records, preparation of financial statements or the Annual Governance and Accountability Return, to be also appointed to undertake the internal audit function. Conflicts of interest must be avoided, such as in cases where an external provider of accounting software or services to the authority, also offers internal audit services through an associate company, firm or individual.

Competence

- 4.12. There is no requirement for a person providing the internal audit role to be professionally qualified, but essential competencies to be sought from any internal audit service include:
- understanding basic book-keeping and accounting processes;
 - understanding the role of internal audit in reviewing systems rather than undertaking detailed checks that are more appropriately the responsibility of management;
 - awareness of relevant risk management issues; and
 - understanding proper practices in relation to governance and accounting requirements within the legal framework and powers of smaller authorities.
- 4.13. There are various ways for an authority to source an internal audit service, for example:

- Appointing a local individual or a member of a panel of individuals administered by a local association or branch of NALC, SLCC or ADA. An individual will need to demonstrate adequate independence and competence to meet the needs of the authority.
- Employing a competent internal auditor with sufficient organisational independence and status to undertake the role.
- Purchasing an internal audit service from a principal local authority.
- Purchasing an internal audit service from a local firm or specialist internal audit practice. The firm needs to have an understanding of the local government legal framework and a number of professional firms offer a service to public bodies, authorities and commercial companies. For the largest authorities a specialist contractor appointment may be appropriate.

Scope of internal audit

- 4.14. It is a matter for the authority to determine the necessary scope and extent of its internal audit. When securing an internal audit service, the authority should make sure that it is proportionate to the needs, size and the circumstances of the authority.
- 4.15. The work of internal audit should be subject to an engagement letter on first appointment by the authority, setting out the terms of the appointment. Engagement terms may include:
- roles and responsibilities;
 - audit planning;
 - reporting requirements;
 - assurances around independence and competence;
 - access to information, members and officers;
 - period of engagement;
 - remuneration; and
 - any other matters required for the management of the engagement by the authority.
- 4.16. Each authority should set out its key financial and other controls, usually in the form of standing orders and financial regulations. The smaller the authority, the less onerous these need to be. Similarly, the scope of internal audit at smaller authorities will be correspondingly less than at larger ones. The more complex the authority is or becomes, in terms of its organisation, range of services and number of employees the wider ranging the scope of internal audit may be.

- 4.17. It is not possible to draw up a standard internal audit programme to cover all authorities. This is because the audit programme must address the particular needs of each authority. Internal audit's function is to test and report to the authority on whether its specific system of internal control is adequate and working satisfactorily.

Annual internal audit report

- 4.18. The duties of internal audit relate to reporting on the adequacy and effectiveness of an authority's system of internal control. The minimum reporting requirement for internal audit to the smaller authority is met by completing the annual internal audit report on page 5 of the Annual Governance and Accountability Return. Internal audit may also report in greater detail to the authority as required.
- 4.19. The annual internal audit report focuses on ten internal control objectives covering an authority's key financial and accounting systems and concludes whether, in all significant respects, the internal control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the authority.
- 4.20. The annual internal report will inform the authority's response to assertions 2 and 6 in the annual governance statement.

Reviewing internal audit

- 4.21. Authorities should from time to time carry out a review of the effectiveness of their overall internal audit arrangements. The review should take place at least once every three years and also in the year of any change of internal audit provider or responsible finance officer. Any review should balance the authority's internal audit needs and usage. It should be designed to provide sufficient assurance for the authority that standards are being met and that the work of internal audit is effective. Authorities judge the extent and scope of the review by reference to their own individual circumstances.
- 4.22. The review should be designed to assure the authority that it has maintained the standards of an adequate and effective internal audit of its risk management, control and governance processes. It should include, as a minimum, making an assessment of each of the following:
- the scope of internal audit;
 - independence;
 - competence;
 - relationships with the clerk and the authority; and
 - audit planning and reporting.

- 4.23. The review should be undertaken by the authority. It should not be undertaken by the external auditor or as part of the external auditor's review of the Annual Governance and Accountability Return, nor can it be delegated to an officer. Clearly it cannot be undertaken by internal audit, although it is good practice to seek their involvement in the process. Authorities may wish to set up a small working party to carry out the review or utilise an existing committee. Whatever approach is followed, the results should be reported to a full meeting of the authority.
- 4.24. There is no single approach to review of internal audit that will suit all authorities. Much will depend upon the size of the authority and arrangements it already has in place for conducting the wider review of its system of internal control and risk management generally. The areas described above in paragraph 4.23 will normally be the starting point, but the effectiveness of internal audit should not be judged solely by the extent of compliance with expected standards. The review is primarily about effectiveness, not process. In essence, the focus of this review should be on the quality of delivery of the internal audit service, i.e. reliable assurance about the authority's internal controls and its management of risk.
- 4.25. As with any review, it should be evidence based. Wherever possible this should be gathered throughout the year. Sources may include:
- previous review and action plan;
 - annual report by internal audit;
 - periodic reports from internal audit, including internal audit plan, monitoring reports, and the results of any investigations;
 - any reports by the external auditor; and
 - the results of any other external reviews of internal control.
- 4.26. If the review identifies any areas for development or change in internal audit, an action plan should be produced for the authority to manage the remedial process. The action plan should set out the areas of improvement required, any proposed remedial actions, the people responsible for delivering improvement, and the deadlines for completion of the actions.

Governance and Accountability for Smaller Authorities in England

Section 5: Supporting information and practical examples

March 2018

Section 5: Supporting information and practical examples

Introduction

- 5.1. Sections 1, 2 and 3 of the Practitioners' Guide (the Guide) issued by the Joint Panel on Accountability and Governance represent the proper accounting and governance practices (*'proper practices'*) referred to in statute. They set out for responsible financial officers (RFOs) the appropriate standard of financial and governance reporting for smaller authorities and are mandatory.
- 5.2. Section 4 of the Guide sets out the non-statutory guidance relating to internal audit which smaller authorities are required to take into account.
- 5.3. This section of the Guide contains supporting information and practical examples to support practitioners in complying with proper practices as set out in Sections 1 and 2 of the Guide. As Section 5 is not part of proper practices, it cannot and does not set any mandatory requirements in respect of the Annual Governance and Accountability Return. It does however include references to statutory requirements where appropriate, such as the requirements around making provision for the exercise of public rights.
- 5.4. This section of the Guide follows the order of Sections 1 and 2, with supporting information relating to the annual governance statement preceding supporting information on the accounting statements.
- 5.5. General information about smaller authorities and their responsibilities can be found on the following websites:
[National Association of Local Councils](#)
[Society of Local Council Clerks](#)
[Association of Drainage Authorities](#)
- 5.6. In accordance with Section 6 of the Local Audit and Accountability Act 2014, an authority is a 'smaller authority' for a financial year if the higher of the authority's gross income for the year and its gross expenditure for the year does not exceed £6.5 million for that year or either of the two previous years. This section of the Guide uses the term 'authority' to refer to all types of smaller authority.

Annual governance statement

AGS assertion 1: Financial management and preparation of accounting statements

Budgeting

- 5.7. The preparation of an annual budget is one of the key statutory tasks to be undertaken by an authority, irrespective of its size. The budget has three main purposes:
- it results in the authority setting the precept for the year (or rates and special levies for IDBs);
 - subject to the authority's Financial Regulations, it gives the clerk and other officers overall authority to make spending commitments in accordance with the plans approved by members; and
 - it provides a basis for monitoring progress during the year by comparing actual spending against planned spending.
- 5.8. It is essential that authority members understand how the budget is put together and how it should be used in the running of the authority. Reviewing the budget against actual expenditure regularly gives members early warning about the likelihood of a shortfall (or surplus) and helps them to decide what responsive action to take.
- 5.9. The key stages in the budgeting process are:
- decide the form and level of detail of the budget;
 - review the current year budget and spending;
 - determine the cost of spending plans;
 - assess levels of income;
 - bring together spending and income plans;
 - provide for contingencies and consider the need for reserves;
 - approve the budget;
 - confirm the precept or rates and special levies; and
 - review progress against the budget regularly throughout the year.

Accounting records and supporting documents

- 5.10. All authorities, other than parish meetings where there is no parish council, need to appoint an officer, the RFO, to be responsible for the financial administration of the authority in accordance with section 151 of the Local Government Act 1972. The clerk to the authority is often also appointed as the RFO, but this is not automatically the case. The authority should formally determine in whom the responsibility vests, recognising that there are particular risks that arise in the unusual circumstances where an elected member is appointed (unpaid) as the RFO. Decisions about appointing the RFO should always be the subject of a full risk assessment and consideration evidenced in the minutes. The proper segregation of duties means that the Chairman of the authority or of the Finance Committee should never be appointed (even on a short-term basis) either as Clerk or as RFO, except that the Chairman of a parish meeting (where there is no parish council) is required to keep its accounts by Section 150(6) of the Local Government Act 1972.

- 5.11. The appointment of an RFO does not mean that members then have no responsibility for the financial health of the authority. On the contrary, members continue to be accountable for ensuring that the authority does not live beyond its means, but the RFO takes on the duty of designing and implementing the accounting arrangements that will assure members that finances are being properly managed.
- 5.12. [Regulation 4 of the Accounts and Audit Regulations 2015](#) sets out the duties of the RFO and requirements relating to accounting records and financial control systems.
- 5.13. The RFO is responsible for determining, on behalf of the authority, the form of its accounting records and supporting records and its financial control systems. The RFO must also ensure, on behalf of the authority, that the financial control systems are observed and that the accounting records of the authority are kept up to date.
- 5.14. The accounting records must contain:
- entries from day to day of all sums of money received and expended by the authority and the matters to which its income and expenditure or receipts and payments relate; and
 - a record of the assets and liabilities of the authority.
- 5.15. It is also good practice for the accounting records to contain a record of income and expenditure by the authority in relation to claims made for contribution, grant or subsidy from a government department or other public body.
- 5.16. The financial control systems must include:
- measures to ensure that the financial transactions of the authority are recorded as soon as, and as accurately as, reasonably practicable;
 - measures to enable the prevention and the detection of inaccuracies and fraud, and the reconstitution of any lost records;
 - measures to ensure that risk is appropriately managed; and
 - identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers.
- 5.17. It is also good practice for the financial control systems to include procedures for uncollectable amounts, including bad debts, only to be written off with the approval of members or, under delegated authority, the RFO and for the approval to be disclosed in the accounting records.
- 5.18. The basic record of receipts and payments is always the starting point of an accounting system and the majority of internal controls will work back to that record. A successful accounting system requires that the basic cash book is kept up to date and balances are regularly verified against a bank statement or the actual cash in the petty cash tin. This record will also agree with the supporting vouchers, invoices or receipts. Even though the arithmetic may be automatic on a computer based system it is necessary to check that the additions and balancing are correct. Where there is a computer based system, the reliability of information reported by the system depends on the quality and accuracy of data input, and how it is then processed, and so tests of the integrity of data input and processing should be considered. A member or officer may do the checking or verification.
- 5.19. Manually kept books of account, or an effective computerised accounting system, should provide the basis for the accounting statements, in that the accounting statements are

compiled from the information recorded in the books. But the books of account are important in themselves in the running of the authority throughout the year. A good set of books will allow an authority to appreciate at any time:

- the amounts that it has spent in the year, the income it has received and its financial commitments;
- whether, in the light of this information, its spending plans for the rest of the year are still affordable; and
- the assets that it owns (for example, land, buildings, vehicles, investments, cash) and the liabilities that it owes (for example, outstanding payments for goods and services, borrowings).

5.20. The record of the assets and liabilities of the authority required by Regulation means in practice the asset and investment register and record of loans and other debts.

Bank reconciliation

5.21. The most important accounting record maintained by authorities will be the cash book which is a register of all the payments made and receipts taken in by the authority. There may be a temptation to rely on the bank statement as a record of cash transactions. However, a cash book is essential because the statements provided by the bank will not necessarily be a reliable record of the authority's cash balances because:

- the bank can make errors and omissions in processing transactions – the authority needs its own records to provide a check on the bank statement;
- while electronic payments and receipts are instant, there can be considerable timing differences between, say, writing cheques to other parties and their being cashed by the bank, and between receiving income and it being credited to the authority's account once paid in; and
- the bank statement takes time to catch up with the actual cash flows of the authority and does not provide an up-to-date position.

5.22. The up to date cash book, therefore, provides the most accurate record of all income received and payments made, including cheques drawn.

5.23. Bank statements are important documents as they are evidence provided by an independent party of the state of the authority's cash balances. They contrast with the cash book, which is the authority's own record of its cash position. It is consequently an invaluable exercise to compare the balances on the bank statement with the balance in the cash book at any particular date and understand the reasons for any differences between them. This will reveal whether there are any errors, omissions or discrepancies in either the bank records or the cash book (for example, cheques drawn properly have been known to be altered by recipients before being banked).

5.24. The bank reconciliation is a key tool for management as it assists with the regular monitoring of cash flows which aids decision-making, particularly when there are competing priorities. The year-end bank reconciliation is particularly important as it will provide evidence to support the total cash and short-term investments balance shown in Line 8 in Section 2 of the authority's Annual Governance and Accountability Return. As bank statements may be made up to different dates in the month, care should be taken, particularly at year-end, to ensure that the statement being reconciled includes balances as at 31 March.

- 5.25. Bank reconciliations should be performed on a regular basis and cover each of the authority's bank accounts. Most commonly, authorities will operate a current account through which most transactions are made, and possibly one or more deposit accounts. Some authorities will carry out a reconciliation every time they receive a bank statement, which is good practice as it identifies bank errors early on. It is for each authority to decide how regularly it wants to receive the assurance that a successful reconciliation can provide. Reconciling the cash book to bank statements should be reported to members, and the full reconciliation made available for their scrutiny each time it is done. Approval of the bank reconciliation by the authority or the chair of finance or another authority nominee is not only good practice but it is also a safeguard for the RFO and may fulfil one of the authority's internal control objectives.
- 5.26. There is a limited number of reasons for differences between bank statements and the cashbook, and most authorities will be able to use a standard layout for the bank reconciliation. The common reasons are:
- transactions in the bank statement that are not recorded in the cash book – this may include interest payable and bank charges, direct debits, standing orders and other automated payments that have been omitted from the cash book. None of these is an item for the reconciliation. Instead, the cash book should be updated to record all of these transactions, and the resulting balance is then brought into the reconciliation.
 - unpresented cheques – payments are recorded in the cash book when the authority commits itself to making them, usually by handing over a cheque, putting a cheque in the post or completing the instructions for an automated payment; the balance on the bank account will not reduce until several days later when the cheque or instruction is received by the bank and processed. Unpresented cheques therefore need to be deducted from the bank statement balance in the reconciliation.
 - payments into the bank which are outstanding (sometimes referred to as 'cash in transit') - receipts are recorded in the cash book when they come into the possession of the authority; however, they will not be recognised on the bank statement until after cash is banked or cheques are cleared. Payments into the bank which are outstanding from the bank statement therefore need to be added to the bank statement balance in the reconciliation.
- 5.27. A standard layout for a financial year-end bank reconciliation can be found in Appendix 1 on page 34.

Investments

- 5.28. It is unusual for an authority to hold its reserves other than in the form of easily accessible bank deposits or other short-term investments (see paragraph 2.21 in Section 2 of the Guide for a definition). Occasionally, circumstances require authorities to consider making other types of investments, for example when saving for a future capital project or while deciding how to apply the proceeds of an asset sale or a donation.
- 5.29. In deciding whether it is appropriate to make long-term investments, the authority should follow the [Guidance on local government investments issued by MHCLG with effect from 1 April 2018](#).
- 5.30. The authority's investment strategy will set out management arrangements for the investments held and procedures for determining the maximum periods for which funds may

prudently be committed. The strategy should ensure and demonstrate that the authority has properly assessed the risk of committing funds to longer term investments and complies with legislative requirements. Long-term investments in assets whose capital values may fluctuate carry considerable risks and require active management. Investment management is a specialist area. Authorities may wish to seek independent professional assistance when developing their investment strategy.

AGS assertion 2: Internal Control

Standing Orders and Financial Regulations

- 5.31. The first step in establishing a financial system is to identify the general rules applicable at authority or committee meetings and in carrying out the authority's business. These are set out in the authority's Standing Orders, Financial Regulations and other internal instructions. Model versions of Standing Orders and Financial Regulations are provided by NALC and ADA.
- 5.32. Standing Orders must include provisions for securing competition and regulating the manner in which tenders are invited. To comply with these requirements, authorities should set within their Financial Regulations a limit for the purchase of goods and services above which three estimates or quotes should be invited from persons or firms competent to do the work. Standing Orders will state a higher value above which competitive tenders in sealed envelopes should be invited. It is the responsibility of authorities to determine their own limits that are most appropriate to local circumstances.
- 5.33. As far as possible, a fully priced official order should be sent to suppliers in advance of delivery of goods. Official orders both commit a supplier to a price and help prevent unauthorised credit being granted in the authority's name. On receipt of invoices, verification that the relevant goods or services have been received should be obtained and invoices checked to ensure that the arithmetic is correct, agreed discounts have been deducted and everything is acceptable regarding reclaiming the VAT. Practitioners should keep up to date with VAT Guidance issued by HM Revenue and Customs.
- 5.34. Procedures for the management of capital projects should also be covered by Standing Orders which should require payments only against certified completions under a planned and approved programme of works governed by a properly negotiated contract supervised by a named authority officer.

Safe and efficient arrangements to safeguard public money

Accounts for payment

- 5.35. The payments process should always be carried out in accordance with the authority's Financial Regulations. Cheques and other payments should only be released once confirmation has been obtained that adequate funds are available. All payments made since the last meeting should be reported to the next authority meeting. Members should never sign blank cheques or authorise funds transfers which are presented to them unsupported by the appropriate documentation.
- 5.36. The authority should develop specific control procedures for any payments by bank transfer, or other electronic means, taking into account the risks brought about by the ease and speed of these transactions and the difficulties faced in unravelling them should they go wrong.
- 5.37. If there is any doubt as to how much the authority owes to one of its regular suppliers, the supplier should be asked to send a statement of the authority's account. It would be appropriate to request statements as at 31 March each year to assist with the preparation of the Annual Governance and Accountability Return.

Receipts

- 5.38. Cash and cheques should be entered into the cash book on the date of receipt and banked promptly and intact (i.e. without any of the cash being kept back for spending). Practitioners should be aware that some receipts may require VAT to be accounted for and paid over by the authority, particularly where sales of items are involved and certain thresholds have

been reached. Once again, the RFO should be familiar and up to date with the rules governing such transactions. These are published by HM Revenue and Customs and accompanied by guidance for practitioners.

Cash

- 5.39. Before finalising and adopting procedures and internal control systems involving cash, the RFO should always check the requirements of insurers under Fidelity Guarantee insurance cover arrangements, which may well specify the amount, location and minimum security arrangements required regarding the handling of cash or bank balances.
- 5.40. The number of petty cash floats should be kept to a minimum and should not be used when an official order is more appropriate. The floats should be adequate in size to meet small items of expenditure and should not require reimbursement more frequently than once a month. Adequate records of the receipts and payments should be maintained for each float, including a VAT analysis, and regular reconciliation performed, usually with such regularity that successful reconciliation can be reported at each authority meeting.

Debt collection

- 5.41. Effective debt collection is an essential part of proper financial management. Authorities should ensure that invoices raised are paid promptly or that appropriate recovery action has been taken.
- 5.42. Debt monitoring arrangements should be in place covering all activities of the authority which involve receiving payment. For example, if the authority rents out a number of allotments, a separate record may be appropriate for that purpose. The record would need to include details of the person who owes the debt, the amount, any arrears brought forward at the start of the accounting period, amounts due in the year, amounts paid in the year, any debts written off, and a note of the current state of any recovery action taken.
- 5.43. At the end of each year, the record will need to be reconciled to ensure that the figures for arrears brought forward plus new amounts due, less new receipts and write-offs, balances to the total arrears to be carried forward.
- 5.44. Irrecoverable debts should be written off, after full consideration of the possibilities for, and the likely costs of, pursuing the debt. Uncollectible amounts, including bad debts, should only be written off with the approval of members, or under delegated authority, by the RFO. The approval should be shown in the accounting records.

Employment

- 5.45. Authorities with any employees are, by definition, employers and are required to apply Pay as You Earn (PAYE). PAYE taxes and employee and employer National Insurance contributions (NIC) should be calculated and recorded for every employee. Deductions should be paid to HMRC on or before the date prescribed. In addition, the general requirements of employment law apply but are not within the scope of this Guide.
- 5.46. HMRC guidance setting out the correct income tax and NIC treatment of parish clerks is set out in the [HMRC Employment Income Manual](#). This guidance confirms that a parish clerk is an office holder and that all office holders are subject to PAYE. This means that parish clerks:
 - can never be considered as self-employed for tax or NIC purposes;
 - cannot be paid 'gross'; and
 - fall to be taxed under PAYE.

- 5.47. HMRC guidance confirms that where the RFO is a separate appointment, the RFO is also an office holder and is subject to the same income tax and NIC rules as the clerk.
- 5.48. Authorities should pay particular attention to situations where contractors are engaged to carry out the authority's services. Occasions may arise when contractors cease to be self-employed and become employees for tax purposes. Authorities should refer to [HMRC's Employment Status Indicator Tool](#) for further information.
- 5.49. As part of risk management arrangements, written confirmation should be sought from HMRC to ensure that payments for services are being correctly treated; otherwise authorities may find themselves with unexpected and significant liabilities to pay income tax and employers NIC. Care should also be taken when making any payments of expenses or allowances to non-employees, for example authority members, which should also be considered as falling within the scope of PAYE.
- 5.50. All employers are required by law to take out employers' liability insurance and decide the appropriate level of fidelity guarantee insurance. All cover should be risk based and kept under constant review to make sure it adequately reflects changes in circumstances.
- 5.51. Authorities should have regard to guidance on employment matters issued jointly by NALC and SLCC, or by ADA.

VAT

- 5.52. This can be a complex area and authorities are advised to refer to [guidance issued by HMRC](#).
- 5.53. Information on how to account for VAT in Section 2 of the Annual Governance and Accountability Return can be found at paragraphs 5.129 and 5.130 below.

Fixed assets and equipment

- 5.54. If the assets it owns or for which it is responsible are not being managed properly the authority is exposed to the risk of financial loss relating to:
- improper asset management – without the right management information, outdated patterns of use may run on unchallenged or unnoticed;
 - improper asset usage and maintenance – assets may not be fit for purpose, be underused or so out-of-date as to be incapable of satisfactory modernisation. Equally they may be capable of alternative, additional or more intensive use or be readily saleable. These opportunities may be missed where no comprehensive information on assets is available; and
 - asset ownership – the continued ownership of assets may be overlooked altogether and risks unmanaged.
- 5.55. These risks are most likely to be realised when information is poor. In particular where information about assets is not available or is out-of-date. The risk of financial loss can be greatly reduced by setting up an asset register which holds all the information needed.
- 5.56. An asset register is the starting point for any system of financial control over assets as it:
- facilitates the effective physical control over assets;
 - provides the information that enables the authority to make the most cost effective use of its capital resources;
 - ensures that no asset is overlooked or underutilised and is therefore used most efficiently;

- pools all the information available about each asset from across the authority and makes it available to every part of the authority;
- provides a record of the sources of evidence used to support the existence and valuation of assets to be covered by insurance;
- supports the Annual Governance and Accountability Return entry for capital assets by collecting the information on the cost or value of assets held; and
- forms a record of assets held for insurance purposes.

5.57. The key information needed in the asset register is:

- dates of acquisition, upgrade and disposal (it is useful to keep a record of disposed assets as an asset management tool);
- costs of acquisition and any expenditure which increases the life of the asset;
- if proxy cost is used for first valuation, a note of the method used for valuation and details of any professional advice received;
- useful life estimate;
- location;
- responsibility (it may be appropriate to assign responsibility for each asset to members of staff);
- present use and capacity, for example in terms of site area, internal floor areas, and measures of occupancy and/or usage;
- corresponding periodic measures of usage or occupation;
- any available indications of asset value and condition; and
- any regular charges for usage or occupancy.

5.58. Most assets should be first recorded in the asset register at their actual purchase cost. In some cases the purchase cost may not be known at acquisition or first recording and so a proxy cost may be substituted. A proxy cost is a value for the asset which is an estimate of its value by the authority which is based on external professional advice. Authorities may apply the insurance value of the asset at the time of first recording as a proxy. A proxy cost may be applied at the time of acquisition or first recording of an asset in the asset register only where the cost/value is not known.

5.59. In the special case where an authority receives an asset as a gift at zero cost, for example by transfer from a principal authority under a community asset transfer scheme, the asset should be included in the asset register with a nominal one pound (£1) value as a proxy for the zero cost. The use of the £1 proxy is particularly important in cases where an authority operates an asset registration system that requires a positive value for every asset. Any costs of bringing gifted assets into productive use should be expensed as revenue items.

5.60. Many authorities own assets that do not have a functional purpose or any intrinsic resale value (for example, a village pond or war memorial). These assets are often referred to as 'community assets'. Authorities should record community assets in the assets register in the same way as gifted assets.

5.61. The total value of an authority's assets recorded on the asset register as at 31 March each year is reported at Line 9 on the authority's Annual Governance and Accountability Return (see paragraphs 2.24 to 2.27 in Section 2 of the Guide and 5.143-5.147 below). It follows that users of the Annual Governance and Accountability Return may ask for details of the assets whose total value is reported at Line 9, including about the method of valuation applied and about any changes in value to previously recorded assets. Authorities should be able to track and explain fully any changes in the asset register from year to year.

Loans and long term liabilities

- 5.62. Authorities may borrow money temporarily for cash flow purposes to fund payments in advance of receiving money from precepts, rates and special levies, or other sources during the year. Such loans will normally be in the form of arranged overdraft facilities and will be repaid as the anticipated receipts materialise.
- 5.63. Long-term loans will normally be associated with capital projects and these require borrowing approval before they can be arranged. For local councils, this is obtained by applying to the relevant Association of Local Councils, which act for the government in this regard. For IDBs, this is obtained from the Secretary of State for Environment, Food and Rural Affairs, in accordance with section 55 of the Land Drainage Act 1991.
- 5.64. Capital projects need to be managed carefully and authorities should ensure that accurate forecasts are made of the amounts and timings of future payments and receipts so that cash flow can be managed and the authority can be confident that the project can be afforded both in the short and longer term. Full financial appraisals are likely to be required before any borrowing or public grant approval is given.
- 5.65. Traditionally loans are obtained from the Public Works Loans Board (PWLb). Where other lenders or alternative forms of financing are being considered, authorities need to seek professional advice to ensure that they are properly informed of the risks and benefits and aware of all the implications.

AGS assertion 3: Compliance with laws, regulations and proper practices

Acting within its powers

- 5.66. Authorities in England operate within a legal framework which provides them with the necessary statutory powers and authority to deliver local public services. Authorities and their clerks/chief executives/RFOs should always be aware of, and have regard to, the legal power they are exercising when deciding on any action including to spend public money.
- 5.67. The clerk/chief executive is the authority's Proper Officer and the primary source of advice to the authority as they prepare to make decisions requiring the exercise of their legal powers. It would be unreasonable for an authority to make a decision when it as an entity does not, or members individually do not, understand what legal power they are exercising, or whether the power is current, applicable and correct.
- 5.68. To assist authorities and their clerks/chief executives/RFOs NALC, SLCC and ADA publish information on their websites.

Regulations and proper practices

- 5.69. Authorities are subject to a range of regulations, which can change more frequently than primary legislation. It is important, therefore, to be aware of new regulations that are issued as well as keeping up to date with the latest versions of existing ones. NALC, SLCC and ADA provide updates and training on developments in this area.
- 5.70. Of particular importance in relation to financial practices and procedures are the Accounts and Audit Regulations which cover the procedures authorities must follow in relation to the issuing of notices about the accounts and the exercise of public rights of inspection.
- 5.71. Also relevant to publication of financial information is the [Transparency Code for Smaller Authorities](#). This requires parish councils, internal drainage boards, charter trustees and port health authorities with an annual turnover not exceeding £25,000 to publish certain information set out in the Code. This enables local electors and local taxpayers to access relevant information about the authority's accounts and governance.
- 5.72. Parish and town councils with annual turnover in excess of £200,000 should comply with the [Local Government Transparency Code 2015](#).
- 5.73. Monitoring an authority's compliance with the relevant Transparency Code is not part of the external auditor's limited assurance review of the Annual Governance and Accountability Return.

Actions during the year

- 5.74. As part of its annual governance review to prepare its annual governance statement (see Section 1 of the Guide), an authority needs to scrutinise the actions it has taken during the year, and the decisions that it has made, and satisfy itself that it has acted properly within its powers and in accordance with any relevant Regulations.

AGS assertion 4: Exercise of public rights

- 5.75. Sections 25 to 27 of the Local Audit and Accountability Act 2014 contain provisions giving interested persons and local government electors certain rights of inspection of the accounts and accounting records. Local government electors may also question the auditor about the accounting records and make an objection to the auditor.
- 5.76. The rights in Sections 26 and 27 must be exercised within a period of 30 working days, during which period the authority must make the accounts and all supporting records available for inspection on reasonable notice and at all reasonable times.
- 5.77. In accordance with Regulation 12(3) of the Accounts and Audit Regulations 2015, the authority's RFO is responsible for commencing the 30 working day period as soon as possible after the statement of accounts has been approved by the authority and signed and dated by the person presiding at the meeting at which that approval is given. The RFO must also notify the local auditor of the date on which the period was commenced.
- 5.78. In accordance with Regulation 15(1), the RFO must ensure that the 30 working day period includes the first 10 working days of July following the end of the financial year to which the accounts relate.
- 5.79. In accordance with Regulation 15(2), the RFO must publish (including publication on the authority's website):
- the statement of accounts (Section 2 of the Annual Governance and Accountability Return) accompanied by:
 - a declaration, signed by the RFO, to the effect that the statement has not yet been reviewed by the external auditor and thus may be subject to change;
 - the annual governance statement (Section 1 of the Annual Governance and Accountability Return); and
 - a statement that sets out:
 - the period for the exercise of public rights;
 - details of how a notice should be given of an intention to inspect the accounting records and other documents;
 - the name and address of the local auditor; and
 - the provisions contained in sections 26 and 27 of the Local Audit and Accountability Act 2014 concerning the exercise of public rights.
- 5.80. In accordance with Regulation 15(3), the period for the exercise of public rights is treated as being commenced on the day after all of these obligations have been fulfilled.
- 5.80A. Where amendments are made by the authority to the Annual Governance and Accountability Return (AGAR) after it has been approved by the authority and before it has been reviewed by the external auditor, it is recommended that the chair and responsible financial officer initial the amendments and if necessary republish the amended AGAR and recommence the period for the exercise of public rights to inspect the accounts.
- 5.80B. Where amendments are made by the authority to the Annual Governance and Accountability Return (AGAR) on the recommendation of the external auditor, after it has been approved by the authority, it is recommended that the amended version is published along with the external auditor's report. In this case, the authority will not need to recommence the period for the exercise of public rights.

- 5.81. Where an authority does not have its own website, publication may be on any website, provided that the information is accessible by any member of the public without registration or payment. A parish meeting may instead display the information in question in a conspicuous place in the area of the authority for at least 14 days.
- 5.82. Assertion 4 in the annual governance statement relates to the exercise of public rights 'during the year' which means in relation to the Annual Governance and Accountability Return for the previous financial year. For example, when completing the 2018/19 Annual Governance and Accountability Return, assertion 4 refers to the exercise of public rights for the 2017/18 Annual Governance and Accountability Return taking place in June/July/August 2018. The common period of inspection for the 2017/18 Annual Governance and Accountability Return is 2 to 13 July 2018. The earliest commencement date of the 30 working day inspection period is 4 June 2018 and the latest commencement date is 2 July 2018.
- 5.83. Information on the rights of interested persons and local government electors in respect of the accounts of their authority can be found in [Local Authority Accounts – a guide to your rights](#) published by the National Audit Office.

Limited assurance review by the external auditor

- 5.84. In accordance with Regulation 13, after the conclusion of the period for the exercise of public rights, but no later than 30 September, the authority must publish (including on its website) the annual governance statement, statement of accounts and the external auditor's certificate and report – Sections 1, 2, and 3 of the Annual Governance and Accountability Return. Authorities must keep copies of these documents for purchase by any person at a reasonable sum and ensure that they remain available for public access for 5 years.
- 5.85. In accordance with Regulation 16, as soon as reasonably practicable after the conclusion of the external auditor's review, an authority must publish (including on its website):
- a statement:
 - that the review has been concluded and that the statement of accounts has been published; and
 - of the rights of inspection conferred by section 25 of the Local Audit and Accountability Act 2014 in relation to the statement of accounts, auditor's opinion, public interest report and auditor's recommendations;
 - the address at which, and the hours during which, those rights may be exercised.
- 5.86. Where, following completion of the external auditor's review, an authority receives a letter or further report from the external auditor, such as a letter containing statutory recommendations or a Public Interest Report, the members must meet to consider it as soon as practicable. Following this consideration, the authority must publish the letter or report (including on its website) and make copies available for purchase on payment of a reasonable sum.

AGS assertion 5: Risk management

Background

- 5.87. Risk is an uncertain event or condition that, if it occurs, will have an effect on the achievement of an authority's objectives. Risk management is the process whereby authorities methodically address the risks associated with what they do and the services which they provide. The focus of risk management is to identify what can go wrong and take proportionate steps to avoid this or successfully manage the consequences. Good risk management allows stakeholders to have increased confidence in the authority's corporate governance arrangements and its ability to deliver its priorities.
- 5.88. Risk management is not just about financial management; it is about protecting the achievement of objectives set by the authority to deliver high quality public services. The failure to manage risks effectively can be expensive in terms of litigation and reputation, and can impact on the ability to achieve desired outcomes. The authority generally and members individually are responsible for risk management.
- 5.89. Risk management is an ongoing activity that comprises four elements:
- identifying risks;
 - assessing risks;
 - addressing risks; and
 - reviewing and reporting.

Identifying risks

- 5.90. In order to manage risk, an authority needs to know what risks it faces. Identifying risks is therefore the first step in the risk management process.
- 5.91. It is not possible to present a suggested list of the specific risks which authorities face as the range, nature, complexity and scale of the business of authorities vary. Similarly, the priorities and service delivery objectives of one authority will differ from those of others. For this reason each authority should identify, for itself, the key risks to achieving successfully its priorities and service objectives. However, there are some typical categories of risks that might help in the process of risk identification:
- financial – loss of money;
 - security – fraud, theft, embezzlement;
 - property – damage to property;
 - legal – breaking the law or being sued;
 - IT – failure of IT systems or misuse; and
 - reputational – actions taken could harm the authority's public reputation.

Assessing risks

- 5.92. Once the authority has identified its key risks, the next step is to assess the potential consequences of a risk occurring (impact) and consider how likely this is (likelihood).
- 5.93. The assessment of potential impact and likelihood need not be any more complex than assigning a simple numerical score, say 1 – 3, and multiplying the two scores to arrive at a

risk assessment for each risk of high, medium or low. The risk assessment enables the authority to decide which risks it should pay most attention to when considering what measures to take to manage them.

5.94. Authorities could use a simple risk assessment matrix as follows:

Likelihood	Highly likely (3)	Medium (3)	High (6)	High (9)
	Possible (2)	Low (2)	Medium (4)	High (6)
	Unlikely (1)	Low (1)	Low (2)	Medium (3)
		Negligible (1)	Moderate (2)	Severe (3)
		Impact		

Addressing risks

5.95. Risk is unavoidable, and every organisation needs to take action to manage risk in a way which it can justify to a level which is tolerable. The response to risk, which is initiated within the organisation, is called 'internal control' and may involve one or more of the following standard responses:

- **Tolerate** the risk - for risks where the downside is containable with appropriate contingency plans; for some where the possible controls cannot be justified (e.g. because they would be disproportionate); and for unavoidable risks, e.g. terrorism.
- **Treat** the risk - a common response which can mean imposing controls so that the organisation can continue to operate; or setting up prevention techniques.
- **Transfer** the risk – buying in a service from a specialist external body or taking out insurance. Some risks cannot be transferred, especially reputational risk.
- **Terminate** the activity giving rise to the risk - it may be best to stop (or not to start) activities which involve intolerable risks or those where no response can bring the risk to a tolerable level.

5.96. Areas where there may be scope to use insurance to help manage risk include the following:

- The protection of physical assets owned by the authority – buildings, furniture, equipment, etc. (loss or damage).
- The risk of damage to third party property or individuals as a consequence of the authority providing services or amenities to the public (public liability).
- The risk of consequential loss of income or the need to provide essential services following critical damage, loss or non-performance by a third party (consequential loss).
- Loss of cash through theft or dishonesty (fidelity guarantee).
- Legal liability as a consequence of asset ownership (public liability).

- 5.97. The limited nature of internal resources in most authorities means that those wishing to provide services often buy them in from specialist external bodies. Areas where there may be scope to work with others to help manage risk include the following:
- Security for vulnerable buildings, amenities or equipment.
 - Maintenance for vulnerable buildings, amenities or equipment.
 - The provision of services being carried out under agency/partnership agreements with principal authorities.
 - Banking arrangements, including borrowing or lending.
 - Ad hoc provision of amenities/ facilities for events to local community groups.
 - Markets management.
 - Vehicle or equipment lease or hire.
 - Trading units (leisure centres, playing fields, burial grounds, etc.).
 - Professional services (planning, architects, accountancy, design, etc.).

Reviewing and reporting

- 5.98. Once the key risks have been identified and assessed they should be recorded, for example in a risk register. Members should review the risk register not less than annually. This could be achieved by risk management being a standing item at authority or committee meetings.
- 5.99. An example of a simple risk register can be found in Appendix 1 on page 35.
- 5.100. Support for authorities wishing to improve their risk management arrangements, over and above that provided by this guidance, is available through training that may be requested from NALC, SLCC and ADA, or from other training providers. In identifying training needs, parish and town councils may wish to seek the professional input of their insurance provider and refer to various elements of the [National Training Strategy for town and parish councils in England](#).

AGS assertion 6: Internal audit

- 5.101. Section 4 of the Guide sets out the non-statutory 'guidance' referred to in Regulation 5(1) of the Accounts and Audit Regulations 2015, and needs to be taken into account by smaller authorities in undertaking an effective internal audit.
- 5.102. In addition to the information in Section 4, authorities may wish to consider the following list of the key systems and processes they can ask internal audit to review from time to time as part of its work:
- proper book-keeping including the cash book;
 - standing orders and financial regulations;
 - payment controls;
 - income controls;
 - budgetary controls;
 - petty cash procedure;
 - payroll controls;
 - asset control;
 - bank reconciliations;
 - year-end procedures; and
 - risk management arrangements.
- 5.103. This is not an exhaustive list and each authority will need to agree a specific programme of work with its internal audit provider each year.
- 5.104. Authorities should note that it is not part of internal audit's responsibility to review or 'sign off' the completed Annual Governance and Accountability Return. Internal audit report(s) should inform the authority's responses to assertions 2 and 6 in the annual governance statement. Internal audit reports should therefore be made available to support and inform members considering the authority's approval of the annual governance statement.

AGS assertion 7: Reports from auditors

- 5.105. Authorities will receive reports from both their internal and external auditors. An authority should consider the matters included in these reports and decide what action it needs to take to prevent recurrence of the issues raised. The consideration and decisions should be included in formal minutes.
- 5.106. Information regarding internal audit reporting is provided in paragraphs 4.18 to 4.20 of Section 4 of the Guide.
- 5.107. External auditors are required to carry out their work in accordance with the [Code of Audit Practice](#) and supporting guidance issued by the National Audit Office. [Auditor Guidance Note 2](#) (AGN02) provides the specified procedures that auditors follow when undertaking limited assurance engagements at smaller authorities.
- 5.108. The formal terms of engagement between external auditors and authorities are set out in the [Statement of responsibilities of auditors and audited bodies](#) issued by Public Sector Audit Appointments Limited. It summarises where the different responsibilities of auditors and of the authority body begin and end, and what is to be expected of the authority in certain areas.

AGS assertion 8: Significant events

- 5.109. The authority needs to have considered if any events that occurred during the financial year (or after the year-end), have consequences, or potential consequences, on the authority's finances. If any such events are identified, the authority then needs to determine whether the financial consequences need to be reflected in the statement of accounts.
- 5.110. For authorities accounting on a receipts and payments basis, the review of significant events should cover events that occurred during the financial year to ensure that they have been included in the accounting statements where appropriate.
- 5.111. For authorities accounting on an income and expenditure basis, the review of significant events should also cover events that occurred after the financial year-end but before the accounting statements are approved by the authority.

AGS assertion 9: Trust funds (local councils only)

- 5.112. Certain local authorities have powers to be appointed as trustee of local, usually charitable, trusts and fulfil this role as either custodian or managing trustee.
- 5.113. Charitable trusts in England are regulated by the Charity Commission which sets out minimum standards of accounting and audit requirements where these are not covered by the Trust Deed. The Charity Commission also requires annual reporting by registered charities.
- 5.114. Larger authorities meet this requirement via disclosure in the notes to the accounts which are covered by an audit opinion. For smaller bodies preparing an Annual Governance and Accountability Return there are no provisions for notes and so the required disclosure is achieved through a simple disclosure in the Annual Governance and Accountability Return.
- 5.115. If the authority has disclosed that it is a sole managing trustee it must also complete the associated assertion in the annual governance statement. In this way, small bodies meet the legal requirement to disclose each 'account of the body'. Auditors plan work around these disclosures as required.
- 5.116. Authorities should ensure that a separate bank account operates to receive income for each trust to which it is a managing trustee. If, exceptionally, the authority's bank account is used to receive monies intended for the trust or to pay for any expenditure on behalf of a trust (prior to recovery from the trust account), then these transactions, including any VAT, must be included in the Annual Governance and Accountability Return of the authority as being its own expenditure and income during the year and to the extent that they are yet to be recovered or paid over reconciled as debtor and creditor amounts. However, to simplify accounting and ensure separation, a separate bank account should be established for any trust as soon as possible and funds should never or only exceptionally mixed. The reserves of the authority should not include those belonging to any trust.
- 5.117. Meetings of the authority when it is acting as charity trustee must take place separately from those of the authority acting as the authority. Separate minutes must be kept. In order to avoid confusion, trust business should always be minuted separately from authority business. Separate notices and agendas for meetings should be issued.
- 5.118. The clerk should take responsibility for guiding the authority regarding the capacity, either as the authority or as trustees for a charity, in which members are meeting. The chairman should make clear to the meeting, at the outset and throughout, the capacity in which it is meeting, particularly if authority and trust meetings are held one after the other or where confusion around capacity is possible.
- 5.119. The value of trust property must not be shown in the authority's books of account and on the Annual Governance and Accountability Return as authority property. Trust assets held by the authority as custodian or managing trustee should, however, be recorded in the authority's asset register and identified there as 'charity assets held by the authority as trustee' with their value excluded from the total.

Accounting statements

Reporting on an income and expenditure basis

- 5.120. Current rules require authorities where the gross income or expenditure for the year (whichever is the higher) has exceeded the threshold of £200,000 for a period of three continuous years, to report their financial details on an income and expenditure basis, from the third year onwards. Authorities operating below the £200,000 threshold have the option to report either on an income and expenditure basis or on a receipts and payments basis.
- 5.121. The receipts and payments basis requires authorities only to consider their actual bank and cash transactions. The entries for the Annual Governance and Accountability Return will usually be taken straight from the summary totals in the cash book.
- 5.122. For authorities with annual turnovers between £200,000 and £6.5 million the Annual Governance and Accountability Return has to be prepared on an 'income and expenditure' basis. In income and expenditure accounts, the transactions for the year comprise all those instances in the twelve months where the authority has received economic benefits or given others economic benefits (irrespective of the year in which they are paid for).
- 5.123. For example, suppose an authority has its offices re-roofed in March but the builders do not issue an invoice until April and the authority does not settle the bill until May. The cash book will record a bank outgoing in May of the new financial year. However, the authority will have received the benefit of the works before the end of the financial year in March and have an obligation to pay the builders, even though their invoice has not arrived to confirm the exact amount due. In order to show the proper financial position of the authority for the previous financial year, expenditure should be recognised in March.
- 5.124. In contrast, someone might put down a refundable deposit in February on a booking for the hall in June. The cash book would record a cash receipt in February. However, the authority will not be providing any economic benefits to the booker (i.e. use of the hall) until June of the new financial year, and would be unwise to spend the cash receipt until the event takes place. The receipt would not then count as income in the previous financial year and would be treated as a prepayment to be accounted for in the new financial year.
- 5.125. Income and expenditure accounting thus gives a more sophisticated presentation of an authority's true financial position, focusing on the balance of economic benefits that it has under its control, rather than just its bank balance.
- 5.126. Very few authorities will actually maintain their books of account on an income and expenditure basis. The cash book will be the main focus for day-to-day accounting and balancing off and reconciliation to the bank statement, and remains the most important control over the accounting system. Subsidiary records will be kept of the authority's debtors (people who owe the authority) and creditors (people the authority owes) based on invoices, but transactions will be made in the cash book for this activity only when cheques and cash are actually received or payments are made. This means that there will need to be a special exercise at the end of each financial year to convert the receipts and payments record represented by the cash book into the income and expenditure account required by section 2 of the Annual Governance and Accountability Return.
- 5.127. The exercise is a little complicated because care has to be taken to make adjustments for both ends of the financial year. For example, as well as adding in amounts owed at the end of the year that are not in the cash book, payments that are in the cash book but relate to

amounts owed at the end of the previous year have to be taken out. The adjustments required comprise the following:

- **Debtors:** situations where the authority has provided goods or services before the end of the year, but has not yet been paid for them by 31 March. To convert 'receipts' into 'income' take the cash book totals for receipts and deduct the amount of debtors brought into the calculation of income for the previous year and add the amount of debtors outstanding at the end of this year.
- **Receipts in advance:** situations where the authority has received cash before the year end, but has not yet provided the relevant goods and services by 31 March. To convert 'receipts' into 'income' take the cash book totals for receipts and add the amount of receipts in advance excluded from the calculation of income for the previous year and deduct the amount of receipts in advance held at the end of this year.
- **Creditors:** situations where the authority has received goods or services before the end of the year, but has not yet paid for them by 31 March. To convert 'payments' into 'expenditure' take the cash book totals for payments and deduct the amount of creditors brought into the calculation of expenditure for the previous year and add the amount of creditors outstanding at the end of this year.
- **Prepayments:** situations where the authority has paid cash before the year end, but has not yet received the relevant goods or services by 31 March. To convert 'payments' into 'expenditure' take the cash book totals for payments and add the amount of prepayments excluded from the calculation of expenditure for the previous year and deduct the amount of prepayments made at the end of this year.
- **Stock:** consumable goods (for example bar supplies) purchased before the end of the year but which have not been used by 31 March. To adjust for stock in expenditure take the cash book totals for payments and add the amount of stock brought forward as an asset from the previous year and deduct the amount of stock held at the end of this year.
- **Provisions:** any other situation in which the authority has an obligation to make a payment, but it is uncertain when the payment will be due (for example, a claim has been made for compensation against the authority that is likely eventually to result in the authority making recompense). This is only likely to occur in rare circumstances. To adjust for provisions in expenditure take the cash book totals for payments and add the value of any provision that needs to be made for events taking place in this year and deduct the value of any provisions made in previous financial years and brought forward, to this financial year and where payment has been made to settle the obligation and those no longer required.

5.128. Authorities will need to have effective arrangements in place to identify and calculate the adjustments needed. These will include:

- deciding on a level of materiality for adjustments – income and expenditure needs to be shown fairly, but excessive accuracy is not beneficial. For instance, most authorities will have utilities bills that include prepayments for standing charges and payments in arrears for energy consumption that strictly should be adjusted for into their appropriate years. As this is a regular item of expenditure it is not usually worth apportioning individual bills across financial years, but just ensuring that four bills (if payable quarterly) are charged each year;

- making sure that a record is retained of the adjustments that were made in preparing the income and expenditure accounts for the previous financial year;
- examining entries in the cash book before 31 March for possible receipts in advance and prepayments and entries after 31 March for possible debtors and creditors;
- examining invoices after 31 March for possible debtors and creditors; and
- considering whether the authority has any other obligations arising from events that took place before 31 March that mean it will not be able to avoid making a payment at some time after 31 March.

5.129. For authorities reporting on the receipts and payments basis, the amount of VAT charged to customers and the VAT refund made by HMRC will be included in Line 3 (total other receipts); the amount of VAT paid to suppliers and any paid to HMRC will be included in Line 6 (all other payments).

5.130. For authorities reporting on an income and expenditure basis the amounts of VAT collected from customers, paid to suppliers, and payable to, or repayable by, HMRC will be posted to a Creditor Account which will result in a balance due to, or from, HMRC. This balance will be included in Creditors or Debtors as appropriate – i.e. in this case the only value of VAT to be included in the Annual Governance and Accountability Return figures will be any that is to be written off as irrecoverable (usually due to a partial exempt position on VAT).

Accounting for joint arrangements

5.131. Authorities that operate joint committees, boards or other joint arrangements should make sure that the appropriate shares of income, expenditure, assets and liabilities (including any year-end balances) are included within their own accounts. Merely accounting for net contributions to joint arrangements is not acceptable. Such contributions need to be “grossed up” to reflect the actual share of income and expenditure (or receipts and payments if applicable) of the joint arrangements operations. Additionally, the authority’s share of any separately identifiable bank/cash balances at the year end should be included within Line 8, matched (with the necessary reconciliation for specific Debtors, Stock and Creditors) by a share of earmarked reserves in Line 7.

5.132. Separate, published accounting statements for joint arrangements are no longer required under legislation and so the proper practices, supporting information and examples contained in this guide do not apply to joint arrangements.

5.133. Authorities should, however, understand the risks associated with how their share of the assets and liabilities is used by any joint arrangement in which they participate, as well as their share of income and expenditure (or receipts and payments) employed in delivering the service managed by a joint arrangement.

5.134. Joint arrangements are not bodies corporate and may not own assets, hold bank accounts in their own name, have employees or enter into any form of contract.

5.135. All authorities in a joint arrangement need to communicate with one another. If an original formation document cannot be found, the constituent bodies need to make and record proper decisions about how the arrangement is set up and how the income, expenditure, assets and liabilities are owned and accounted for in each participating body’s Annual Governance and Accountability Return.

5.136. Where one authority is officially the accountable authority for the joint arrangement, balances held on behalf of other participants should be accounted for as liabilities at the year end, having been appropriately eliminated from the accountable authority’s reserves.

Total other receipts (Line 3)

- 5.137. Proceeds from the disposal of fixed assets are known as capital receipts and are subject to statutory controls³. Such proceeds cannot be used for revenue purposes and can only be used for capital purposes - that is the purchase of fixed assets, the making of capital grants, or the repayment of long-term loans. Authorities should keep separate records so that they can demonstrate compliance with this requirement. Where the total proceeds from the sale of a fixed asset is below a specified amount, currently £10,000, it is deemed to be *de minimis* and these requirements do not apply.
- 5.138. This does not affect the requirement to include such amounts in Line 3 when they are received, but is necessary to ensure that the authority complies with the appropriate statutory provisions.
- 5.138A. Proper practices in respect of any Community Infrastructure Levy ('CIL') passed to a local council under Regulation 59A of the Community Infrastructure Levy Regulations 2010 and accounting for grants are set out in paragraphs 2.14A and 2.14B respectively. Regulation 62A of the 2010 Regulations sets out special reporting requirements (separate from the Annual Governance and Accountability Return) in respect of CIL receipts and expenditure. In addition the principal authority may (but need not) recover CIL not spent by the local council within five years of receipt. Local councils should therefore keep records of the date and amount of CIL receipts and account for expenditure on a 'first in, first out' basis. CIL and any grants received that are unspent at the year-end should be taken to an earmarked reserve.

Loan interest/capital repayments (Line 5)

- 5.139. Many authorities will not have any borrowings and will not therefore have interest or capital payment transactions. For those that have borrowed from the PWLB, the figure will be the payments made in the year in accordance with the PWLB repayment schedule.
- 5.140. If an authority goes overdrawn at the bank, then any interest or charges paid as a result of the overdraft should be included in this line. Bank charges other than those arising as a result of temporary borrowing should be included in Line 6.

Total value of cash and short-term investments (Line 8)

- 5.141. Short-term investments are defined in paragraph 2.21 of Section 2 of the Guide.
- 5.142. Where an authority holds short-term investments such as deposit or savings accounts, all year-end balances must be reported in detail within the bank reconciliation and be included in the sum of Line 8. Auditors may seek to confirm these account balances from time to time.

Total fixed assets plus long-term investments and assets (Line 9)

Fixed assets

- 5.143. The term fixed assets means property, plant and equipment with a useful life of more than one year used by the authority to deliver its services. Fixed assets are also known as non-current assets.

³ The Local Authorities (Capital Finance and Accounting)(England) Regulations 2003 apply only in relation to local authorities in England so do not apply to IDBs.

- 5.144. Fixed assets acquired in any year should be added to the asset register for management purposes (see paragraphs 5.54 – 5.61 for information about managing fixed assets). For accounting purposes, acquisitions and disposals of fixed assets should be treated as any other purchase or sale and recorded as part of annual payments or receipts, expenditure or income.
- 5.145. Proper practices in Section 2 of the Guide state that the value of the cell at Line 9 is taken from the authority's asset register which is up to date at 31 March and includes all capital acquisition and disposal transactions recorded in the cash-book during the year. A particular method of asset valuation is not specified in proper practices so authorities may use any reasonable approach to be applied consistently from year to year. The method of asset valuation adopted should be set out in a policy approved by the authority and recorded in authority's minutes and in the asset register.
- 5.146. For authorities covered by this Guide, an appropriate and commonly used method of fixed asset valuation for first registration on the asset register is at acquisition cost. This means that in most circumstances once recorded in the asset register, the recorded value of the asset will not change from year to year, unless the asset is materially enhanced. Commercial concepts of depreciation, impairment adjustments, and revaluation are not required or appropriate for this method of asset valuation. For reporting purposes therefore, the original value of fixed assets will usually stay constant throughout their life until disposal.
- 5.147. If for some reason the authority decides that the basis of valuation should be changed, the change must be applied consistently to all relevant classes of fixed assets. In such an event, the value shown in Line 9 for the previous year should also be changed to the new basis and clearly marked as 'RESTATED'. Non-cash movements such as revaluation or depreciation must not be included in lines 3 or 6 of the Annual Governance and Accountability Return. The authority should provide a justification and explanation for the change in the basis of reporting, which should be recorded in the minutes of the authority.

Long-term investments

- 5.148. An authority may also hold assets in the form of long-term investments. Long-term investments are defined in paragraph 2.24 of Section 2 of the Guide. On acquisition, long-term investments should be recorded in the cash book as expenditure and therefore appear as part of the total in Line 6 (all other payments). Any asset created in this way should also be recorded on the asset register at its purchase cost. At year-end the asset will also appear within the sum at Line 9.
- 5.149. Where an authority acquires an investment with a fixed maturity date (for example, a three year savings bond), the investment should be accounted for as expenditure in the year (Line 6) and also as an increase in assets and long-term investment (Line 9) until its maturity. At maturity, the total (gross) proceeds should be recorded as income in Line 3 (total other receipts).
- 5.150. Any transaction costs should be recorded as other expenditure in Line 6. At maturity, the original acquisition value of the investment asset (which will remain unchanged over its term for the purposes of the Annual Governance and Accountability Return) should be removed from the total in Line 9.
- 5.151. Long-term investments should be recorded in the asset and investments register at original cost at acquisition (the purchase price) which for accounting purposes will remain unchanged until disposal. It is recognised that the market value of long-term investments may change over time; therefore, at each year end, the RFO should make a note in the

asset register of the notional market value of each investment as at 31 March to inform readers. However, any real gain or loss compared to purchase cost will only ever be accounted for at the time of disposal when the total proceeds from the investment will be included in Line 3.

- 5.152. Any dividend or interest payments received during the year from investments should be recorded as income and reported in Line 3. Where the authority has made a contract to the effect that any dividends or interest receivable from an investment are 'rolled up' and only paid to the authority on the maturity of the investment (for example, as may be the case with certain fixed-term bonds), the 'rolled up' dividend and/or interest should only be reported in Line 3 if it has actually been received, that is, on the maturity of the investment.
- 5.153. When the authority has incurred expenditure by making a loan, grant or other financial assistance to a third party this transaction should be recorded as an expenditure item in the cash book. Any loan or other repayable amount should be added to the asset and investments register. The outstanding amount of any third party loan at 31 March each year, excluding interest, falls to be reported in the sum of Line 9. Any repayment of a loan or part of it, or any interest received should be recorded as an income item in the cash book when received and reported in Annual Governance and Accountability Return Line 3. This receipt will also be reflected as an increase in Line 7 (balances carried forward). Any repayments of loan principal must also be applied to reduce the amount of the loan outstanding on the asset and investments register.
- 5.154. When an authority receives shares following a de-mutualisation of a building society or similar institution this also creates a long-term asset.

Total borrowings (Line 10)

- 5.155. This figure will be the total amount outstanding at 31 March. If an authority has borrowings, they will usually be in the form of long-term loans from the PWLB. The capital value of instalment finance, including HP or leases which have not been classed as borrowing by MHCLG, should not be included here. The total borrowings at 31 March should be easily calculated by reference to official loan schedules. The total borrowings figure in Line 10 should include the current portion of long-term debt.

Accompanying information

- 5.156. Authorities are required to provide to the external auditor certain supporting documentation for the accounting statements in section 2 of the Annual Governance and Accountability Return (AGAR), where Part 3 of the AGAR is subject to review by the external auditor. These documents are the year-end bank reconciliation and an explanation of significant variances. These are minimum requirements and the auditor may ask for other information which the authority should provide. However, authorities should only send to the auditor the information that has been specifically requested.
- 5.156A. Where an authority meets the criteria and wishes to certify itself exempt from a limited assurance review, it needs to submit a copy of the exemption certificate to the external auditor.

Bank Reconciliation

- 5.157. The most important document to be provided is the bank reconciliation as it confirms the authority's books of account are supported by the bank's records. Because of its importance, the reconciliation should be prepared in sufficient detail so that it is clear what the year-end cash book and bank account balances are, and the nature of the items that

reconcile the difference can be seen. The authority should carry out a separate reconciliation for each bank account operated by the authority although the results may then be summarised. The bank reconciliation should agree to the figure in Line 8 of Section 2 of the Annual Governance and Accountability Return.

- 5.158. See paragraphs 5.21 to 5.26 for more information about bank reconciliations. A standard layout for a financial year-end bank reconciliation can be found at Appendix 1 on page 34.

Explanation of significant variances

- 5.159. The other supporting documentation required to accompany the Annual Governance and Accountability Return is a brief explanation of significant variations from year to year between the figures in Section 2 of the Annual Governance and Accountability Return. 'Significant' is defined as being worthy of attention. A significant variance is one that would be of interest to the authority and to the public when looking at the figures in Section 2 of the Annual Governance and Accountability Return.
- 5.160. The purpose of showing comparative values in financial statements is so that the reader can observe and note any changes in levels of activity from one year to the next. The absence of significant variances from one year to the next implies that the authority has continued to provide expected services at the same level and approximately at the same cost as previously. Readers are therefore drawn to any items which are significantly different or unusual, as representing a possible change in the scope or level or cost of services they have come to expect.
- 5.161. The reason for providing the explanation of significant variances to the external auditor is to support the auditor's review of the figures in Section 2 of the Annual Governance and Accountability Return and to demonstrate the authority's understanding of its accounts and their movements. The auditor will compare the current year's figures to the previous year's figures to identify any differences. Where there are significant differences, the auditor may be concerned that the figures for the current year could be incorrect. Authorities will be able to remove this doubt by providing clear and complete explanations for the differences.
- 5.162. For example, a reasonable expectation may be that staff costs should rise each year only by the level of wage inflation. Thus, if the clerk's remuneration had risen, from £2,500 in the previous year to £2,575 (3 per cent), this could reasonably be assumed to be attributable to a cost of living increase. However, if the remuneration had risen to £2,900, i.e. by 16 per cent, then the authority would need to explain the reason for the increase, to demonstrate that a mistake had not been made in recording staff costs. If the explanation was that the authority had implemented tighter new financial procedures that required the clerk to work more hours a week, this should be set out in a note which can be provided to the auditor.
- 5.163. Any change, or even the absence of change when one might be expected, can be considered as significant and the RFO should be prepared to explain any figure presented in the accounting statements. Generally, changes (either up or down) of 10 to 15 per cent and greater will almost certainly require a formal explanation. If the external auditor states a percentage figure in their letter accompanying the Annual Governance and Accountability Return, authorities should comply with it.
- 5.164. Where the value in Line 7 of Section 2 of the Annual Governance and Accountability Return does not equal the value in Line 8, this difference should be explained. This difference should only occur in cases where the authority's accounts are presented on an income and expenditure basis, and the most common explanation is the effect of debtors and creditors in the authority's statement of balances. It should be possible to provide the auditor with

details of the year-end debtors and creditors showing how the net difference between them is equal to the difference between Lines 7 and 8.

5.165. In deciding what needs to be explained, authorities should think about noting the following:

- one-off items of spending or income from last year and this year;
- regular items of spending and income where the relevant activity (for example the number of hall bookings) has risen or fallen between the two years or where prices have not changed in line with inflation (for example a price freeze on charges for hall rentals);
- items of spending and income that used to be regular but which were made for the last time last year and do not feature in the current year (for example a grant to a sporting association that went out of existence); and
- items of spending and income that were made for the first time in the current year and will be made regularly in future years (for example running expenses for a newly opened one stop shop facility).

5.166. As authorities have no legal powers to hold revenue reserves other than those for reasonable working capital needs, or for specifically earmarked purposes, whenever an authority's year-end general reserve is significantly higher than the annual precept or rates and special levies, an explanation should be provided to the auditor.

Appendix 1: Example documents

Bank reconciliation

A standard layout for financial year-end bank reconciliation might look something like this. The model can be applied for reconciliations carried out at any time of the year.

Bank Reconciliation		Financial year ending 31 March 20XX
Authority Name		
Prepared by _____ (Name and role (Clerk/RFO etc)) Date _____		
Approved by _____ (Name and role (RFO/Chair of Finance etc)) Date _____		
Balance per bank statements as at 31 March 20XX	£	£
eg Current account	1,000.00	
High interest account	3,000.00	
Building society premium a/c	10,000.00	
Petty cash balance	10.00	
		14,010.00
Less: any un-presented cheques at 31 March (normally only current account)		
Cheque number 000154	(60.00)	
000157	(18.00)	
000158	(2.00)	(80.00)
Add any unbanked cash at 31 March		
eg Allotment rents banked 31 March (but not credited until 1 April)	50.00	50.00
Net bank balances as at 31 March 20XX		13,980.00
<i>The net balances reconcile to the Cash Book (receipts and payments account) for the year, as follows</i>		
CASH BOOK		
Opening Balance	15,280.00	
Add: Receipts in the year	6,500.00	
Less: Payments in the year	(7,800.00)	
Closing balance per cash book [receipts and payments book] as at 31 March 20XX (must equal net bank balances above and Section 2, line 8)	13,980.00	

Risk register

A simple risk register might look something like this:

Risk no.	Description (The risk is that...)	Impact (The impact on the authority would be...)	Likelihood score (1-3)	Impact score (1-3)	Risk rating (High, medium, low)	Response (What actions have been taken)
1	Items from the village hall may be damaged or stolen.	The cost of repair and replacement.	2	2	Medium (4)	Security arrangements reviewed and insurance in place.
2						
3						
4						

Appendix 2: JPAG's Terms of Reference

- 1.1 The Joint Panel on Accountability and Governance ('JPAG' or 'the Panel') is established jointly by the National Association of Local Councils ('NALC'), the Society of Local Council Clerks ('SLCC') and the Association of Drainage Authorities ('ADA') for the purpose of preparing, maintaining, developing and issuing from time to time a Practitioners' Guide to proper practices to assist smaller authorities in England to prepare accounting and governance statements in the form of an annual return as set out in legislation, hereinafter referred to as the Annual Governance and Accountability Return.
- 1.2 JPAG's terms of reference are:
 - (i) To support NALC, SLCC and ADA in preparing, maintaining and publishing the Practitioners' Guide.
 - (ii) To keep under review, advise on the need for changes or updates, consult and, following due process, approve changes or updates to the Practitioners' Guide and Annual Governance and Accountability Return (except the auditor's report, which is determined by the NAO).
 - (iii) To support Smaller Authorities Audit Appointments Ltd (SAAA) in producing the Annual Governance and Accountability Return.
- 1.3 The preparation, maintenance and development of the Practitioners' Guide will focus in the main on the requirement for small bodies to meet statutory accounting and reporting requirements laid out in statute. In meeting its terms of reference in 1.2, JPAG will have regard to relevant UK Generally Accepted Accounting Practices ('UKGAAP') as adapted for public sector circumstances.
- 2 DUE PROCESS FOR THE PREPARATION AND MAINTENANCE OF THE PRACTITIONERS' GUIDE
 - 2.1 JPAG shall keep under review the Practitioners' Guide. In particular it shall consider at least annually:
 - Any implications for the Practitioners' Guide brought to its attention by any of the Panel members.
 - Any developments in the public sector that suggest further guidance on accounting and related governance matters at smaller authorities is desirable.
 - 2.2 At the behest of JPAG the Chair shall notify NALC, SLCC and ADA as soon as practicable of proposals to update the Practitioners' Guide and a planned timetable.
 - 2.3 Drafting of the Practitioners' Guide, or any changes to the Practitioners' Guide,

is overseen and approved by JPAG. The process should ensure the participation of representatives of each of the Panel members, external auditors of smaller authorities, relevant government departments and independent outsiders on behalf of the wider public interest as required.

2.4 JPAG may, as circumstances require, establish sub-groups to consider individual issues or tasks. These sub-groups shall conduct their meetings in accordance with terms of reference set by the Panel. The sub-groups may, where necessary, invite appropriately qualified experts to join their sub-group subject to the terms of reference for the sub-group.

2.5 JPAG shall conduct its proceedings in an open way and follow due process:

- Before publishing any Practitioners' Guide, or any significant changes to the Practitioners' Guide, JPAG shall invite comment by means of a published exposure draft and invitation to comment explaining the proposals.
- The period for responses shall be at least six weeks. NALC, SLCC and ADA shall issue the exposure draft and invitation to comment, which may include publication on a relevant website or websites, and publicise the consultation among their practitioners.
- In addition, the Panel shall also inform external auditors of smaller authorities and relevant government departments about the consultation.

2.6 The invitation to comment included with exposure drafts shall state that comments will be regarded as capable of being placed on the public record, unless confidentiality is requested, so that NALC, SLCC and the ADA can publish comments or summaries of comments.

2.7 The Practitioners' Guide is recognised by relevant government departments as the authoritative source for smaller authorities in England on proper practices for accounting and governance and in preparing an annual return. It is intended to be written as a complete single-source document that does not require further interpretation. JPAG is therefore not responsible for reviewing or approving any further guidance or application notes issued by any other body, individual or organisation.

2.8 Within the Practitioners' Guide, JPAG may include additional information and examples that are not proper practices within the meaning set out in statute. Any such content must be clearly identified within separate sections of the Practitioners' Guide.

3 COMPOSITION

3.1 The members of JPAG are:

- the Chair (see section 4 below)
- 1 nomination each from NALC, SLCC and ADA;
- 1 nomination each from MHCLG, DEFRA, the NAO and CIPFA; and
- 1 additional nomination from NAO for a representative of external auditors for smaller authorities.

3.2 One member of the Panel shall be appointed as vice chair.

3.3 The Panel may elect to co-opt up to two further independent members; such co-options to be agreed by the members of the Panel listed at 3.1 by a simple majority vote.

4 CHAIR

4.1 The Chair is selected by JPAG from nominations received from NALC, SLCC and ADA. It is not mandatory for any nominee to be a member of the nominating body and once appointed the Chair shall act independently of any nominating body.

4.2 The appointment is for a fixed term renewable of 3 years with a maximum term of 6 years.

4.3 The Chair is not an office of profit and carries no remuneration.

5 SUPPORT FUNCTIONS

5.1 JPAG will determine, from time to time, the key delegated functions that include, inter alia:

- **JPAG governance and secretarial arrangements:** maintaining Terms of Reference; membership issues including appointments; arranging meeting dates and venues; servicing meetings including preparing and distributing papers, taking minutes and dealing with related correspondence; and maintaining any website.
- **The Practitioners' Guide:** managing and coordinating the revision and update cycle and associated consultations; and arranging for publication by the sector bodies.
- **The Annual Governance and Accountability Return:** SAAA is responsible for designing, managing and coordinating the annual review and producing the Annual Governance and Accountability Return in line with the Practitioners' Guide and the Accounts and Audit Regulations, consulting JPAG members, submitting to JPAG for approval in accordance with paragraph 1.2(ii), arranging and paying for the distribution of the annual governance and accountability return to the audit firms for onward distribution to smaller authorities.
- **Technical support:** Technical queries from practitioners, audit firms and government departments will be, in the first instance, directed to the appropriate body (NALC, SLCC, ADA, NAO, MHCLG or DEFRA). Where the appropriate body is unable to provide a definitive response, it will then refer the matter to the JPAG Chair or a sub-group of JPAG set up for that purpose in accordance with section 2.4 herein. The JPAG Chair or sub-group will keep a record of all issues raised and, where the requirements of the Practitioners' Guide are not explicit, agree on a common recommended approach to be communicated to JPAG members and included in proposals for the next update to proper practices. Where the issue concerns public

inspection rights, the appropriate body will direct any audit queries from the general public to the NAOs Guide to Electors Rights publication (Local authority accounts: a guide to your rights), and, if appropriate, to the SAAA website, which provides contact details for any opted-in smaller authority's independently appointed external auditor. The bodies will refer any accounting queries from the general public to the Practitioners' Guide.

- 5.2 JPAG may reasonably remunerate work for delegated functions, which, if approved by SAAA, will be paid for by SAAA.

6 PANEL APPOINTMENTS

- 6.1 Appointments to JPAG are made by nomination from:

- NALC for the NALC nominee
- SLCC for the SLCC nominee
- ADA for the ADA nominee
- NAO for the NAO nominee and the nominee to represent an external auditor's view
- CIPFA for the CIPFA nominee
- MHCLG for a technical smaller authorities accounting nominee
- DEFRA for a technical smaller authorities/IDBs accounting nominee

and are subject to the governance arrangements of those bodies. All nominations are personal to the individuals concerned – substitutions for particular meetings may only be made with the consent of the Chair which shall not be unreasonably withheld.

- 6.2 The Panel may invite other persons to attend meetings of the Panel or its sub-groups on an ad-hoc (non-voting) basis to advise on specific issues or projects, or as observers.

7 CONDUCT OF MEETINGS

- 7.1 As noted in paragraph 2.5, JPAG shall conduct its proceedings in an open way and follow due process.

- 7.2 Members and observers must not use their position for personal gain in either business, political or social relationships. Therefore a member or observer who has, or may be perceived to have, such a personal interest in a particular matter under consideration should declare that interest and withdraw from all discussions relating to it. In addition, members should take no part in any vote on such a matter.

- 7.3 Each meeting of JPAG shall allow its members and observers the opportunity to declare any interest that is relevant to the issues discussed at the meeting.

- 7.4 The minutes of the JPAG meeting shall be agreed by the Panel members as soon as possible after the meeting, and may be published by agreement of the

Panel.

8 PANEL MEETING FREQUENCY AND AGENDAS

- 8.1 JPAG will meet as required but as a minimum twice per year. Meetings are scheduled in advance but may be changed by agreement. Additional meetings may be held by agreement. Meetings may be arranged to be held virtually by consensus.
- 8.2 Work between meetings is progressed through delegated functions, agreement by electronic communication, meetings of groups progressing specific items, and in consultation with the Chair.

9 QUORUM

- 9.1 A quorum for meetings is five members and must include a member from two of the three NALC, SLCC and/or ADA organisations. A quorum may include members attending by telephone or video conference.
- 9.2 Non-quorate meetings may discuss and formally note matters for future report to the next meeting of the Panel, but have no executive authority. Urgent decisions, at the Chair's discretion, should be dealt with by correspondence with members.

10 PERFORMANCE REVIEW

- 10.1 JPAG will review its activities and shall hold an annual discussion at a meeting of the Panel to evaluate its performance for the preceding 12 months.

11 REVIEW OF THE TERMS OF REFERENCE

- 11.1 JPAG may review and update these terms of reference from time to time as it deems necessary.

Stone

Town Council



Terms of Reference

Committees & Sub-Committees

April 2018

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1 GENERAL PURPOSES COMMITTEE

PURPOSE

- 1.1 The purpose of the General Purposes Committee is to consider policy issues in relation to, and to scrutinise the operation of, all aspects of Council work which can be legally delegated by the Council.

MEMBERSHIP AND APPOINTMENT

- 1.2 The Committee shall consist of the whole membership of the Town Council, unless otherwise determined by the Council. These members shall be appointed by the Council in May to serve until the following May's Council meeting. Appointments to fill any casual vacancies that may arise during the year shall be made by the Council in accordance with the above principles.

CHAIRMAN AND VICE CHAIRMAN

- 1.3 The Chairman and Vice-Chairman shall be appointed by the Council in May to serve until the following May's Council meeting. Appointments to fill any casual vacancies that may arise in these posts during the year shall be made by the Council in accordance with the above. If neither the Chairman nor the Vice-Chairman are able to preside at a meeting of the Committee, the members of the Committee present shall elect a temporary Chairman for the duration of the meeting.

QUORUM

- 1.4 No business shall be dealt with unless at least six Councillor members of the Committee are present. If there is no quorum, all items for which the Committee would be inquorate shall be deferred until the next meeting of the Committee.

ATTENDANCE BY COUNCILLORS WHO ARE NOT MEMBERS OF THE COMMITTEE

- 1.5 Any member of the Council who is not a member of the Committee may attend the meeting and may speak on any item, with the permission of the Chairman in advance of the meeting. Such a member may not make or second any proposals or amendments, and may not vote.
- 1.6 The requirements of the Council's Code of Conduct will apply to all Councillors present at the meeting, whether members of the Committee or not.

ATTENDANCE BY THE GENERAL PUBLIC

- 1.7 Meetings will normally be open to the public unless there is a specific resolution of the Committee to consider an item of business in private.

FREQUENCY OF MEETINGS

- 1.8 Meetings will normally be held on dates determined by the General Purposes Committee. Where changes are required to these dates, this shall be determined by the Committee. If such a decision needs to be made outside a meeting, it shall be determined by the Town Clerk following consultation with the Chairman whenever possible.

AGENDA AND PROCEEDINGS

- 1.9 The agenda shall be drawn up and circulated by the Town Clerk. The provisions of the Council's Standing Orders for Business shall apply to meetings of the Committee.

REPORTING

- 1.10 Decisions of the Committee shall have the status of resolutions, which shall be binding on the Council providing that the item can be legally delegated by the Council. Where an item cannot be legally delegated, decisions shall have the status of recommendations to the full Council.

FUNCTIONS

- 1.11 To consider policy issues in relation to, and to scrutinise the operation of, all aspects of Council work which can be legally delegated by the Council.
- 1.12 To appoint chairmen, vice-chairmen and members to sub-committees.
- 1.13 To appoint Council representatives to outside bodies.
- 1.14 To distribute the Council's grants budget.
- 1.15 To recommend the annual budget and precept to the Council.

RELATIONSHIP WITH OTHER COMMITTEES AND SUB-COMMITTEES

- 1.16 The General Purposes Committee shall consider and approve, as appropriate, the minutes of each of its Sub-Committees in accordance with Standing Orders.
- 1.17 The General Purposes Committee minutes shall be considered and approved, as appropriate, by the full Council in accordance with Standing Orders.
- 1.18 If a difference of opinion develops between its Sub-Committees, the General Purposes Committee shall determine how the matter will be resolved.
- 1.19 If a difference of opinion develops between Committees, the Council shall determine how the matter will be resolved.

2 PLANNING COMMITTEE

PURPOSE

- 2.1 The purpose of the Planning Committee is to consider planning applications within the Town Council area and make comments to Stafford Borough appropriately, and to consider policy issues in relation to planning applications.

MEMBERSHIP AND APPOINTMENT

- 2.2 The Committee shall consist of the whole membership of the Town Council, unless otherwise determined by the Council. These members shall be appointed by the Council in May to serve until the following May's Council meeting. Appointments to fill any casual vacancies that may arise during the year shall be made by the Council in accordance with the above principles.

CHAIRMAN AND VICE CHAIRMAN

- 2.3 The Chairman and Vice-Chairman shall be appointed by the Council in May to serve until the following May's Council meeting. Appointments to fill any casual vacancies that may arise in these posts during the year shall be made by the Council in accordance with the above. If neither the Chairman nor the Vice-Chairman are able to preside at a meeting of the Committee, the members of the Committee present shall elect a temporary Chairman for the duration of the meeting.

QUORUM

- 2.4 No business shall be dealt with unless at least six Councillor members of the Committee are present. If there is no quorum, all items for which the Committee would be inquorate shall be deferred until the next meeting of the Committee.

ATTENDANCE BY COUNCILLORS WHO ARE NOT MEMBERS OF THE COMMITTEE

- 2.5 Any member of the Council who is not a member of the Committee may attend the meeting and may speak on any item, with the permission of the Chairman in advance of the meeting. Such a member may not make or second any proposals or amendments, and may not vote.
- 2.6 The requirements of the Council's Code of Conduct will apply to all Councillors present at the meeting, whether members of the Committee or not.

ATTENDANCE BY THE GENERAL PUBLIC

- 2.7 Meetings will normally be open to the public unless there is a specific resolution of the Committee to consider an item of business in private.

FREQUENCY OF MEETINGS

- 2.8 Meetings will normally be held on dates determined by the General Purposes Committee. Where changes are required to these dates, this shall be determined by the Committee. If such a decision needs to be made outside a meeting, it shall be determined by the Town Clerk following consultation with the Chairman whenever possible.

AGENDA AND PROCEEDINGS

- 2.9 The agenda shall be drawn up and circulated by the Town Clerk. The provisions of the Council's Standing Orders for Business shall apply to meetings of the Committee.

REPORTING

- 2.10 Decisions of the Committee shall have the status of resolutions, which shall be binding on the Council providing that the item can be legally delegated by the Council. Where an item cannot be legally delegated, decisions shall have the status of recommendations to the full Council.

FUNCTIONS

- 2.11 To consider planning applications within the Town Council area and make comments to Stafford Borough appropriately.
- 2.12 To consider policy issues in relation to planning applications.

RELATIONSHIP WITH OTHER COMMITTEES AND SUB-COMMITTEES

- 2.13 The Planning Committee minutes shall be considered and approved, as appropriate, by the full Council in accordance with Standing Orders.
- 2.14 If a difference of opinion develops between Committees, the Council shall determine how the matter will be resolved.

3 ENVIRONMENT SUB-COMMITTEE

PURPOSE

- 3.1 The purpose of the Environment Sub-Committee is to consider policy issues in relation to, and to scrutinise the operation of, environmental services provided by the Town Council and to make recommendations to the General Purposes Committee accordingly.

MEMBERSHIP AND APPOINTMENT

- 3.2 The Sub-Committee shall consist of seven members drawn from the membership of the Town Council. These members shall be appointed by the General Purposes Committee in May to serve until the following May's meeting of that Committee. Appointments to fill any casual vacancies that may arise during the year shall be made by the General Purposes Committee in accordance with the above principles.
- 3.3 The Town Mayor and Chairman of the General Purposes Committee shall be ex-officio members of the Sub-Committee.
- 3.4 The Sub-Committee may make recommendations to the General Purposes Committee for the co-option of non-Councillor members to the Sub-Committee due to the particular expertise they are able to offer.

CHAIRMAN AND VICE CHAIRMAN

- 3.5 The Chairman and Vice-Chairman shall be appointed by the General Purposes Committee in May to serve until the following May's meeting of that Committee. Appointments to fill any casual vacancies that may arise in these posts during the year shall be made by the General Purposes Committee in accordance with the above principles. If neither the Chairman nor the Vice-Chairman are able to preside at a meeting of the Sub-Committee, the members of the Sub-Committee present shall elect a temporary Chairman for the duration of the meeting.

QUORUM

- 3.6 No business shall be dealt with unless at least three Councillor members of the Sub-Committee are present. If there is no quorum, all items for which the Sub-Committee would be inquorate shall be deferred until the next meeting of the Sub-Committee.

ATTENDANCE BY COUNCILLORS WHO ARE NOT MEMBERS OF THE SUB-COMMITTEE

- 3.7 Any member of the Council who is not a member of the Sub-Committee may attend the meeting and may speak on any item, with the permission of the Chairman in

advance of the meeting. Such a member may not make or second any proposals or amendments, and may not vote.

- 3.8 The requirements of the Council's Code of Conduct will apply to all Councillors present at the meeting, whether members of the Sub-Committee or not.

ATTENDANCE BY THE GENERAL PUBLIC

- 3.9 Meetings will normally be open to the public unless there is a specific resolution of the Sub-Committee to consider an item of business in private.

FREQUENCY OF MEETINGS

- 3.10 Meetings will normally be held on dates determined by the General Purposes Committee. Where changes are required to these dates, this shall be determined by the Sub-Committee. If such a decision needs to be made outside a meeting, it shall be determined by the Town Clerk following consultation with the Chairman whenever possible.

AGENDA AND PROCEEDINGS

- 3.11 The agenda shall be drawn up and circulated by the Town Clerk. The provisions of the Council's Standing Orders for Business shall apply to meetings of the Sub-Committee.

REPORTING

- 3.12 Decisions of the Sub-Committee shall have the status of recommendations to the General Purposes Committee. From time to time items may be specifically referred to the Sub-Committee together with delegated powers to act. In this latter case, the decisions of the Sub-Committee shall be binding on the Council.

FUNCTIONS

- 3.13 To consider matters of policy related to environmental services provided by the Town Council. Whilst the scope of these services is likely to change from time to time, at the date of approval of these terms of reference this consisted of:
- a. The Crown Meadow
 - b. Grounds Maintenance
 - c. Allotments
- 3.14 To scrutinise the operation of the above services.
- 3.15 To recommend to the General Purposes Committee the budget required for the ongoing provision of the services under its purview, and to make recommendations for improvements or reductions in services as required to meet the needs of the Council.

- 3.16 To recommend to the General Purposes Committee, as part of the annual budget process, any budgeted items within its responsibility that it would specifically wish to consider and approve before spending is incurred.

RELATIONSHIP WITH OTHER SUB-COMMITTEES

- 3.17 Whilst the Sub-Committee is responsible for recommending policy related to the provision of environmental services, it should be noted that policy issues related to management, staffing and finance fall under the purview of the Management Sub-Committee, even where they relate to an environmental asset or service.
- 3.18 If a difference of opinion develops between Sub-Committees, the General Purposes Committee shall determine how the matter will be resolved.

4 ESTATES SUB-COMMITTEE

PURPOSE

- 4.1 The purpose of the Estates Sub-Committee is to consider policy issues in relation to, and to scrutinise the operation of, the physical building and infrastructure assets provided by the Town Council and to make recommendations to the General Purposes Committee accordingly.

MEMBERSHIP AND APPOINTMENT

- 4.2 The Sub-Committee shall consist of seven members drawn from the membership of the Town Council. These members shall be appointed by the General Purposes Committee in May to serve until the following May's meeting of that Committee. Appointments to fill any casual vacancies that may arise during the year shall be made by the General Purposes Committee in accordance with the above principles.
- 4.3 The Town Mayor and Chairman of the General Purposes Committee shall be ex-officio members of the Sub-Committee.
- 4.4 The Sub-Committee may make recommendations to the General Purposes Committee for the co-option of non-Councillor members to the Sub-Committee due to the particular expertise they are able to offer.

CHAIRMAN AND VICE CHAIRMAN

- 4.5 The Chairman and Vice-Chairman shall be appointed by the General Purposes Committee in May to serve until the following May's meeting of that Committee. Appointments to fill any casual vacancies that may arise in these posts during the year shall be made by the General Purposes Committee in accordance with the above principles. If neither the Chairman nor the Vice-Chairman are able to preside at a meeting of the Sub-Committee, the members of the Sub-Committee present shall elect a temporary Chairman for the duration of the meeting.

QUORUM

- 4.6 No business shall be dealt with unless at least three Councillor members of the Sub-Committee are present. If there is no quorum, all items for which the Sub-Committee would be inquorate shall be deferred until the next meeting of the Sub-Committee.

ATTENDANCE BY COUNCILLORS WHO ARE NOT MEMBERS OF THE SUB-COMMITTEE

- 4.7 Any member of the Council who is not a member of the Sub-Committee may attend the meeting and may speak on any item, with the permission of the Chairman in

advance of the meeting. Such a member may not make or second any proposals or amendments, and may not vote.

- 4.8 The requirements of the Council's Code of Conduct will apply to all Councillors present at the meeting, whether members of the Sub-Committee or not.

ATTENDANCE BY THE GENERAL PUBLIC

- 4.9 Meetings will normally be open to the public unless there is a specific resolution of the Sub-Committee to consider an item of business in private.

FREQUENCY OF MEETINGS

- 4.10 Meetings will normally be held on dates determined by the General Purposes Committee. Where changes are required to these dates, this shall be determined by the Sub-Committee. If such a decision needs to be made outside a meeting, it shall be determined by the Town Clerk following consultation with the Chairman whenever possible.

AGENDA AND PROCEEDINGS

- 4.11 The agenda shall be drawn up and circulated by the Town Clerk. The provisions of the Council's Standing Orders for Business shall apply to meetings of the Sub-Committee.

REPORTING

- 4.12 Decisions of the Sub-Committee shall have the status of recommendations to the General Purposes Committee. From time to time items may be specifically referred to the Sub-Committee together with delegated powers to act. In this latter case, the decisions of the Sub-Committee shall be binding on the Council.

FUNCTIONS

- 4.13 To consider matters of policy related to the physical building and infrastructure assets provided by the Town Council. Whilst the scope of these services is likely to change from time to time, at the date of approval of these terms of reference this consisted of:
- a. The Frank Jordan Centre
 - b. Stone Station Community Centre
 - c. The Town Market
 - d. Car Parking
 - e. Bus Shelters and Street Furniture
 - f. The Provision of Dog and Litter Bins
- 4.14 To scrutinise the operation of the above services.

- 4.15 To recommend to the General Purposes Committee the budget required for the ongoing provision of the services under its purview, and to make recommendations for improvements or reductions in services as required to meet the needs of the Council.
- 4.16 To recommend to the General Purposes Committee, as part of the annual budget process, any budgeted items within its responsibility that it would specifically wish to consider and approve before spending is incurred.

RELATIONSHIP WITH OTHER SUB-COMMITTEES

- 4.17 Whilst the Sub-Committee is responsible for recommending policy related to the provision of the Council's physical building and infrastructure assets, it should be noted that policy issues related to management, staffing and finance fall under the purview of the Management Sub-Committee, even where they relate to an asset providing services to the public.
- 4.18 If a difference of opinion develops between Sub-Committees, the General Purposes Committee shall determine how the matter will be resolved.

5 MANAGEMENT SUB-COMMITTEE

PURPOSE

- 5.1 The purpose of the Management Sub-Committee is to consider policy issues in relation to, and to scrutinise the operation of, the Council's management, staffing and finance, and to make recommendations to the General Purposes Committee accordingly.

MEMBERSHIP AND APPOINTMENT

- 5.2 The Sub-Committee shall consist of seven members drawn from the membership of the Town Council and having regard to the political make-up of the Council. These members shall be appointed by the General Purposes Committee in May to serve until the following May's meeting of that Committee. Appointments to fill any casual vacancies that may arise during the year shall be made by the General Purposes Committee in accordance with the above principles.
- 5.3 The Town Mayor and Chairman of the General Purposes Committee shall be ex-officio members of the Sub-Committee.
- 5.4 The Sub-Committee may make recommendations to the General Purposes Committee for the co-option of non-Councillor members to the Sub-Committee due to the particular expertise they are able to offer.

CHAIRMAN AND VICE CHAIRMAN

- 5.5 The Chairman and Vice-Chairman shall be appointed by the General Purposes Committee in May to serve until the following May's meeting of that Committee. Appointments to fill any casual vacancies that may arise in these posts during the year shall be made by the General Purposes Committee in accordance with the above principles. If neither the Chairman nor the Vice-Chairman are able to preside at a meeting of the Sub-Committee, the members of the Sub-Committee present shall elect a temporary Chairman for the duration of the meeting.

QUORUM

- 5.6 No business shall be dealt with unless at least three Councillor members of the Sub-Committee are present. If there is no quorum, all items for which the Sub-Committee would be inquorate shall be deferred until the next meeting of the Sub-Committee.

ATTENDANCE BY COUNCILLORS WHO ARE NOT MEMBERS OF THE COMMITTEE

- 5.7 Any member of the Council who is not a member of the Sub-Committee may attend the meeting and may speak on any item, with the permission of the Chairman in

advance of the meeting. Such a member may not make or second any proposals or amendments, and may not vote.

- 5.8 The requirements of the Council's Code of Conduct will apply to all Councillors present at the meeting, whether members of the Sub-Committee or not.

ATTENDANCE BY THE GENERAL PUBLIC

- 5.9 Meetings will normally be open to the public unless there is a specific resolution of the Sub-Committee to consider an item of business in private.

FREQUENCY OF MEETINGS

- 5.10 Meetings will normally be held on dates determined by the General Purposes Committee. Where changes are required to these dates, this shall be determined by the Sub-Committee. If such a decision needs to be made outside a meeting, it shall be determined by the Town Clerk following consultation with the Chairman whenever possible.

AGENDA AND PROCEEDINGS

- 5.11 The agenda shall be drawn up and circulated by the Town Clerk. The provisions of the Council's Standing Orders for Business shall apply to meetings of the Sub-Committee.

REPORTING

- 5.12 Decisions of the Sub-Committee shall have the status of recommendations to the General Purposes Committee. From time to time items may be specifically referred to the Sub-Committee together with delegated powers to act. In this latter case, the decisions of the Sub-Committee shall be binding on the Council.

FUNCTIONS

- 5.13 To consider matters of policy related to the Council's management, staffing and finance.
- 5.14 To scrutinise these areas of operation.
- 5.15 To recommend to the General Purposes Committee the budget required for the ongoing provision of the services under its purview, and to make recommendations for improvements or reductions in services as required to meet the needs of the Council.
- 5.16 To recommend to the General Purposes Committee, as part of the annual budget process, any budgeted items within its responsibility that it would specifically wish to consider and approve before spending is incurred.

RELATIONSHIP WITH OTHER SUB-COMMITTEES

- 5.17 Whilst the other Council Sub-Committees are responsible for recommending policy related to the provision of Council services to the public, it should be noted that policy issues related to management, staffing and finance fall under the purview of this Sub-Committee, even where they relate to a service or asset under the purview of another Sub-Committee.
- 5.18 If a difference of opinion develops between Sub-Committees, the General Purposes Committee shall determine how the matter will be resolved.

6 TOURISM AND TOWN PROMOTION SUB-COMMITTEE

PURPOSE

- 6.1 The purpose of the Tourism & Town Promotion Sub-Committee is to consider policy issues in relation to, and to scrutinise the operation of, tourism and town promotion services provided by the Town Council and to make recommendations to the General Purposes Committee accordingly.

MEMBERSHIP AND APPOINTMENT

- 6.2 The Sub-Committee shall consist of seven members drawn from the membership of the Town Council. These members shall be appointed by the General Purposes Committee in May to serve until the following May's meeting of that Committee. Appointments to fill any casual vacancies that may arise during the year shall be made by the General Purposes Committee in accordance with the above principles.
- 6.3 The Town Mayor and Chairman of the General Purposes Committee shall be ex-officio members of the Sub-Committee.
- 6.4 The Sub-Committee may make recommendations to the General Purposes Committee for the co-option of non-Councillor members to the Sub-Committee due to the particular expertise they are able to offer.

CHAIRMAN AND VICE CHAIRMAN

- 6.5 The Chairman and Vice-Chairman shall be appointed by the General Purposes Committee in May to serve until the following May's meeting of that Committee. Appointments to fill any casual vacancies that may arise in these posts during the year shall be made by the General Purposes Committee in accordance with the above principles. If neither the Chairman nor the Vice-Chairman are able to preside at a meeting of the Sub-Committee, the members of the Sub-Committee present shall elect a temporary Chairman for the duration of the meeting.

QUORUM

- 6.6 No business shall be dealt with unless at least three Councillor members of the Sub-Committee are present. If there is no quorum, all items for which the Sub-Committee would be inquorate shall be deferred until the next meeting of the Sub-Committee.

ATTENDANCE BY COUNCILLORS WHO ARE NOT MEMBERS OF THE SUB-COMMITTEE

- 6.7 Any member of the Council who is not a member of the Sub-Committee may attend the meeting and may speak on any item, with the permission of the Chairman in

advance of the meeting. Such a member may not make or second any proposals or amendments, and may not vote.

- 6.8 The requirements of the Council's Code of Conduct will apply to all Councillors present at the meeting, whether members of the Sub-Committee or not.

ATTENDANCE BY THE GENERAL PUBLIC

- 6.9 Meetings will normally be open to the public unless there is a specific resolution of the Sub-Committee to consider an item of business in private.

FREQUENCY OF MEETINGS

- 6.10 Meetings will normally be held on dates determined by the General Purposes Committee. Where changes are required to these dates, this shall be determined by the Sub-Committee. If such a decision needs to be made outside a meeting, it shall be determined by the Town Clerk following consultation with the Chairman whenever possible.

AGENDA AND PROCEEDINGS

- 6.11 The agenda shall be drawn up and circulated by the Town Clerk. The provisions of the Council's Standing Orders for Business shall apply to meetings of the Sub-Committee.

REPORTING

- 6.12 Decisions of the Sub-Committee shall have the status of recommendations to the General Purposes Committee. From time to time items may be specifically referred to the Sub-Committee together with delegated powers to act. In this latter case, the decisions of the Sub-Committee shall be binding on the Council.

FUNCTIONS

- 6.13 To consider matters of policy related to tourism and town promotion services provided by the Town Council. Whilst the scope of these services is likely to change from time to time, at the date of approval of these terms of reference this consisted of:
- a. Christmas Lights
 - b. Tourism
 - c. Town Promotion
- 6.14 To scrutinise the operation of the above services.
- 6.15 To recommend to the General Purposes Committee the budget required for the ongoing provision of the services under its purview, and to make recommendations

for improvements or reductions in services as required to meet the needs of the Council.

- 6.16 To recommend to the General Purposes Committee, as part of the annual budget process, any budgeted items within its responsibility that it would specifically wish to consider and approve before spending is incurred.

RELATIONSHIP WITH OTHER SUB-COMMITTEES

- 6.17 Whilst the Sub-Committee is responsible for recommending policy related to the provision of tourism and town promotion services, it should be noted that policy issues related to management, staffing and finance fall under the purview of the Management Sub-Committee, even where they relate to a tourism and town promotion service.
- 6.18 If a difference of opinion develops between Sub-Committees, the General Purposes Committee shall determine how the matter will be resolved.

7 MAYOR'S CHARITY SUB-COMMITTEE

PURPOSE

- 7.1 The purpose of the Mayor's Charity Sub-Committee is to support the Town Mayor in determining appropriate charities, raising funds and distributing those funds to the chosen charities.

MEMBERSHIP AND APPOINTMENT

- 7.2 The Sub-Committee shall consist of seven members drawn from the membership of the Town Council. The Town Mayor, Deputy Town Mayor, and Town Mayor for the previous year will automatically be members of the Sub-Committee, taking up three of the seven places.
- 7.3 In the event that the previous Town Mayor is no longer a member of the Council they will not be a member of the Sub-Committee, but shall be invited to attend and take part in discussions related to the distribution of funds raised during their term of office. They will not be able to vote.
- 7.4 The balance of the Sub-Committee's members shall be appointed by the General Purposes Committee in May to serve until the following May's meeting of that Committee. Appointments to fill any casual vacancies that may arise during the year shall be made by the General Purposes Committee in accordance with the above principles.
- 7.5 For the period between the appointment of the Mayor Elect in April and the Town Mayor in May, the Mayor Elect will become an eighth member of the Sub-Committee, unless they are already a member.
- 7.6 The Chairman of the General Purposes Committee shall be an ex-officio member of the Sub-Committee.
- 7.7 The Sub-Committee may make recommendations to the General Purposes Committee for the co-option of non-Councillor members to the Sub-Committee due to the particular expertise they are able to offer.

CHAIRMAN AND VICE CHAIRMAN

- 7.8 The Sub-Committee shall be chaired by the Town Mayor. The Deputy Mayor shall be the Vice-Chairman. If neither the Chairman nor the Vice-Chairman are able to preside at a meeting of the Sub-Committee, the members of the Sub-Committee present shall elect a temporary Chairman.

QUORUM

- 7.9 No business shall be dealt with unless at least three Councillor members of the Sub-Committee are present. If there is no quorum, all items for which the Sub-

Committee would be inquorate shall be deferred until the next meeting of the Sub-Committee.

- 7.10 No meeting should be held without the Town Mayor present, however it is accepted that there may be times when the Town Mayor will need to declare an interest on an individual agenda item and this is reflected in these quorum arrangements.

ATTENDANCE BY COUNCILLORS WHO ARE NOT MEMBERS OF THE SUB-COMMITTEE

- 7.11 Any member of the Council who is not a member of the Sub-Committee may attend the meeting and may speak on any item, with the permission of the Chairman in advance of the meeting. Such a member may not make or second any proposals or amendments, and may not vote.
- 7.12 The requirements of the Council's Code of Conduct will apply to all Councillors present at the meeting, whether members of the Sub-Committee or not.

ATTENDANCE BY THE GENERAL PUBLIC

- 7.13 Meetings will normally be open to the public unless there is a specific resolution of the Sub-Committee to consider an item of business in private.

FREQUENCY OF MEETINGS

- 7.14 There shall be a minimum of two meetings per year, to determine the incoming Town Mayor's charities for the year and to determine the distribution of funds raised during the Mayor's term of office. Other meetings will be called at times to be agreed between the Town Mayor and the Town Clerk.

AGENDA AND PROCEEDINGS

- 7.15 The agenda shall be drawn up and circulated by the Town Clerk. The provisions of the Council's Standing Orders for Business shall apply to meetings of the Sub-Committee.

REPORTING

- 7.16 The minutes of the Sub-Committee shall be reported to the General Purposes Committee.
- 7.17 The Sub-Committee shall have full delegated authority to undertake the functions listed below, providing that there is no financial or other impact on the Council outside the use of funds already accumulated by the Mayor's Charity Fund.
- 7.18 In this latter case, approval shall be required from the General Purposes Committee.

FUNCTIONS

7.19 To determine:

- a. The charities to be supported by the Town Mayor during their term of office.
- b. The events to be held to raise funds for those charities.
- c. The distribution of funds to the supported charities.

RELATIONSHIP WITH OTHER SUB-COMMITTEES

7.20 The responsibilities of this Sub-Committee are unlikely to overlap with those of other Sub-Committees.

7.21 If a difference of opinion develops between Sub-Committees, the General Purposes Committee shall determine how the matter will be resolved.

8 NEIGHBOURHOOD PLAN STEERING GROUP

PURPOSE

- 8.1 The purpose of the Neighbourhood Plan Steering Group is to oversee the preparation of the Council's Neighbourhood Plan, and to make recommendations to the General Purposes Committee accordingly.

MEMBERSHIP AND APPOINTMENT

- 8.2 The Steering Group shall consist of up to ten members drawn from the membership of the Town Council and up to five non-Councillor members. These members shall be appointed by the General Purposes Committee in May to serve until the following May's meeting of that Committee. Appointments to fill any casual vacancies that may arise during the year shall be made by the General Purposes Committee in accordance with the above principles.
- 8.3 The Town Mayor and Chairman of the General Purposes Committee shall be ex-officio members of the Steering Group.

CHAIRMAN AND VICE CHAIRMAN

- 8.4 The Chairman and Vice-Chairman shall be appointed by the General Purposes Committee in May to serve until the following May's meeting of that Committee. Appointments to fill any casual vacancies that may arise in these posts during the year shall be made by the General Purposes Committee in accordance with the above principles. If neither the Chairman nor the Vice-Chairman are able to preside at a meeting of the Steering Group, the members of the Steering Group present shall elect a temporary Chairman for the duration of the meeting.

QUORUM

- 8.5 No business shall be dealt with unless at least five members of the Steering Group are present, at least three of which shall be Councillor members. If there is no quorum, all items for which the Steering Group would be inquorate shall be deferred until the next meeting of the Steering Group.

ATTENDANCE BY COUNCILLORS WHO ARE NOT MEMBERS OF THE STEERING GROUP

- 8.6 Any member of the Council who is not a member of the Steering Group may attend the meeting and may speak on any item, with the permission of the Chairman in advance of the meeting. Such a member may not make or second any proposals or amendments, and may not vote.

- 8.7 The requirements of the Council's Code of Conduct will apply to all Councillors and non-Councillor members present at the meeting, whether members of the Steering Group or not.

ATTENDANCE BY THE GENERAL PUBLIC

- 8.8 Meetings will not be open to the public.

FREQUENCY OF MEETINGS

- 8.9 Meetings will normally be held on dates determined by the Steering Group. Where changes are required to these dates, this shall be determined by the Steering Group. If a decision on a meeting date needs to be made outside a meeting, it shall be determined by the Town Clerk following consultation with the Chairman whenever possible.

AGENDA AND PROCEEDINGS

- 8.10 The agenda, if any, shall be drawn up and circulated by the Town Clerk. The provisions of the Council's Standing Orders for Business shall apply to meetings of the Sub-Committee.

REPORTING

- 8.11 Decisions of the Steering Group shall have the status of recommendations to the General Purposes Committee.

FUNCTIONS

- 8.12 To oversee the preparation of the Council's Neighbourhood Plan, and to make recommendations to the General Purposes Committee accordingly.
- 8.13 To recommend to the General Purposes Committee the budget required for the ongoing provision of the Neighbourhood Plan.

RELATIONSHIP WITH COUNCIL SUB-COMMITTEES

- 8.14 Whilst the Steering Group is responsible for overseeing the preparation of the Council's Neighbourhood Plan, it should be noted that policy issues related to management, staffing and finance fall under the purview of the Management Sub-Committee, even where they relate to the Neighbourhood Plan.
- 8.15 If a difference of opinion develops between this Steering Group and any Council Sub-Committee, the General Purposes Committee shall determine how the matter will be resolved.



Ministry of Housing,
Communities &
Local Government

National Planning Policy Framework

Consultation proposals



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Ministry of Housing, Communities and Local Government
Fry Building
2 Marsham Street
London
SW1P 4DF
Telephone: 030 3444 0000

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Scope of the consultation

Topic of this consultation:	<p>This consultation seeks views on the draft text of the National Planning Policy Framework. The text has been revised to implement policy changes previously consulted on through:</p> <ul style="list-style-type: none"> • National Planning Policy: consultation on proposed changes (December 2015) available at: https://www.gov.uk/government/consultations/national-planning-policy-consultation-on-proposed-changes • the housing White Paper (February 2017) available at: https://www.gov.uk/government/publications/fixing-our-broken-housing-market • Planning and Affordable Housing for Build to Rent – a consultation paper (February 2017) available at: https://www.gov.uk/government/consultations/planning-and-affordable-housing-for-build-to-rent • Planning for the right homes in the right places: consultation proposals (September 2017) available at: https://www.gov.uk/government/consultations/planning-for-the-right-homes-in-the-right-places-consultation-proposals <p>This consultation also seeks views on further changes to planning policy including those announced at Budget 2017.</p>
Scope of this consultation:	The Ministry of Housing, Communities and Local Government is consulting on the draft text of the National Planning Policy Framework. It also seeks views on new policy proposals. In responding to this consultation we would appreciate comments on any potential impacts under the Public Sector Equality Duty.
Geographical scope:	These proposals relate to England only.

Basic Information

To:	This consultation is open to everyone. We are keen to hear from a wide range of interested parties from across the public and private sectors, as well as from the general public.
Body/bodies responsible for the consultation:	Ministry of Housing, Communities and Local Government

Duration:	This consultation will begin on Monday 5 March 2018 and will close at 23.45 on Thursday 10 May 2018.
Enquiries:	For any enquiries about the consultation please contact: planningpolicyconsultation@communities.gsi.gov.uk
How to respond:	<p>Consultation responses should be submitted by online survey: https://www.surveymonkey.co.uk/r/NPPFconsultation</p> <p>We strongly encourage responses via the online survey, particularly from organisations with access to online facilities such as local authorities, representative bodies and businesses. Consultations on planning policy receive a high level of interest across many sectors. Using the online survey greatly assists our analysis of the responses, enabling more efficient and effective consideration of the issues raised for each question.</p> <p>We have listened to concerns about the use of online surveys in the past and have made a number of adjustments ahead of this consultation. The online survey will allow respondents to: select the sections they wish to answer, without having to go through the whole survey; save and return to the survey later; and submit additional information or evidence to support their response to this consultation.</p> <p>Further advice on how to use these new features is available on the home page of the online survey.</p> <p>Should you be unable to respond online we ask that you complete the pro forma found at the end of this document. Additional information or evidence can be provided in addition to your completed pro forma.</p> <p>In these instances you can email your pro forma to: planningpolicyconsultation@communities.gsi.gov.uk</p> <p>Or send to:</p> <p>Planning Policy Consultation Team Ministry of Housing, Communities and Local Government 3rd floor, South East Fry Building 2 Marsham Street LONDON SW1P 4DF</p>

Introduction

This country does not have enough homes. For decades the number of new homes has not kept pace with rising demand. That has created a market that fails to work for far too many families, resulting in soaring prices and rising rents. The Government is clear that the country needs radical, lasting reform that will allow more homes to be built.

The housing White Paper [Fixing our broken housing market](#) set out a comprehensive strategy to tackle these failures. This comprised planning for the right homes in the right places, building homes faster, diversifying the market and helping people now. Further detail on a number of these reforms was set out in [Planning for the right homes in the right places](#) in September 2017.

[Budget 2017](#) built on this strategy to put us on track to reach 300,000 net additional homes a year. It included additional proposals to change planning policy and legislation to bring forward more land in the right places, invest in infrastructure (including investment from the Housing Infrastructure Fund as announced on 1 February) and a more active Homes England to diversify the market. This includes the manifesto commitment to capture increases in land value and reinvest that in local infrastructure, essential services and further housing.

The Government is announcing further progress on turning this strategy into reality, comprising:

- A draft new National Planning Policy Framework (the Framework), building on the first Framework published in 2012 that consolidated around 1,000 pages of planning policy into a single document;
- Draft updates to national planning guidance which, when finalised, will form part of the Government's online [Planning Practice Guidance](#);
- Proposals for reforming developer contributions, to be delivered through regulations; and
- Associated papers, including the Government's response to the consultations on the housing White Paper and *Planning for the right homes in the right places*.

The draft new Framework implements the Government's reforms to planning policy. Subject to this consultation, the Government intends to publish a final Framework before the summer. In developing the draft Framework the Government has incorporated:

- proposals from the previous consultations listed at the start of this document, taking into account the views raised in response to them;
- changes to planning policy implemented through Written Ministerial Statements since publication of the first Framework in 2012 (Annex A);

- the effect of caselaw on the interpretation of planning policy since 2012; and
- improvements to the text to increase coherence and reduce duplication.

The Government is ambitious about reforming housing and planning policy so that it is as effective as possible in improving the supply of homes. Therefore this consultation includes a number of further changes to policy, beyond those consulted on previously, to help ensure that more land is brought forward for development and that permissions are turned into homes as soon as possible.

The Government is also considering what further planning reforms could support this objective. These would be subject to the outcomes of Sir Oliver Letwin's review of build out and future consultation, and include:

- a new permitted development right for upwards extensions; and
- more effective ways of bringing agricultural land forward for housing.

The Government welcomes comments on the ways in which the draft Framework implements changes to planning policy on which the Government has previously consulted, and on the merits of the new policy proposals that it includes. It now challenges developers, local authorities, communities, councillors and professionals to work together to ensure that great developments in line with the Framework are brought forward and to enable more people to meet their aspiration for a home of their own.

Summary of proposals

The Framework was first introduced in 2012. It brought together around 1,000 pages of planning policy and guidance into a single document. Critically, and in line with the Government's housing ambitions, it established a 'presumption in favour of sustainable development'.

This revised Framework:

- makes a number of structural changes, in particular dividing the document into clear chapters;
- incorporates policy proposals on which the Government has previously consulted; and
- incorporates additional proposals on which this document is consulting.

However there is much continuity – the presumption in favour of sustainable development remains at the heart of the Framework, and more text has remained the same than changed. Its length, in terms of the number of words, has been reduced.

The sections below outline the main changes proposed to the Framework. This document does not cover minor changes, such as updated references or movements of paragraphs to improve the flow of the text.

Chapter 1 Introduction

The revised text reflects these previous announcements or consultation proposals:

Paragraph 6 clarifies that endorsed recommendations of the National Infrastructure Commission may be material when preparing plans or determining applications.

Q1 Do you have any comments on the text of Chapter 1?

Chapter 2 Achieving sustainable development

The revised text reflects these previous announcements or consultation proposals:

The wording of the presumption in favour of sustainable development (paragraph 11) has been reordered to reflect the way that plan and decision-making are approached in practice. The draft text also sets out an expectation for objectively assessed needs to be

accommodated unless there are strong reasons not to, including any unmet needs from neighbouring areas.

The current Framework includes examples of policies which provide a specific reason for restricting development. This is proposed to be changed to a defined list, which is set out at footnote 7 and includes Ancient Woodland and aged or veteran trees. This approach does not preclude other policies being used to limit development where the presumption applies, if the adverse impacts of granting permission would significantly and demonstrably outweigh the benefits.

The revised text also proposes these policy changes:

Paragraphs 8-10 have been amended to clarify the role of the three high-level objectives for planning, and explain more clearly how these relate to the presumption in favour of sustainable development.

Additional changes to the presumption in favour of sustainable development clarify that the policies which provide a specific reason for refusing development (at footnote 7) relate to areas or assets of particular importance identified elsewhere in the Framework. The decision-making part of the presumption has also been changed to provide greater clarity, so that it refers to circumstances where “there are no relevant development plan policies, or the policies most important to determining the application are out of date”; and to “refusing” rather than “restricting” development. These changes are intended to improve the application of the presumption, by addressing aspects that have been subject to litigation about their scope or meaning.

Q2 Do you agree with the changes to the sustainable development objectives and the presumption in favour of sustainable development?

Paragraph 14 is based on the Written Ministerial Statement of 12 December 2016, to provide additional certainty for neighbourhood plans in certain circumstances, including where there is substantial under-delivery of housing. It protects certain plans in circumstances where the adverse impacts of allowing development that conflicts with a neighbourhood plan are likely to significantly and demonstrably outweigh the benefits. This revised wording is considered to be more effective than setting out the ‘weight’ that should be given to plans in particular circumstances.

It is proposed that the ‘core planning principles’ section in the existing Framework is deleted, to remove duplication with other chapters, and ensure that important policy messages are aligned with relevant topic chapters to maximise their effectiveness. The content of the core principles has been retained, and been moved to the most appropriate parts of the revised Framework.

- Q3** Do you agree that the core principles section should be deleted, given its content has been retained and moved to other appropriate parts of the Framework?
- Q4** Do you have any other comments on the text of Chapter 2, including the approach to providing additional certainty for neighbourhood plans in some circumstances?

Chapter 3 Plan-making

The revised text reflects these previous announcements or consultation proposals:

The housing White Paper proposed a number of changes to plan-making policy, which build on the changes in law introduced through the Neighbourhood Planning Act 2017. These are reflected in the plan making chapter as follows:

- a) a new plan-making framework which defines strategic priorities and allows authorities to plan for these in the most appropriate way;
- b) amendments to the tests for a 'sound' plan, to make clear that it should set out 'an' appropriate strategy rather than 'the most appropriate strategy' (to avoid the need for disproportionate work to demonstrate that a strategy is optimal);
- c) enabling spatial development strategies to allocate sites if there is unanimous agreement;
- d) the new requirement for authorities to review plan policies every five years following the date of adoption, with updates, if necessary, to reflect changing circumstances;
- e) tightening the evidence which is expected in respect of both local and strategic policies to support a 'sound' plan, to allow for a more proportionate approach; and
- f) introducing the expectation that plans should use digital tools to assist consultation and presentation of policies.

The *Planning for the right homes in the right places* consultation also proposed changes that are reflected in the chapter. These are:

- a) setting out that to meet the test of soundness authorities (including Mayors and combined authorities with plan-making powers), when preparing plans, will need to prepare and maintain a statement of common ground, as evidence (where appropriate) of the statutory duty to cooperate;
- b) changing the 'effective' and 'positively prepared' soundness test so that these more clearly encourage agreements and joint working; and
- c) a new approach to viability, through which plans are expected to be clear about the contributions expected in association with development. This will help ensure that requirements on developments set through plan policies are deliverable, more

transparent and provide more certainty about what will be expected at the decision-making stage.

Paragraph 23 reflects changes to the Town and Country Planning (Local Planning) (England) Regulations 2012 which come into force on 6 April 2018, requiring local planning authorities to review their local plans every five years from adoption. Under the Neighbourhood Planning Act 2017, local planning authorities must consider whether to revise the document following such a review, and publish their reasons if they decide not to do so.

The revised text also proposes these policy changes:

Paragraph 21 expects strategic policies to be distinguished clearly in plans, to allow clear scope for local policies to be formulated.

Further changes are also proposed to the tests of 'soundness', to:

- a) ensure a consistent approach to examination, by extending their application to all strategic and local plans, so that policies in a spatial development strategy are assessed against the same criteria as strategic policies in a local plan;
- b) amend the 'positively prepared' soundness test to emphasise the role of plans in meeting objectively assessed needs for housing;
- c) strengthen the 'effective' soundness test to emphasise effective joint working, as evidenced by the Statement of Common Ground which enables authorities to record where agreements have and have not been reached; and
- d) make clear that the tests will be applied proportionately to local policies according to the extent to which they accord with strategic policies.

Q5 Do you agree with the further changes proposed to the tests of soundness, and to the other changes of policy in this chapter that have not already been consulted on?

Q6 Do you have any other comments on the text of Chapter 3?

Chapter 4 Decision-making

The revised text reflects these previous announcements or consultation proposals:

Paragraph 58 takes forward the reforms to viability assessment proposed in the *Planning for the right homes in the right places* consultation. The policy makes clear that where a proposed development accords with all relevant policies in the plan there is no need for a viability assessment to accompany the planning application. This should speed up the decision making process by reducing scope for delay caused by negotiation of developer

contributions. The policy also expects all viability assessments to reflect the Government's recommended approach which is set out in draft revised national planning guidance published alongside the Framework.

Q7 The revised draft Framework expects all viability assessments to be made publicly available. Are there any circumstances where this would be problematic?

In support of the revised Framework, draft national planning guidance says that plans should define circumstances in which viability assessment is carried out at the decision making stage. The guidance gives some illustrative examples of circumstances which plan makers could identify as requiring viability assessment at the decision making stage.

Q8 Would it be helpful for national planning guidance to go further and set out the circumstances in which viability assessment to accompany planning applications would be acceptable?

The guidance says plans can set out when and how review mechanisms may be used to amend developer contributions to help account for significant changes in costs and values and provide certainty through economic cycles. Plans can set out how review mechanisms will be used to identify any significant increase in the overall value that occurs over the lifetime of a large or multi-phased development, and how that increase in value will be apportioned between the local authority and the developer to provide more certainty for delivering supporting infrastructure.

Q9 What would be the benefits of going further and mandating the use of review mechanisms to capture increases in the value of a large or multi-phased development?

The revised text also proposes these policy changes:

An additional reference to non-statutory and statutory consultees has been included in paragraph 41 to highlight their role and encourage local planning authorities to refer applicants to them for pre-application advice where appropriate. Similarly, text on the need for discussions about infrastructure and affordable housing at the pre application stage has been added to paragraph 42 to encourage early engagement on these issues.

Changes at paragraph 45 reflect the fact that the local information requirements do not apply to applications for permission in principle, and that the local list of information requirements applicable to applications made on or after 31 July 2013 must have been published (or republished) during the two years before the application is made.

Changes at paragraph 46 have been made to more accurately reflect the requirements of the Seveso Directive.

New paragraphs 48 to 51 set out the weight that may be given to policies in emerging plans (previously in Annex 1), and puts into policy the approach to ‘prematurity’ previously contained in national planning guidance.

Q10 Do you have any comments on the text of Chapter 4?

Chapter 5 Delivering a wide choice of high quality homes

The revised text reflects these previous announcements or consultation proposals:

This chapter implements a number of proposals from the previous housing White Paper and *Planning for the right homes in the right places* consultations.

Paragraph 61 introduces a new standard method for the calculation of local housing need. The details of the standard method are set out in draft revised national planning guidance published alongside the Framework.

Paragraph 62 makes clear that there should be clear policies for addressing the housing requirements of groups with particular needs. Students and travellers have been added to the list, as have people who rent their homes to reflect the outcomes of the *Planning and Affordable Housing for Build to Rent* consultation in February 2017.

Paragraphs 63-64 reflect the Written Ministerial Statement of 28 November 2014 on affordable housing contributions.

Paragraph 65 implements the housing White Paper proposal that at least 10% of homes on major sites should be available for affordable home ownership, with certain exemptions.

Paragraphs 66-67 introduce an expectation that local authorities should provide a housing requirement figure for designated neighbourhood areas.

Paragraphs 69-70 take forward the housing White Paper proposals to encourage greater use of small sites, to help diversify opportunities for builders and increase the number of schemes that can be built-out quickly. Following Budget 2017 the draft text proposes that local planning authorities should ensure that at least 20% of the sites allocated for housing in their plans are of half a hectare or less. However we remain open to views as to whether this is the most appropriate threshold for ensuring a good supply of small sites while not slowing plan production, or whether a broader approach should be taken (which could include measures to promote more medium sized sites as well). Therefore we are interested in whether:

- a) the proportion of allocations should relate to the number of sites allocated as currently proposed, the number of sites identified in these and other ways (such as through brownfield registers), or the overall number of homes to be provided for;
- b) the most appropriate size threshold to ensure that a suitable mix of small and medium sized sites comes forward; and
- c) the most appropriate percentages to apply.

Q11 What are your views on the most appropriate combination of policy requirements to ensure that a suitable proportion of land for homes comes forward as small or medium sized sites?

Paragraphs 74(c), 75 and 77 set out the policy consequences of the new Housing Delivery Test. Footnote 29 proposes that from 2020, the presumption in favour of sustainable development will apply where delivery is below 75% of the authority's housing requirement. The proposed threshold of 75% was announced at Budget 2017. The local government finance settlement technical consultation in September 2017 on New Homes Bonus revision, set out that the Government intends to go further in 2019-20. This could include linking payment of the bonus to the housing delivery test or the standard approach to local housing need. We would consult on any further changes to the bonus before proposed implementation in 2019-20.

Q12 Do you agree with the application of the presumption in favour of sustainable development where delivery is below 75% of the housing required from 2020?

Paragraph 76 takes forward the housing White Paper proposal that the 5 year land supply position should be capable of being agreed for a one year period. The policy proposes that this should be demonstrated either through a recently adopted plan, or through a subsequent annual position statement. The minimum 10% buffer required in order for local authorities to take advantage of this policy is set out in paragraph 74(b).

Paragraph 78 provides that authorities should consider imposing a planning condition to bring forward development within two years, except where a shorter timescale could hinder the viability or deliverability of a scheme. It also encourages local planning authorities to consider why major sites have not been built out when considering subsequent planning applications.

The revised text also proposes these policy changes:

Paragraph 72 reflects the announcement at Budget 2017 that the Government would consult on allowing the development of exception sites to provide entry-level homes suitable for first-time buyers, where a local need is identified.

Q13 Do you agree with the new policy on exception sites for entry-level homes?

Q14 Do you have any other comments on the text of Chapter 5?

Chapter 6 Building a strong, competitive economy

The revised text incorporates these new policy proposals:

Paragraphs 82-83 make more explicit the importance of supporting business growth and improved productivity, in a way that links to key aspects of the Government's Industrial Strategy.

The rural economy section in the existing Framework has been brought within this chapter, with new policy at paragraph 85 on the potential need for planning policies and decisions to accommodate sites for local business and community needs outside existing settlements, in ways which minimise the impact of such sites and exploits opportunities to make such locations more sustainable. This approach reflects the fact that the availability of sites to accommodate appropriate development in rural areas may be limited, particularly within existing settlements.

Q15 Do you agree with the policy changes on supporting business growth and productivity, including the approach to accommodating local business and community needs in rural areas?

Q16 Do you have any other comments on the text of chapter 6?

Chapter 7 Ensuring the vitality of town centres

The revised text incorporates these new policy proposals:

Paragraph 86d clarifies that in allocating sites to meet the need for town centre uses, policies should look at least ten years ahead (though not necessarily over the full plan period, if longer, given uncertainty in forecasting long-term retail trends). It also provides that town centre boundaries should be kept under review so that identified needs for town centre uses can be accommodated, recognising that it is difficult for retail forecasts to look beyond ten years. Where town centres are in decline, the text (at paragraph 86g) has been expanded to provide a clearer policy approach.

Changes have also been made to policy on planning applications for town centre uses. Paragraph 87 amends the 'sequential approach' to planning applications, so that out of centre sites should be considered only if suitable town centre or edge of centre sites are

unavailable or not expected to become available within a reasonable period. This addition makes clear that suitable town centre or edge of centre sites do not have to be available immediately, in order to avoid prejudicing town centre or edge of centre sites that are in the pipeline but not available straight away.

Paragraph 90 removes the expectation that office developments outside town centres are subject to an impact assessment, where the development is over a certain floorspace threshold. This change has been made as the Government considers that the approach to offices is covered sufficiently by the sequential approach, and is aware that there is no generally accepted or used method for assessing office impacts.

Q17 Do you agree with the policy changes on planning for identified retail needs and considering planning applications for town centre uses?

Q18 Do you have any other comments on the text of Chapter 7?

Chapter 8 Promoting healthy and safe communities

The revised text reflects these previous announcements or consultation proposals:

Paragraph 94 reflects the housing White Paper proposal that policies and decisions should consider the social and economic benefits of estate regeneration, and that authorities should use their planning powers to help deliver estate regeneration to a high standard.

The revised text also proposes these policy changes:

Paragraph 92 gives additional recognition to the role that planning can play in promoting social interaction and healthy lifestyles. Paragraph 96 introduces new policy on the ways in which planning policies and decisions can help to counter malicious or natural threats, especially in crowded places and should take into account wider defence and security requirements.

Q19 Do you have any comments on the new policies in Chapter 8 that have not already been consulted on?

Q20 Do you have any other comments the text of Chapter 8?

Chapter 9 Promoting sustainable transport

The revised text reflects these previous announcements or consultation proposals:

Paragraph 103b reflects the housing White Paper proposal that authorities should be expected to identify additional development opportunities arising from strategic infrastructure investment.

Paragraph 107 incorporates the Written Ministerial Statement of 25 March 2015 on parking standards.

The revised text also proposes these policy changes:

This chapter has been substantially revised to improve its structure. As part of this, a new introduction explains the variety of ways in which transport should be considered as part of the planning process, so that transport issues are recognised and addressed as fully as possible.

Paragraph 105f sets out new policy to recognise the importance of maintaining a national network of general aviation facilities.

Policy on assessing the transport impact of proposals (now at paragraphs 108-110) has been amended to refer to highway safety as well as capacity and congestion in order to make it clear that we expect that designs should prioritise pedestrian and cycle movements, followed by access to high quality public transport (so far as possible) as well as to reflect the importance of creating well-designed places.

Q21 Do you agree with the changes to the transport chapter that point to the way that all aspects of transport should be considered, both in planning for transport and assessing transport impacts?

Q22 Do you agree with the policy change that recognises the importance of general aviation facilities?

Q23 Do you have any other comments on the text of Chapter 9?

Chapter 10 Supporting high quality communications

The revised text reflects these previous announcements or consultation proposals:

Paragraph 112 indicates that plan policies should set out expectations in relation to the delivery of high quality digital infrastructure, which provides access to services from a range of providers. This reflects Government's support for the further expansion of electronic communications networks, including next generation mobile technology and full fibre broadband connections, and the role that planning can play in this alongside other regulatory frameworks.

Q24 Do you have any comments on the text of Chapter 10?

Chapter 11 Making effective use of land

The revised text reflects these previous announcements or consultation proposals:

This chapter combines existing policy with a number of proposals from the housing White Paper or and previous consultations. The housing White Paper proposals include:

- a) expecting plans to have a clear strategy for using land (paragraph 117);
- b) making more intensive use of existing land and buildings (paragraph 118d-e);
- c) avoiding building homes at low densities in areas of high demand, and pursuing higher-density housing in accessible locations, while reflecting the character and infrastructure capacity of each area (paragraph 123); and
- d) taking a flexible approach to policies or guidance that could inhibit making effective use of a site – although the proposed policy now refers specifically to daylight and sunlight issues, as these are considered to be the most relevant consideration in this context (paragraph 123c).

The text also reflects the White Paper proposal to give great weight to the value of using suitable brownfield land within settlements for homes (paragraph 118c) – although to give further emphasis this has been amended to substantial weight – and reflects the Written Ministerial Statement of 5 February 2018 on building upwards (paragraph 118e).

The revised text also proposes these policy changes:

Budget 2017 set out a number of additional proposals to make more land available for housing, especially in areas of high demand, a number of which are reflected in this chapter. These changes include:

- a) making more effective use of empty space above shops – with the proposed policy widening this to refer to other situations where under-utilised land and buildings could be used more effectively (paragraph 118d);
- b) reallocating land where there is no reasonable prospect of an application coming forward for the allocated use – with the proposed policy also setting out how alternative uses should be considered ahead of a plan review taking place (paragraph 120);
- c) making it easier to convert retail and employment land to housing where this would be a more effective use (paragraph 121); and
- d) expecting minimum density standards to be used in town and city centres and around transport hubs – the proposed policy (paragraph 123a) applying this principle to areas where there is a shortage of land for meeting identified development needs, extending the principle to town centres, and indicating that standards should seek a significant uplift in prevailing densities, unless this would be inappropriate. Paragraph 123b also proposes that minimum densities should be considered in other parts of the plan area.

Building on these changes, paragraph 123c also proposes that local planning authorities should refuse applications which they consider fail to make effective use of land, in areas where there is an existing or anticipated shortage of land for meeting identified housing needs.

Q25 Do you agree with the proposed approaches to under-utilised land, reallocating land for other uses and making it easier to convert land which is in existing use?

Q26 Do you agree with the proposed approach to employing minimum density standards where there is a shortage of land for meeting identified housing needs?

Q27 Do you have any other comments on the text of Chapter 11?

Chapter 12 Achieving well-designed places

The revised text reflects these previous announcements or consultation proposals:

Paragraphs 124-125 reflect the White Paper proposals that plans should, at the most appropriate level, set out a clear design vision and expectations, supported by visual tools such as design guides and codes. The revised text also reflects the White Paper proposal that widely accepted assessment frameworks such as Building for Life should form part of the 'toolkit' used by authorities in assessing design (paragraph 128).

Additional emphasis has been placed on the importance of pre-application discussions in securing good design (paragraph 127). The text also implements the White Paper

proposal that design should not be used as a reason to object to development where the scheme complies with local policies (paragraph 129).

The revised text also proposes these policy changes:

As a consequence of the above, the text at paragraph 130 has been revised to make clear that “outstanding or innovative designs” should not be given great weight where they are in conflict with local design policies, or would not be sensitive to their surroundings.

Policy on advertisements has been shortened; the text from the existing Framework which has been deleted will be moved to guidance.

Q28 Do you have any comments on the changes of policy in Chapter 12 that have not already been consulted on?

Q29 Do you have any other comments on the text of Chapter 12?

Chapter 13 Protecting the Green Belt

The revised text reflects these previous announcements or consultation proposals:

The Framework maintains the strong protections of the Green Belt and retains a high bar before Green Belt land may be released. Paragraphs 136-137 implement the housing White Paper proposals that certain criteria should be satisfied before ‘exceptional circumstances’ are used to change Green Belt boundaries, and that where Green Belt is released first consideration should be given to land which has been previously-developed or which is well-served by public transport.

The housing White Paper also proposed a number of other changes to Green Belt policy that are reflected in the chapter – to:

- a) make clear that neighbourhood plans may amend detailed Green Belt boundaries, once the need for a Green Belt change has been demonstrated (paragraph 135);
- b) expect policies to set out how the impact of removing land from the Green Belt can be offset (paragraph 137); and
- c) provide that facilities for existing cemeteries, and development brought forward under a Neighbourhood Development Order, should not be regarded as ‘inappropriate development’ (paragraphs 144b and 145f).

The revised text also proposes these policy changes:

Paragraph 144g reflects the proposal in the December 2015 consultation to allow brownfield land in the Green Belt to be used for affordable housing, where there is no substantial harm to openness. The proposal broadens the previous proposal to allow brownfield land in the Green Belt to be used for Starter Homes so that, subject to Green Belt protections, all residential developments that contribute to meeting an identified local affordable housing need can use brownfield land, allowing local planning authorities to use this land more flexibly in response to local circumstances.

Current policy allows buildings in the Green Belt in association with uses such as outdoor sport and cemeteries, but does not allow material changes in the use of land for such purposes, even if there would be no harm to openness. To allow a more consistent approach, paragraph 145e provides that material changes of use that preserve openness are not inappropriate development in the Green Belt. In addition, paragraphs 144b and 144f make clear that facilities for burial grounds and allotments, and rural exception sites, are not inappropriate development.

Q30 Do you agree with the proposed changes to enable greater use of brownfield land for housing in the Green Belt, and to provide for the other forms of development that are 'not inappropriate' in the Green Belt?

Q31 Do you have any other comments on the text of Chapter 13?

Chapter 14 Meeting the challenge of climate change, flooding and coastal change

The revised text reflects these previous announcements or consultation proposals:

This chapter carries forward a number of housing White Paper proposals – to:

- a) refer to the risk of overheating from rising temperatures and makes clear that planning policies should support measures to ensure the future resilience of communities and infrastructure to climate change (paragraph 148);
- b) incorporate the Written Ministerial Statement of 18 June 2015 on wind energy development (paragraph 153b and its accompanying footnote);
- c) clarify that plans should have regard to the cumulative impacts of flood risk, rather than just to or from individual development sites (paragraph 155); and
- d) clarify policy on the exception test that may need to be applied when considering development in locations at risk of flooding (paragraphs 158-162).

Paragraph 149b reflects that local planning authorities are tied to national technical standards, and there is limited scope to extend local ambition. The Clean Growth Strategy sets out the Government's plans for consulting on energy performance standards in Building Regulations later this year. Local authorities can play an important role in improving the energy performance of buildings, in line with the ambitions of the Clean Growth Strategy, and this will be considered further as the Government develops its consultation proposals.

A new paragraph (163) has been added to incorporate the Written Ministerial Statement of 18 December 2014 on sustainable drainage systems (SuDS) in major developments.

Q32 Do you have any comments on the text of Chapter 14?

Q33 Does paragraph 149b need any further amendment to reflect the ambitions in the Clean Growth Strategy to reduce emissions from buildings?

Chapter 15 Conserving and enhancing the natural environment

The revised text reflects these previous announcements or consultation proposals:

Paragraph 180 implements the housing White Paper proposal, and [the announcement made on 18 January 2018](#), to clarify that the 'agent of change' (or applicant) should be responsible for mitigating the impact on their scheme of potential nuisance arising from existing development, such as live music venues and church bells.

The revised text also proposes these policy changes:

This chapter has been updated to align with the 25 Year Environment Plan. It includes additional policy on strengthening existing networks of habitats (paragraph 169) and taking air quality fully into account (paragraph 180), clarifies that development within National Parks and Areas of Outstanding Natural Beauty should be limited (paragraph 170); and also clarifies the implications for policy on areas defined as Heritage Coast (paragraph 171).

Paragraph 173c of the revised Framework strengthens protection for ancient woodland and other irreplaceable habitats, by making clear that development resulting in their loss or deterioration should be wholly exceptional, and maintains a high level of protection for individual aged or veteran trees found outside these areas. This policy strikes a balance between protecting these important natural assets, while allowing development to proceed in the very limited circumstances where it would have significant public benefits, but we

welcome views on this during the consultation period. In particular, we are interested in views on how best to protect aged and veteran trees without preventing those important development schemes which are in the public interest.

Q34 Do you agree with the approach to clarifying and strengthening protection for areas of particular environmental importance in the context of the 25 Year Environment Plan and national infrastructure requirements, including the level of protection for ancient woodland and aged or veteran trees?

Q35 Do you have any other comments on the text of Chapter 15?

Chapter 16 Conserving and enhancing the historic environment

The revised text proposes this change:

Paragraph 182 has been revised to clarify that World Heritage Sites are recognised internationally for their Outstanding Universal Value and that this forms part of their significance and should be taken into account.

Paragraph 189 has been revised to clarify that when considering the impact of a proposed development on a designated heritage asset, decision-makers should give great weight to the asset's conservation irrespective of whether the potential harm to its significance amounts to 'less than substantial harm' or 'substantial harm or total loss' of significance .

Q36 Do you have any comments on the text of Chapter 16?

Chapter 17 Facilitating the sustainable use of minerals

The revised text proposes these policy changes:

This chapter has been shortened slightly, the intention being to incorporate the deleted text in guidance. Additional text on on-shore oil and gas development is included at paragraph 204, which builds on the Written Ministerial Statement of 16 September 2015 to provide clear policy on the issues to be taken into account in planning for and making decisions on this form of development.

As planning for minerals is the responsibility of minerals planning authorities, the Government is interested in views on whether the revised planning policy for minerals that we are consulting on would sit better in a separate document, alongside the Government's

planning policy for waste. In addition, we would welcome views on whether the use of national and sub-national guidelines on future aggregates provision remains a relevant approach in establishing the supply of aggregates to be planned for locally.

- Q37** Do you have any comments on the changes of policy in Chapter 17, or on any other aspects of the text of this chapter?
- Q38** Do you think that planning policy on minerals would be better contained in a separate document?
- Q39** Do you have any views on the utility of national and sub-national guidelines on future aggregates provision?

Transitional arrangements and consequential changes

The revised text proposes these policy changes:

From the date of publication of the current Framework, it provided that full weight should be given to plan policies adopted prior to the Framework being published and coming into effect, even when there was a limited degree of conflict with the Framework. We do not propose to repeat this particular transitional arrangement for the revised Framework, as we do not consider that the extent of the revisions to national policy justify it.

Transitional arrangements are also proposed which will apply the previous Framework to the examining of plans which are submitted on or before the date which is six months after the date of the publication of the new Framework.

We do not propose to take forward transitional arrangements for the amended 'positively prepared' and 'effective' soundness tests, nor for the introduction of statements of common ground. Although transitional arrangements were consulted on in the *Planning for the right homes in the right places* consultation, the introduction of the statement of common ground as a way of evidencing joint working and the duty to cooperate is not a significant change in practice, and so we do not consider that it requires a transitional period.

The housing White Paper set out transitional arrangements for the application of the presumption in favour of sustainable development as applied through the consequences of the Housing Delivery Test. These step the application from delivery of less than 25% of the housing requirement in 2018 and 45% in 2019. From 2020 it will be introduced from 75%, as announced at Budget 2017.

To reflect the policy on neighbourhood plans set out in the Written Ministerial Statement of 12 December 2016, neighbourhood plans which are more than two years old will also be covered by the policy at paragraph 14 of the revised Framework until 12 December 2018.

Q40 Do you agree with the proposed transitional arrangements?

The National Planning Policy Framework needs to be read in conjunction with the Planning Policy for Traveller Sites and the Planning Policy for Waste. The Government is considering whether any consequential changes should be made to these documents as a result of the proposed changes to the Framework set out in this document.

Q41 Do you think that any changes should be made to the Planning Policy for Traveller Sites as a result of the proposed changes to the Framework set out in this document? If so, what changes should be made?

Q42 Do you think that any changes should be made to the Planning Policy for Waste as a result of the proposed changes to the Framework set out in this document? If so, what changes should be made?

Glossary

The glossary has been amended to reflect changes throughout the Framework.

Q43 Do you have any comments on the glossary?

Going further

The Government is clear that we need to get more homes built. Budget 2017 set out an ambition to put England on track to deliver 300,000 new homes a year. The package set out in the housing White Paper, including the policies we are implementing through the revised Framework, goes a long way to achieving this. But more needs to be done. The Government is considering what further planning reforms could support this ambition.

The use of permitted development rights to create new homes has played a vital part in increasing housing delivery in recent years. Since April 2015, permitted development rights have created over 30,000 new homes through changes of use from offices, agricultural, retail and other buildings. The Government is interested in finding more solutions to making the most of the spaces we have in delivering the homes we need in the right places.

The Written Ministerial Statement of 5 February 2018 made clear that planning policies and decisions should allow the use of airspace above existing residential and commercial premises to create new homes. This approach makes sure that we are using the space we have available efficiently and reduces the need to build out. The Government is exploring what opportunities there are to further support this approach through a new permitted development right for upwards extensions for new homes where existing buildings are lower than the prevailing roofline. This would be subject to engagement with neighbours. A future consultation will seek views on where best this permitted development right should be applied.

The revised Framework recognises the importance of making the most of existing spaces, making clear that plans should seek more intensive use of existing land and buildings and include minimum density standards in town and city centres and around transport hubs. The Government does however recognise that there are locations where meeting needs through more effective use of urban land will not be possible, and in these instances there will be a need to find extra land to deliver the homes needed locally. Where this is the case the Government wants to ensure that these developments deliver the right homes and that the value generated by releasing land is supported by local infrastructure and communities. To this end, the Government is exploring wider measures to support farm diversification and housing in the rural economy.

The Government will continue to explore options for reforming developer contributions. Further information is set out in the separate consultation document, *Supporting housing delivery through developer contributions*.

About this consultation

This consultation document and consultation process have been planned to adhere to the Consultation Principles issued by the Cabinet Office.

Representative groups are asked to give a summary of the people and organisations they represent, and where relevant who else they have consulted in reaching their conclusions when they respond.

Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 1998 (DPA) and the Environmental Information Regulations 2004).

If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Ministry.

The Ministry of Housing, Communities and Local Government will process your personal data in accordance with DPA and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties.

Individual responses will not be acknowledged unless specifically requested.

Your opinions are valuable to us. Thank you for taking the time to read this document and respond.

Are you satisfied that this consultation has followed the Consultation Principles? If not or you have any other observations about how we can improve the process please contact us via the [complaints procedure](#).

Annex A: Written ministerial statements

The draft Framework reflects the changes to planning policy implemented through the following Written Ministerial Statements since publication of the first Framework in 2012:

Support for small scale developers, custom and self-builders	28 November 2014
Sustainable Drainage Systems	18 December 2014
Starter Homes	2 March 2015
Parking: helping local shops and preventing congestion	25 March 2015
Housing standards: streamlining the system	25 March 2015
Local Planning (which covers onshore wind farms)	18 June 2015
National Planning Policy Framework: technical adjustment	22 July 2015
Green Belt protection and intentional unauthorised development	17 December 2015
Neighbourhood planning	12 December 2016
Extending buildings upwards to create new homes	5 February 2018



Ministry of Housing,
Communities &
Local Government

National Planning Policy Framework

Draft text for consultation



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Ministry of Housing, Communities and Local Government
Fry Building
2 Marsham Street
London
SW1P 4DF
Telephone: 030 3444 0000

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1. Introduction

1. The National Planning Policy Framework sets out the Government's planning policies for England and how these should be applied¹. It provides a framework within which locally-prepared plans for housing and other development can be produced.
2. Planning law requires that applications for planning permission be determined in accordance with the development plan², unless material considerations indicate otherwise³. The National Planning Policy Framework must be taken into account in preparing the development plan, and is a material consideration in planning decisions. Planning policies and decisions must also reflect relevant international obligations and statutory requirements.
3. General references to planning policies in this Framework should be applied in a way that is appropriate to the type of plan being produced, taking into account policy on plan-making in chapter 3.
4. The Framework does not contain specific policies for nationally significant infrastructure projects. These are determined in accordance with the decision-making framework in the Planning Act 2008 (as amended) and relevant national policy statements for major infrastructure, as well as any other matters that are relevant (which may include the National Planning Policy Framework). National policy statements form part of the overall framework of national planning policy, and may be a material consideration in preparing plans and making decisions on planning applications.
5. The Framework should be read in conjunction with the Government's planning policy for traveller sites, and its planning policy for waste. When preparing plans or making decisions on applications for these types of development, regard should also be had to the policies in this Framework, where relevant.
6. Other statements of government policy may be material when preparing plans or deciding applications, such as relevant Written Ministerial Statements and endorsed recommendations of the National Infrastructure Commission.

¹ This document replaces the first National Planning Policy Framework published in March 2012.

² This includes the local and neighbourhood plans that have been brought into force, and any spatial development strategies produced by combined authorities or elected Mayors (see glossary).

³ Section 38(6) of the Planning and Compulsory Purchase Act 2004 and section 70(2) of the Town and Country Planning Act 1990.

2. Achieving sustainable development

7. The purpose of the planning system is to contribute to the achievement of sustainable development. At a very high level, the objective of sustainable development can be summarised as meeting the needs of the present without compromising the ability of future generations to meet their own needs⁴.
8. Achieving sustainable development means that the planning system has three overarching objectives, which are interdependent and need to be pursued in mutually supportive ways (so that opportunities can be taken to secure net gains across the different objectives):
 - a) **an economic objective** – to help build a strong, responsive and competitive economy, by ensuring that sufficient land of the right types is available in the right places and at the right time to support growth, innovation and improved productivity; and by identifying and coordinating the provision of infrastructure;
 - b) **a social objective** – to support strong, vibrant and healthy communities, by ensuring that a sufficient number and range of homes can be provided to meet the needs of present and future generations; and by fostering a well-designed and safe built environment, with accessible services and open spaces that reflect current and future needs and support communities' health, social and cultural well-being; and
 - c) **an environmental objective** – to contribute to protecting and enhancing our natural, built and historic environment; including making effective use of land, helping to improve biodiversity, use natural resources prudently, minimise waste and pollution, and mitigate and adapt to climate change, including moving to a low carbon economy.
9. These objectives should be delivered through the preparation and implementation of plans and the policies in this Framework; they are not criteria against which every decision can or should be judged. Planning policies and decisions should play an active role in guiding development towards sustainable solutions, but in doing so should take local circumstances into account, to reflect the character, needs and opportunities of each area.
10. So that sustainable development is pursued in a positive way, at the heart of the Framework is a **presumption in favour of sustainable development** (paragraph 11).

⁴ Resolution 42/187 of the United Nations General Assembly.

The presumption in favour of sustainable development

11. Plans and decisions should apply a presumption in favour of sustainable development.

For **plan-making** this means that:

- a) plans should positively seek opportunities to meet the development needs of their area, and be sufficiently flexible to adapt to rapid change;
- b) strategic plans⁵ should, as a minimum, provide for objectively assessed needs for housing and other development, as well as any needs that cannot be met within neighbouring areas⁶, unless:
 - i. the application of policies in this Framework that protect areas or assets of particular importance provides a strong reason for restricting the overall scale, type or distribution of development in the plan area⁷; or
 - ii. any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole.

For **decision-taking** this means:

- c) approving development proposals that accord with an up-to-date development plan without delay; or
- d) where there are no relevant development plan policies, or the policies which are most important for determining the application are out-of-date, granting permission unless:
 - i. the application of policies in this Framework that protect areas or assets of particular importance provides a clear reason for refusing the development proposed⁷; or
 - ii. any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole.

12. The presumption in favour of sustainable development does not change the statutory status of the development plan as the starting point for decision making.

⁵ Local plans or spatial development strategies that contain policies to address the strategic priorities of an area (see chapter 3).

⁶ As established through statements of common ground.

⁷ The policies referred to are those in this Framework relating to sites protected under the Birds and Habitats Directives and/or designated as Sites of Special Scientific Interest; land designated as Green Belt, Local Green Space, an Area of Outstanding Natural Beauty, within a National Park (or the Broads Authority) or defined as Heritage Coast; irreplaceable habitats including ancient woodland; aged or veteran trees; designated heritage assets (and other heritage assets of archaeological interest referred to in footnote 55); and areas at risk of flooding or coastal change. It does not refer to policies in development plans.

Where a planning application conflicts with an up-to-date development plan (including any neighbourhood plans that have been brought into force⁸), permission should not usually be granted. Local planning authorities may take decisions that depart from an up-to-date development plan, but only if material considerations in a particular case indicate that the plan should not be followed.

13. The application of the presumption has implications for the way communities engage in neighbourhood planning. Neighbourhood plans should support the delivery of strategic policies contained in local plans or spatial development strategies; and should shape and direct development that is outside of these strategic policies.
14. Where a neighbourhood plan that has recently been brought into force⁹ contains policies and allocations to meet its identified housing requirement, the adverse impact of allowing development that conflicts with it is likely to significantly and demonstrably outweigh the benefits where:
 - a) paragraph 75 of this Framework applies; and
 - b) the local planning authority has at least a three year supply of deliverable housing sites (against its five year housing supply requirement), and its housing delivery was at least 45% of that required¹⁰ over the previous three years.

⁸ Brought into force refers to neighbourhood plans passed at referendum.

⁹ 'Recently been brought into force' means a neighbourhood plan which was passed at referendum two years or less before the date on which the decision is made.

¹⁰ Assessed against the Housing Delivery Test, from November 2018 onwards. Transitional arrangements are set out in Annex 1.

3. Plan-making

15. The planning system should be genuinely plan-led: succinct and up-to-date plans should provide a positive vision for the future of each area; a framework for addressing housing needs and other economic, social and environmental priorities; and a platform for local people to shape their surroundings.
16. Plans should:
 - a) be prepared with the objective of contributing to the achievement of sustainable development¹¹;
 - b) be prepared positively, in a way that is aspirational but deliverable;
 - c) be shaped by early, proportionate and meaningful engagement between plan-makers and communities, local organisations, businesses, infrastructure providers and statutory consultees;
 - d) contain policies that are clearly written and unambiguous, so it is evident how a decision maker should react to development proposals;
 - e) be accessible through the use of digital tools to assist public involvement and policy presentation; and
 - f) serve a clear purpose, avoiding unnecessary duplication of policies that apply to a particular area (including policies in this Framework, where relevant).

The plan-making framework

17. As a minimum, authorities must ensure that there is a plan which addresses the strategic priorities for their area¹². This strategic plan can be produced by:
 - a) local planning authorities working together or independently, in the form of a joint or individual local plan; or
 - b) an elected Mayor or combined authority, in the form of a spatial development strategy (where plan-making powers have been conferred).
18. Where more detailed issues need addressing, local policies may be produced for inclusion in a local plan, or in a neighbourhood plan prepared by a neighbourhood planning group (a parish or town council, or a neighbourhood forum).
19. It is the combination of these statutory plans, produced at the strategic and local levels, that makes up the 'development plan' for a particular area.

¹¹ This is a legal obligation on local planning authorities exercising their plan-making functions.

¹² Section 19(1B-1E) of the Planning and Compulsory Purchase Act 2004.

Strategic policies

20. The strategic policies required for the area of each local planning authority should include those policies, and strategic site allocations, necessary to provide:
 - a) an overall strategy for the pattern and scale of development;
 - b) the homes and workplaces needed, including affordable housing;
 - c) appropriate retail, leisure and other commercial development;
 - d) infrastructure for transport, telecommunications, security, waste management, water supply, wastewater, flood risk and coastal change management, and the provision of minerals and energy (including heat);
 - e) community facilities (such as health, education and cultural infrastructure); and
 - f) climate change mitigation and adaptation, and conservation and enhancement of the natural, built and historic environment, including landscape and green infrastructure.
21. Plans should make explicit which policies are 'strategic policies'. These should be limited to those necessary to address the strategic priorities of the area (and any relevant cross-boundary issues), to provide a clear starting point for any local policies that may be needed. Those local policies may come forward either as part of a single local plan¹³ or as part of a subsequent local plan or neighbourhood plan. Strategic policies should not extend to detailed matters that are more appropriately dealt with through neighbourhood plans or other local policies.
22. Strategic policies should look ahead over a minimum 15 year period from adoption, to anticipate and respond to long-term requirements and opportunities, such as those arising from major improvements in infrastructure.
23. Policies should be reviewed to assess whether they need updating at least once every five years, and should then be updated as necessary¹⁴. Reviews should be completed no later than five years from the adoption date of the plan, and should take into account changing circumstances affecting the area, or any relevant changes in national policy. Relevant strategic policies will need updating at least once every five years if their applicable local housing need figure has increased; and they are likely to require earlier review if local housing need is expected to increase in the near future.
24. Strategic plans should indicate broad locations for development on a key diagram, and land-use designations and allocations on a policies map¹⁵. They should have a clear strategy for bringing sufficient land forward, and at a sufficient rate, to address objectively assessed needs over the plan period, in line with the presumption in favour of sustainable development. They should, as a minimum, plan for and

¹³ Where a single local plan is prepared the local policies should be clearly distinguished from the strategic policies.

¹⁴ Reviews at least every five years are a legal requirement for all local plans.

¹⁵ For spatial development strategies, this is only where the power to make allocations has been conferred.

allocate sufficient sites to deliver the strategic priorities of the area (except insofar as these needs can be met more appropriately through other mechanisms, such as brownfield registers or local policies).

25. The preparation and review of strategic policies should be underpinned by relevant and up-to-date evidence. This should be adequate but proportionate, focused tightly on supporting and justifying the policies concerned, and take into account relevant market signals.

Maintaining effective cooperation

26. Local planning authorities and county councils (in two-tier areas) have a duty to cooperate with each other, and with other prescribed bodies, on strategic matters that cross administrative boundaries.
27. Strategic plan-making authorities should collaborate to identify the relevant strategic matters which they need to address in their plans. They should also engage with their local communities and relevant bodies including Local Enterprise Partnerships, Local Nature Partnerships, the Marine Management Organisation, county councils, infrastructure providers, elected Mayors and combined authorities (in cases where Mayors or combined authorities do not have plan-making powers).
28. Effective and on-going joint working between strategic plan making authorities and relevant bodies is integral to the production of a positively prepared and justified strategy. In particular, joint working should help to determine where additional infrastructure is necessary, and whether development needs that cannot be met wholly within a particular plan area could be met elsewhere.
29. In order to demonstrate effective and on-going joint working, strategic plan-making authorities should prepare and maintain one or more statements of common ground, documenting the cross boundary matters being addressed and progress in cooperating to address these. These should be produced using the approach set out in national planning guidance, and be made publicly available throughout the plan-making process to provide transparency.

Local policies

30. Local policies can be used by authorities and communities to set out more detailed policies for specific areas, neighbourhoods or types of development. This can include allocating sites, the provision of infrastructure and community facilities at a local level, establishing design principles and setting out development management policies.
31. Neighbourhood planning gives communities the power to develop a shared vision for their area. Neighbourhood plans can shape, direct and help to deliver sustainable development, by influencing local planning decisions as part of the statutory development plan. Neighbourhood plans should not promote less

development than set out in the strategic policies for the area, or undermine those strategic policies¹⁶.

32. Once a neighbourhood plan has been brought into force, the policies it contains take precedence over existing non-strategic policies in a local plan for that neighbourhood, where they are in conflict; unless they are superseded by strategic or local policies that are adopted subsequently.
33. The preparation and review of local policies should be underpinned by proportionate, relevant and up-to-date evidence, focused tightly on supporting and justifying the policies concerned.

Development contributions

34. Plans should set out the contributions expected in association with particular sites and types of development. This should include setting out the levels and types of affordable housing provision required, along with other infrastructure (such as that needed for education, health, transport, green and digital infrastructure). Such policies should not make development unviable, and should be supported by evidence to demonstrate this. Plans should also set out any circumstances in which further viability assessment may be required in determining individual applications.

Assessing and examining plans

35. Strategic and local plans should be informed throughout their preparation by a sustainability appraisal that meets the relevant legal requirements¹⁷. This should demonstrate how the plan has addressed relevant economic, social and environmental objectives (including opportunities for net gains). Significant adverse impacts on these objectives should be avoided and, wherever possible, alternative options which reduce or eliminate such impacts should be pursued. Where significant adverse impacts are unavoidable, suitable mitigation measures should be proposed (or, where this is not possible, compensatory measures should be considered).
36. Strategic and local plans are examined to assess whether they have been prepared in accordance with legal and procedural requirements, and whether they are sound. Plans are 'sound' if they are:
 - a) **Positively prepared** – provides a strategy which will, as a minimum, meet as much as possible of the area's objectively assessed needs (particularly for housing, using a clear and justified method to identify needs); and is informed by agreements with other authorities, so that unmet need from neighbouring areas is accommodated where it is practical to do so and is consistent with achieving sustainable development;

¹⁶ Neighbourhood plans must be in general conformity with the strategic policies contained in any development plan that covers their area.

¹⁷ The reference to relevant legal requirements refers to Strategic Environmental Assessment. Neighbourhood plans may also require Strategic Environmental Assessment but only where there are potentially significant environmental impacts.

- b) **Justified** – an appropriate strategy, taking into account the reasonable alternatives, and based on proportionate evidence;
 - c) **Effective** – deliverable over the plan period, and based on effective joint working on cross-boundary strategic matters that have been dealt with rather than deferred, as evidenced by the statement of common ground; and
 - d) **Consistent with national policy** – enables the delivery of sustainable development in accordance with the policies in this Framework.
37. These tests of soundness will be applied to local policies¹⁸ in a proportionate way, taking into account the extent to which they are consistent with relevant strategic policies for the area.
38. Neighbourhood plans must meet certain ‘basic conditions’ and other legal requirements¹⁹ before they can come into force. These are tested through an independent examination before the neighbourhood plan may proceed to referendum.

¹⁸ Where these are contained in a local plan.

¹⁹ As set out in paragraph 8 of Schedule 4B to the Town and Country Planning Act 1990 (as amended).

4. Decision-making

39. Local planning authorities should approach decisions on proposed development in a positive and creative way. They should use the full range of planning tools available, including brownfield registers and permission in principle, and work proactively with applicants to secure developments that will improve the economic, social and environmental conditions of the area. Decision-makers at every level should seek to approve applications for sustainable development where possible.

Pre-application engagement and front loading

40. Early engagement has significant potential to improve the efficiency and effectiveness of the planning application system for all parties. Good quality pre-application discussion enables better coordination between public and private resources and improved outcomes for the community.
41. Local planning authorities have a key role to play in encouraging other parties to take maximum advantage of the pre-application stage. They cannot require that a developer engages with them before submitting a planning application, but they should encourage take-up of any pre-application services they do offer. They should also, where they think this would be beneficial, encourage any applicants who are not already required to do so by law to engage with the local community and, where relevant, with statutory and non-statutory consultees, before submitting their applications.
42. The more issues that can be resolved at pre-application stage, including the need to deliver improvements in infrastructure and affordable housing, the greater the benefits. For their role in the planning system to be effective and positive, statutory planning consultees will need to take the same early, pro-active approach, and provide advice in a timely manner throughout the development process. This assists local planning authorities in issuing timely decisions, helping to ensure that applicants do not experience unnecessary delays and costs.
43. The participation of other consenting bodies in pre-application discussions should enable early consideration of all the fundamental issues relating to whether a particular development will be acceptable in principle, even where other consents relating to how a development is built or operated are needed at a later stage. Wherever possible, parallel processing of other consents should be encouraged to help speed up the process and resolve any issues as early as possible.
44. The right information is crucial to good decision-making, particularly where formal assessments are required (such as Environmental Impact Assessment, Habitats Regulations Assessment and Flood Risk Assessment). To avoid delay, applicants should discuss what information is needed with the local planning authority and expert bodies as early as possible.
45. Local planning authorities should publish a list of their information requirements for applications for planning permission. These requirements should be kept to the minimum needed to make decisions, and should be reviewed at least every two

years. Local planning authorities should only request supporting information that is relevant, necessary and material to the application in question.

- 46. Local planning authorities should consult the appropriate bodies when considering applications for the siting or changes to hazardous substances establishments, or for development around such establishments.
- 47. Applicants and local planning authorities should consider the potential for voluntary planning performance agreements, where this might achieve a faster and more effective application process.

Determining applications

- 48. Planning law requires that applications for planning permission be determined in accordance with the development plan, unless material considerations indicate otherwise. Decisions on applications should be made as quickly as possible, and within statutory timescales unless a longer period has been agreed by the applicant in writing.
- 49. Local planning authorities may give weight to relevant policies in emerging plans according to:
 - a) the stage of preparation of the emerging plan (the more advanced its preparation, the greater the weight that may be given);
 - b) the extent to which there are unresolved objections to relevant policies (the less significant the unresolved objections, the greater the weight that may be given); and
 - c) the degree of consistency of the relevant policies in the emerging plan to this Framework (the closer the policies in the emerging plan to the policies in the Framework, the greater the weight that may be given).
- 50. However in the context of the Framework – and in particular the presumption in favour of sustainable development – arguments that an application is premature are unlikely to justify a refusal of planning permission other than in the limited circumstances where both:
 - a) the development proposed is so substantial, or its cumulative effect would be so significant, that to grant permission would undermine the plan-making process by predetermining decisions about the scale, location or phasing of new development that are central to an emerging plan; and
 - b) the emerging plan is at an advanced stage but is not yet formally part of the development plan for the area.
- 51. Refusal of planning permission on grounds of prematurity will seldom be justified where a draft plan has yet to be submitted for examination; or – in the case of a neighbourhood plan – before the end of the local planning authority publicity period on the draft plan. Where planning permission is refused on grounds of prematurity, the local planning authority will need to indicate clearly how the grant of permission

for the development concerned would prejudice the outcome of the plan-making process.

Tailoring planning controls to local circumstances

52. Local planning authorities are encouraged to use Local Development Orders to set the planning framework for particular areas or categories of development where the impacts would be acceptable, and in particular where this would promote economic, social or environmental gains for the area.
53. Communities can use Neighbourhood Development Orders and Community Right to Build Orders to grant planning permission. These require the support of the local community through a referendum. Local planning authorities should take a proactive and positive approach to such proposals, working collaboratively with community organisations to resolve any issues before draft orders are submitted for examination.
54. The use of Article 4 directions to remove national permitted development rights should be limited to situations where this is necessary to protect local amenity or the wellbeing of the area (this could include the use of Article 4 directions to require planning permission for the demolition of local facilities). Similarly, planning conditions should not be used to restrict national permitted development rights unless there is clear justification to do so.

Planning conditions and obligations

55. Local planning authorities should consider whether otherwise unacceptable development could be made acceptable through the use of conditions or planning obligations. Planning obligations should only be used where it is not possible to address unacceptable impacts through a planning condition.
56. Planning conditions should be kept to a minimum and only imposed where they are necessary, relevant to planning and to the development to be permitted, enforceable, precise and reasonable in all other respects. Agreeing conditions early is beneficial to all parties involved in the process and can speed up decision making. Conditions that are required to be discharged before development commences should be avoided, unless there is a clear justification²⁰.
57. Planning obligations should only be sought where they meet all of the following tests:
 - a) necessary to make the development acceptable in planning terms;
 - b) directly related to the development; and
 - c) fairly and reasonably related in scale and kind to the development.

²⁰ When in force, sections 100ZA(4-6) of the Town and Country Planning Act 1990 will require the applicant's written agreement to the terms of a pre-commencement condition, unless prescribed circumstances apply.

58. Where proposals for development accord with all the relevant policies in an up-to-date development plan, no viability assessment should be required to accompany the application. Where a viability assessment is needed, it should reflect the recommended approach in national planning guidance, including standardised inputs, and should be made publicly available.

Enforcement

59. Effective enforcement is important to maintain public confidence in the planning system. Enforcement action is discretionary, and local planning authorities should act proportionately in responding to suspected breaches of planning control. They should consider publishing a local enforcement plan to manage enforcement proactively, in a way that is appropriate to their area. This should set out how they will monitor the implementation of planning permissions, investigate alleged cases of unauthorised development and take action where appropriate.

5. Delivering a sufficient supply of homes

60. To support the Government's objective of significantly boosting the supply of homes, it is important that a sufficient amount and variety of land can come forward where it is needed, that the needs of groups with specific housing requirements are addressed and that land with permission is developed without unnecessary delay.
61. In determining the minimum number of homes needed, strategic plans should be based upon a local housing need assessment, conducted using the standard method in national planning guidance – unless there are exceptional circumstances that justify an alternative approach which also reflects current and future demographic trends and market signals. In establishing this figure, any needs that cannot be met within neighbouring areas should also be taken into account.
62. Within this context, policies should identify the size, type and tenure of homes required for different groups in the community (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers²¹, people who rent their homes and people wishing to commission or build their own homes).
63. Where a need for affordable housing is identified, planning policies should specify the type of affordable housing required, and expect it to be met on-site unless:
- a) off-site provision or an appropriate financial contribution in lieu can be robustly justified; and
 - b) the agreed approach contributes to the objective of creating mixed and balanced communities.
64. Provision of affordable housing should not be sought for developments that are not on major sites, other than in designated rural areas (where policies may set out a lower threshold of 5 units or fewer). To support the re-use of brownfield land, where vacant buildings are being reused or redeveloped, any affordable housing contribution due should be reduced by a proportionate amount²².
65. Where major housing development is proposed, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership²³, unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups. Exemptions should also be made where the site or proposed development:
- a) provides solely for Build to Rent homes;

²¹ Travellers who do not fall under the definition of 'traveller' in Annex 1 of the Planning Policy for Traveller Sites. The latter sets out how travellers' accommodation needs should be assessed for those covered by the definition in Annex 1 of that document.

²² Equivalent to the existing gross floorspace of the existing buildings. This does not apply to vacant buildings which have been abandoned.

²³ As part of the overall affordable housing contribution from the site.

- b) provides specialist accommodation for a group of people with specific needs (such as purpose-built accommodation for the elderly or students);
 - c) is proposed to be developed by people who wish to build or commission their own homes; or
 - d) is exclusively for affordable housing, an entry level exception site or a rural exception site.
66. Strategic plans should set out a housing requirement figure for designated neighbourhood areas²⁴. Once the strategic plan has been adopted, these figures should not need re-testing at the neighbourhood plan examination, unless there has been a significant change in circumstances that affects the requirement.
67. Where it is not possible to provide a requirement figure for a neighbourhood area²⁵, the local planning authority should provide an indicative figure, if requested to do so by the neighbourhood planning body. This figure should take into account factors such as the latest evidence of local housing need, the population of the neighbourhood area and the most recently available planning strategy of the local planning authority.

Identifying land for homes

68. Strategic planning authorities should have a clear understanding of the land available in their area through the preparation of a strategic housing land availability assessment. From this, planning policies should identify a sufficient supply and mix of sites, taking into account their availability, suitability and likely economic viability. Strategic plans should identify a supply of:
- a) specific, deliverable sites for years one to five of the plan²⁶; and
 - b) specific, developable sites or broad locations for growth, for years 6-10 and, where possible, for years 11-15 of the plan.
69. Small sites can make an important contribution to meeting the housing requirement of an area, and are often built-out relatively quickly. To promote the development of a good mix of sites local planning authorities should:
- a) ensure that at least 20% of the sites identified for housing in their plans are of half a hectare or less;
 - b) use tools such as area-wide design assessments and Local Development Orders to help bring small sites forward;

²⁴ Except where a Mayoral, combined authority or high-level joint plan is being prepared as a framework for strategic plans at the individual local authority level; in which case it may be most appropriate for the local authority plans to provide the requirement figure.

²⁵ Because a neighbourhood area is designated at a late stage in the strategic plan process, or after a strategic plan has been adopted; or in instances where strategic policies for housing are out of date.

²⁶ With an appropriate buffer, as set out in paragraph 74. See glossary for definitions of deliverable and developable.

- c) support the development of windfall sites through their policies and decisions – giving great weight to the benefits of using suitable sites within existing settlements for homes; and
 - d) work with developers to encourage the sub-division of large sites where this could help to speed up the delivery of homes.
70. Neighbourhood Planning Groups should also consider the opportunities for allocating small sites suitable for housing in their area.
71. Where an allowance is to be made for windfall sites as part of anticipated supply, there should be compelling evidence that they will provide a reliable source of supply. Any allowance should be realistic having regard to the strategic housing land availability assessment, historic windfall delivery rates and expected future trends. Plans should consider the case for setting out policies to resist inappropriate development of residential gardens, for example where development would cause harm to the local area.
72. Local planning authorities should support the development of entry level exception sites, suitable for first time buyers (or those looking to rent their first home), unless the need for such homes is already being met within the authority's area. These sites should be outside existing settlements, on land which is not already allocated for housing, and should:
- a) comprise a high proportion of entry-level homes that will be offered for discounted sale or for affordable rent; and
 - b) be adjacent to existing settlements, proportionate in size to them, not compromise the protection given to areas or assets of particular importance in this Framework²⁷, and comply with any local design policies and standards.
73. The supply of large numbers of new homes can often be best achieved through planning for larger scale development, such as new settlements or significant extensions to existing villages and towns. Working with the support of their communities, and other authorities if appropriate, strategic plan-making authorities should identify suitable opportunities for such development where this can help to meet identified needs in a sustainable way. In doing so, they should consider the opportunities presented by existing or planned investment in infrastructure, the area's economic potential and the scope for net environmental gains. They should also consider whether it is appropriate to establish Green Belt around or adjoining new developments of significant size.

Maintaining supply and delivery

74. Strategic plans should include a trajectory illustrating the expected rate of housing delivery over the plan period, and all plans should consider whether it is appropriate to set out the anticipated rate of development for specific sites. Local planning authorities should identify and update annually a supply of specific deliverable sites sufficient to provide a minimum of five years' worth of housing against their housing

²⁷ As set out in footnote 7.

requirement, or against their local housing need where the strategic plan is more than five years old. The supply of specific deliverable sites should in addition include a buffer (moved forward from later in the plan period) of:

- a) 5% to ensure choice and competition in the market for land; or
 - b) 10% where the local planning authority wishes to demonstrate a five year supply of deliverable sites through an annual position statement or recently adopted plan²⁸, to account for any fluctuations in the market during that year; or
 - c) 20% where there has been significant under delivery of housing over the previous three years, to improve the prospect of achieving the planned supply²⁹.
75. For applications which include housing, paragraph 11d of this Framework will apply if the local planning authority cannot demonstrate a five-year supply of deliverable housing sites (with the appropriate buffer), or where the Housing Delivery Test indicates that delivery of housing has been substantially³⁰ below the housing requirement over the previous three years.
76. A five year supply of deliverable housing sites, with the appropriate buffer, can be demonstrated where it has been established in a recently adopted plan, or in a subsequent annual position statement which:
- a) has been produced through engagement with developers and others who have an impact on delivery, and been considered by the Secretary of State; and
 - b) incorporates all the recommendations of the Secretary of State, where the position on specific sites could not be agreed during the engagement process.
77. To maintain the supply of housing, local planning authorities should monitor progress in building out sites which have permission. Where the Housing Delivery Test indicates that delivery has fallen below 95% of the local planning authority's housing requirement over the previous three years, the authority should prepare an action plan in line with national planning guidance, to assess the causes of under-delivery and identify actions to increase delivery in future years.
78. To help ensure that proposals for housing development are implemented in a timely manner, local planning authorities should consider imposing a planning condition providing that development must begin within a timescale shorter than the relevant default period, where this would expedite the development without threatening its deliverability or viability. For major housing development, local planning authorities should also assess why any earlier grant of planning permission for a similar development on the same site did not start.

²⁸ For the purposes of paragraphs 74b and 76 a plan adopted between 1 May and 31 October will be considered 'recently adopted' until 31 October of the following year; and a plan adopted between 1 November and 30 April will be considered recently adopted until 31 October that year.

²⁹ From November 2018, this will be measured against the Housing Delivery Test, where this indicates that delivery was below 85% of the housing requirement.

³⁰ Where the Housing Delivery Test indicates that delivery was below 75% of the housing requirement.

Rural housing

79. In rural areas, planning policies and decisions should be responsive to local circumstances and support housing developments that reflect local needs. Local planning authorities should support opportunities to bring forward rural exception sites that will provide affordable housing to meet identified local needs, and consider whether allowing some market housing on these sites would help to facilitate this.
80. To promote sustainable development in rural areas, housing should be located where it will enhance or maintain the vitality of rural communities. Plans should identify opportunities for villages to grow and thrive, especially where this will support local services. Where there are groups of smaller settlements, development in one village may support services in a village nearby.
81. Planning policies and decisions should avoid the development of isolated homes in the countryside unless one or more of the following circumstances apply:
 - a) there is an essential need for a rural worker, including those taking majority control of a farm business, to live permanently at or near their place of work in the countryside;
 - b) the development would represent the optimal viable use of a heritage asset or would be appropriate enabling development to secure the future of heritage assets;
 - c) the development would re-use redundant or disused buildings and enhance its immediate setting;
 - d) the development would involve the subdivision of an existing residential property; or
 - e) the design is of exceptional quality, in that it:
 - is truly outstanding or innovative, reflecting the highest standards in architecture, and would help to raise standards of design more generally in rural areas; and
 - would significantly enhance its immediate setting, and be sensitive to the defining characteristics of the local area.

6. Building a strong, competitive economy

82. Planning policies and decisions should help create the conditions in which businesses can invest, expand and adapt. Significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development. The approach taken should allow each area to build on its strengths, counter any weaknesses and address the challenges of the future. This is particularly important where Britain can be a global leader in driving innovation³¹, and in areas with high levels of productivity, which should be able to capitalise on their performance and potential.
83. Planning policies should:
- a) set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth, having regard to Local Industrial Strategies and other local policies for economic development and regeneration;
 - b) set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period (including making provision for clusters or networks of knowledge driven, creative or high technology industries);
 - c) seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment; and
 - d) be flexible enough to accommodate needs not anticipated in the plan, allow for new and flexible working practices (such as live-work accommodation), and to enable a rapid response to changes in economic circumstances.

Supporting a prosperous rural economy

84. Planning policies and decisions should enable:
- a) the sustainable growth and expansion of all types of business in rural areas, both through conversion of existing buildings and well designed new buildings;
 - b) the development and diversification of agricultural and other land-based rural businesses;
 - c) sustainable rural tourism and leisure developments which respect the character of the countryside; and
 - d) the retention and development of accessible local services and community facilities, such as local shops, meeting places, sports venues, open space, cultural buildings, public houses and places of worship.

³¹ The Government's Industrial Strategy sets out a vision to drive productivity improvements across the UK, identifies a number of Grand Challenges facing all nations, and sets out a delivery programme to make the UK a leader in four of these: artificial intelligence and big data; clean growth; future mobility; and catering for an ageing society. HM Government (2017) *Industrial Strategy: Building a Britain fit for the future*

85. Planning policies and decisions should recognise that sites to meet local business and community needs in rural areas may have to be found outside existing settlements, and in locations that are not well served by public transport. In these circumstances it will be important to ensure that development is sensitive to its surroundings, does not have an unacceptable impact on local roads and exploits any opportunities to make a location more sustainable (for example by improving the scope for access on foot, by cycling or by public transport). The use of previously developed land and sites that are well-related to existing settlements should be encouraged where suitable opportunities exist.

7. Ensuring the vitality of town centres

86. Planning policies and decisions should support the role that town centres play at the heart of local communities, by taking a positive approach to their growth, management and adaptation. Planning policies should:
- a) define a network and hierarchy of town centres and promote their long-term vitality and viability – by allowing them to grow and change in a way that supports a diverse retail offer, provides customer choice, allows a suitable mix of uses (including housing) and reflects their distinctive characters;
 - b) define the extent of town centres and primary shopping areas, identify primary and secondary frontages, and make clear which uses will be permitted in such locations;
 - c) retain and enhance existing markets and, where appropriate, re-introduce or create new ones;
 - d) allocate a range of suitable sites in town centres to meet the scale and type of development needed, looking at least ten years ahead. Meeting needs for retail, leisure, office and other main town centre uses over this period should not be compromised by limited site availability, so town centre boundaries should be kept under review;
 - e) allocate appropriate edge of centre sites for main town centre uses that are well connected to the town centre, where suitable and viable town centre sites are not available. If sufficient edge of centre sites cannot be identified, policies should explain how identified needs can be met in other accessible locations that are well connected to the town centre;
 - f) recognise that residential development often plays an important role in ensuring the vitality of centres and encourage residential development on appropriate sites; and
 - g) support diversification and changes of use where town centres are in decline, as part of a clear strategy for their future, while avoiding the unnecessary loss of facilities that are important for meeting the community's day-to-day needs.
87. Local planning authorities should apply a sequential test to planning applications for main town centre uses which are neither in an existing centre nor in accordance with an up-to-date plan. Main town centre uses should be located in town centres, then in edge of centre locations; and only if suitable sites are not available (or expected to become available within a reasonable period) should out of centre sites be considered.
88. When considering edge of centre and out of centre proposals, preference should be given to accessible sites which are well connected to the town centre. Applicants and local planning authorities should demonstrate flexibility on issues such as format and scale, so that opportunities to utilise suitable town centre or edge of centre sites are fully explored.

89. This sequential approach should not be applied to applications for small scale rural offices or other small scale rural development.
90. When assessing applications for retail and leisure development outside town centres, which are not in accordance with an up-to-date plan, local planning authorities should require an impact assessment if the development is over a proportionate, locally set floorspace threshold (if there is no locally set threshold, the default threshold is 2,500 sq m). This should include assessment of:
- a) the impact of the proposal on existing, committed and planned public and private investment in a centre or centres in the catchment area of the proposal; and
 - b) the impact of the proposal on town centre vitality and viability, including local consumer choice and trade in the town centre and the wider retail catchment (as applicable to the scale and nature of the scheme).
91. Where an application fails to satisfy the sequential test or is likely to have significant adverse impact on one or more of the above considerations, it should be refused.

8. Promoting healthy and safe communities

92. Planning policies and decisions should aim to achieve healthy, inclusive and safe places which:
- a) promote social interaction, including opportunities for meetings between people who might not otherwise come into contact with each other – for example through mixed-use developments, strong neighbourhood centres, street layouts that allow for multiple connections within and between neighbourhoods, and active street frontages;
 - b) are safe and accessible, so that crime and disorder, and the fear of crime, do not undermine the quality of life or community cohesion – for example through the use of clear and legible pedestrian routes, and high quality public space, which encourage the active and continual use of public areas; and
 - c) enable and support healthy lifestyles, especially where this would address identified local health and wellbeing needs – for example through the provision of safe and accessible green infrastructure, sports facilities, local shops, access to healthier food, allotments and layouts that encourage walking and cycling.
93. To provide the social, recreational and cultural facilities and services the community needs, planning policies and decisions should
- a) plan positively for the provision and use of shared spaces, community facilities (such as local shops, meeting places, sports venues, open space, cultural buildings, public houses and places of worship) and other local services to enhance the sustainability of communities and residential environments;
 - b) take into account and support the delivery of local strategies to improve health, social and cultural wellbeing for all sections of the community;
 - c) guard against the unnecessary loss of valued facilities and services, particularly where this would reduce the community's ability to meet its day-to-day needs;
 - d) ensure that established shops, facilities and services are able to develop and modernise, and are retained for the benefit of the community; and
 - e) ensure an integrated approach to considering the location of housing, economic uses and community facilities and services.
94. Planning policies and decisions should consider the social and economic benefits of estate regeneration. Local planning authorities should use their planning powers to help deliver estate regeneration to a high standard.
95. It is important that a sufficient choice of school places is available to meet the needs of existing and new communities. Local planning authorities should take a proactive, positive and collaborative approach to meeting this requirement, and to development that will widen choice in education. They should:

- a) give great weight to the need to create, expand or alter schools through the preparation of plans and decisions on applications; and
 - b) work with schools promoters, delivery partners and statutory bodies to identify and resolve key planning issues before applications are submitted.
96. Planning policies and decisions should promote public safety and take into account wider security and defence requirements by:
- a) anticipating and addressing all plausible malicious threats and natural hazards, especially in locations where large numbers of people are expected to congregate³². Local policies for relevant areas (such as town centre and regeneration frameworks), and the layout and design of developments, should be informed by the most up-to-date information available from the police and other agencies about the nature of potential threats and their implications. This includes appropriate and proportionate steps that can be taken to reduce vulnerability, increase resilience and ensure public safety and security; and
 - b) recognising and supporting development required for operational defence and security purposes, and ensuring that operational sites are not affected adversely by the impact of other development proposed in the area.

Open space and recreation

97. Access to a network of high quality open spaces and opportunities for sport and physical activity make an important contribution to the health and well-being of communities. Planning policies should be based on robust and up-to-date assessments of the need for open space, sport and recreation facilities (including quantitative or qualitative deficits or surpluses) and opportunities for new provision. Information gained from the assessments should be used to determine what open space, sport and recreational provision is required, and which plans should seek to accommodate.
98. Existing open space, sports and recreational buildings and land, including playing fields, should not be built on unless:
- a) an assessment has been undertaken which has clearly shown the open space, buildings or land to be surplus to requirements; or
 - b) the loss resulting from the proposed development would be replaced by equivalent or better provision in terms of quantity and quality in a suitable location; or
 - c) the development is for alternative sports and recreational provision, the benefits of which clearly outweigh the loss of the former use.

³² This includes transport hubs, night-time economy venues, cinemas and theatres, sports stadia and arenas, shopping centres, health and education establishments, places of worship, hotels and restaurants, visitor attractions and commercial centres.

99. Planning policies and decisions should protect and enhance public rights of way and access, including taking opportunities to provide better facilities for users, for example by adding links to existing rights of way networks including National Trails.
100. The designation of land as Local Green Space through local and neighbourhood plans allows communities to identify and protect green areas of particular importance to them. Identifying land as Local Green Space should be consistent with the local planning of sustainable development and complement investment in sufficient homes, jobs and other essential services. Local Green Spaces should only be designated when a plan is prepared or updated, and be capable of enduring beyond the end of the plan period.
101. The Local Green Space designation should only be used where the green space is:
 - a) in reasonably close proximity to the community it serves;
 - b) demonstrably special to a local community and holds a particular local significance, for example because of its beauty, historic significance, recreational value (including as a playing field), tranquillity or richness of its wildlife; and
 - c) local in character and is not an extensive tract of land.
102. Policies for managing development within a Local Green Space should be consistent with those for Green Belts.

9. Promoting sustainable transport

103. Transport issues should be considered from the earliest stages of plan-making and development proposals, so that:
 - a) the potential impacts of development on transport networks can be addressed;
 - b) opportunities from existing or proposed transport infrastructure, and changing transport technology and usage, are realised – for example in relation to the scale, location or density of development that can be accommodated;
 - c) opportunities to promote walking, cycling and public transport use are identified and pursued;
 - d) the environmental impacts of traffic and transport infrastructure can be identified, assessed and taken into account – including appropriate opportunities for mitigation and for net gains in environmental quality; and
 - e) patterns of movement, streets, parking and other transport considerations are integral to the design of schemes, and contribute to making high quality places.
104. The planning system should actively manage patterns of growth in support of these objectives. Significant development should be focused on locations which are or can be made sustainable, through limiting the need to travel and offering a genuine choice of transport modes. This can help to reduce congestion and emissions, and improve air quality and public health. However, opportunities to maximise sustainable transport solutions will vary between urban and rural areas, and this should be taken into account in both plan-making and decision-making.
105. Planning policies should:
 - a) support an appropriate mix of uses across an area, and within strategic sites, to minimise the number and length of journeys needed for employment, shopping, leisure, education and other activities;
 - b) be prepared with the active involvement of local highways authorities, other transport infrastructure providers and operators and neighbouring councils, so that strategies and investments for supporting sustainable transport and development patterns are aligned;
 - c) identify and protect, where there is robust evidence, sites and routes which could be critical in developing infrastructure to widen transport choice and realise opportunities for large scale development;
 - d) provide for high quality walking and cycling networks and supporting facilities such as cycle parking – drawing on Local Cycling and Walking Infrastructure Plans;
 - e) provide for any large scale facilities, and the infrastructure to support their operation and growth, taking into account any relevant national policy statements and whether such development is likely to be a nationally significant

infrastructure project. For example ports, airports, interchanges for rail freight, roadside services and public transport projects³³; and

- f) recognise the importance of maintaining a national network of general aviation facilities – taking into account their economic value in serving business, leisure, training and emergency service needs, and the Government’s General Aviation Strategy³⁴.

106. If setting local parking standards for residential and non-residential development, policies should take into account:

- a) the accessibility of the development;
- b) the type, mix and use of development;
- c) the availability of and opportunities for public transport;
- d) local car ownership levels; and
- e) the need to ensure an adequate provision of spaces for charging plug-in and other ultra-low emission vehicles.

107. Maximum parking standards for residential and non-residential development should only be set where there is a clear and compelling justification that they are necessary for managing the local road network. In town centres, local authorities should seek to improve the quality of parking so that it is convenient, safe and secure, alongside measures to promote accessibility for pedestrians and cyclists.

Considering development proposals

108. In assessing sites that may be allocated for development in plans, or specific applications for development, it should be ensured that:

- a) appropriate opportunities to promote sustainable transport modes can be – or have been – taken up, given the type of development and its location;
- b) safe and suitable access to the site can be achieved for all users; and
- c) any significant impacts from the development on the transport network (in terms of capacity and congestion), or on highway safety, can be cost effectively mitigated to an acceptable degree.

109. Development should only be prevented or refused on highways grounds if the residual cumulative impacts on the road network or road safety would be severe.

110. Within this context, applications for development should:

- a) give priority first to pedestrian and cycle movements, both within the scheme and with neighbouring areas; and second – so far as possible – to facilitating

³³ The primary function of roadside services should be to support the safety and welfare of the road user.

³⁴ Department for Transport (2015) *General Aviation Strategy*.

access to high quality public transport, with layouts that maximise the catchment area for bus or other public transport services, and appropriate facilities that encourage public transport use;

- b) address the needs of people with disabilities and reduced mobility in relation to all modes of transport;
- c) create places that are safe, secure and attractive – which minimise the scope for conflicts between pedestrians, cyclists and vehicles, avoid unnecessary street clutter, and respond to local character and design standards;
- d) allow for the efficient delivery of goods, and access by service and emergency vehicles; and
- e) be designed to enable charging of plug-in and other ultra-low emission vehicles in safe, accessible and convenient locations.

111. All developments that will generate significant amounts of movement should be required to provide a travel plan, and the application should be supported by a transport statement or transport assessment so that the likely impacts of the proposal can be assessed.

10. Supporting high quality communications

112. Advanced, high quality and reliable communications infrastructure is essential for economic growth and social wellbeing. Planning policies and decisions should support the expansion of electronic communications networks, including next generation mobile technology (such as 5G) and full fibre broadband connections. Policies should set out how high quality digital infrastructure, providing access to services from a range of providers, is expected to be delivered and upgraded over time; and should prioritise full fibre connections to existing and new developments (as these connections will, in almost all cases, provide the optimum solution).
113. The number of radio and telecommunications masts, and the sites for such installations, should be kept to a minimum consistent with the needs of consumers and the efficient operation of the network. Use of existing masts, buildings and other structures for new telecommunications capability (including wireless) should be encouraged. Where new sites are required (such as for new 5G networks, or for connected transport and smart city applications), equipment should be sympathetically designed and camouflaged where appropriate.
114. Local planning authorities should not impose a ban on new telecommunications development in certain areas, impose blanket Article 4 directions over a wide area or a wide range of telecommunications development, or insist on minimum distances between new telecommunications development and existing development. They should ensure that:
 - a) they have evidence to demonstrate that telecommunications infrastructure is not expected to cause significant and irremediable interference with other electrical equipment, air traffic services or instrumentation operated in the national interest; and
 - b) they have considered the possibility of the construction of new buildings or other structures interfering with broadcast and telecommunications services.
115. Applications for telecommunications development (including applications for prior approval under the General Permitted Development Order) should be supported by the necessary evidence to justify the proposed development. This should include:
 - a) the outcome of consultations with organisations with an interest in the proposed development, in particular with the relevant body where a mast is to be installed near a school or college, or within a statutory safeguarding zone surrounding an aerodrome or technical site; and
 - b) for an addition to an existing mast or base station, a statement that self-certifies that the cumulative exposure, when operational, will not exceed International Commission guidelines on non-ionising radiation protection; or
 - c) for a new mast or base station, evidence that the applicant has explored the possibility of erecting antennas on an existing building, mast or other structure and a statement that self-certifies that, when operational, International Commission guidelines will be met.

116. Local planning authorities must determine applications on planning grounds. They should not seek to prevent competition between different operators, question the need for a telecommunications system, or set health safeguards different from the International Commission guidelines for public exposure.

11. Making effective use of land

117. Planning policies and decisions should promote an effective use of land in meeting the need for homes and other uses, while safeguarding and improving the environment and ensuring safe and healthy living conditions. Strategic plans should contain a clear strategy for accommodating objectively assessed needs, in a way that makes as much use as possible of previously-developed or 'brownfield' land³⁵.
118. Planning policies and decisions should:
- a) encourage multiple benefits from both urban and rural land, including through mixed use schemes and taking opportunities to achieve net environmental gains – such as developments that would enable new habitat creation or improve public access;
 - b) recognise that some undeveloped land can perform many functions, such as for wildlife, recreation, flood risk mitigation, cooling/shading, carbon storage or food production;
 - c) give substantial weight to the value of using suitable brownfield land within settlements for homes and other identified needs, and support appropriate opportunities to remediate despoiled, degraded, derelict, contaminated and unstable land;
 - d) promote and support the development of under-utilised land and buildings, especially if this would help to meet identified needs for housing where land supply is constrained and available sites could be used more effectively (for example converting space above shops, and building on or above service yards, car parks, lock-ups and railway infrastructure)³⁶; and
 - e) support opportunities to use the airspace above existing residential and commercial premises for new homes. In particular, they should allow upward extensions where the development would be consistent with the prevailing height and form of neighbouring properties and the overall street scene, is well-designed (including complying with any local design policies and standards), and can maintain safe access and egress for occupiers.
119. Local planning authorities, and other plan-making bodies, should take a proactive role in identifying and helping to bring forward land that may be suitable for meeting development needs, such as sites included on brownfield registers or held in public ownership, using the full range of powers available to them.
120. Planning policies and decisions need to reflect changes in the demand for land. They should be informed by regular reviews of both the land allocated for development in plans, and of land availability. Where the local planning authority

³⁵ Except where this would conflict with other policies in this Framework, including causing harm to habitats of high environmental value.

³⁶ As part of this approach, plans and decisions should support efforts to identify and bring back into residential use empty homes and other buildings, supported by the use of compulsory purchase powers where appropriate.

considers there to be no reasonable prospect of an application coming forward for the use allocated in a plan:

- a) they should, as part of plan reviews, reallocate the land for a more deliverable use that can help to address identified needs (or, if appropriate, deallocate a site which is undeveloped); and
 - b) in the interim, prior to reviewing the plan, applications for alternative uses on the land should be supported, where the proposed use would contribute to meeting an unmet need for development in the area.
121. Local planning authorities should also take a positive approach to applications for alternative uses of land which is currently developed but not allocated for a specific purpose in plans, where this would help to meet identified development needs. In particular, they should support proposals to:
- a) use retail and employment land for homes in areas of high housing demand, provided this would not undermine key economic sectors or sites or the vitality and viability of town centres, and would be compatible with other policies in this Framework; and
 - b) make more effective use of sites that provide community services such as schools and hospitals, provided this maintains or improves the quality of service provision and access to open space.

Achieving appropriate densities

122. Planning policies and decisions should support development that makes efficient use of land, taking into account:
- a) the identified need for housing and other forms of development, and the availability of land suitable for accommodating it;
 - b) local market conditions and viability;
 - c) the availability and capacity of infrastructure and services – both existing and proposed – as well as their potential for further improvement and the scope to promote sustainable travel modes that limit future car use;
 - d) the desirability of maintaining an area's prevailing character (including residential gardens), or of promoting regeneration and change; and
 - e) the importance of securing well-designed, attractive places.
123. Where there is an existing or anticipated shortage of land for meeting identified housing needs, it is especially important that planning policies and decisions avoid homes being built at low densities, and ensure that developments make optimal use of the potential of each site. In these circumstances:
- a) plans should contain policies to optimise the use of land in their area and meet as much of the identified need for housing as possible. This will be tested robustly at examination, and should include the use of minimum density

standards for city and town centres and other locations that are well served by public transport. These standards should seek a significant uplift in the average density of residential development within these areas, unless it can be shown that there are strong reasons why this would be inappropriate;

- b) the use of minimum density standards should also be considered for other parts of the plan area. It may be appropriate to set out a range of densities that reflect the accessibility and potential of different areas, rather than one broad density range; and
- c) local planning authorities should refuse applications which they consider fail to make efficient use of land, taking into account the policies in this Framework. In this context, when considering applications for housing, authorities should take a flexible approach in applying policies or guidance relating to daylight and sunlight, where they would otherwise inhibit making efficient use of a site³⁷.

³⁷ And so long as the resulting scheme would provide acceptable living standards.

12. Achieving well-designed places

124. Planning policies and decisions should support the creation of high quality buildings and places. Plans should, at the most appropriate level, set out a clear design vision and expectations, so that applicants have as much certainty as possible about what is likely to be acceptable. Design policies should be developed with local communities so they reflect local aspirations, and are grounded in an understanding and evaluation of each area's defining characteristics. Neighbourhood plans can play an important role in identifying the special qualities of each area and explaining how this should be reflected in development.
125. To provide maximum clarity about design expectations, plans or supplementary planning documents should use visual tools such as design guides and codes. These provide a framework for creating distinctive places with a consistent and high quality standard of design. However their level of detail and degree of prescription should be tailored to the circumstances in each place, and should not inhibit a suitable degree of variety where this would be unjustified (such as where the existing urban form is already diverse).
126. Planning policies and decisions should ensure that developments:
- a) will function well and add to the overall quality of the area, not just for the short term but over the lifetime of the development;
 - b) are visually attractive as a result of good architecture, layout and effective landscaping;
 - c) respond to local character and history, including the surrounding built environment and landscape setting, while not preventing or discouraging appropriate innovation or change (such as increased densities);
 - d) establish or maintain a strong sense of place, using the arrangement of streets, spaces, building types and materials to create attractive and distinctive places to live, work and visit;
 - e) optimise the potential of the site to accommodate and sustain an appropriate amount and mix of development (including green and other public space) and support local facilities and transport networks; and
 - f) create places that are safe, inclusive and accessible, with a high standard of amenity for existing and future users; and where crime and disorder, and the fear of crime, do not undermine the quality of life or community cohesion and resilience.
127. Design quality should be considered throughout the evolution and assessment of individual proposals. Early discussion between applicants, the local planning authority and local community about the design of emerging schemes is important for clarifying expectations and reconciling local and commercial interests. Applicants should work closely with those affected by their proposals to evolve designs that take account of the views of the community. Applications that can

demonstrate early, proactive and effective engagement with the community should be looked on more favourably than those that cannot.

128. Local planning authorities should ensure that they have appropriate tools and processes for assessing and improving the design of development. These include design advice and review arrangements, which should be used as early as possible in the evolution of schemes. Other tools include assessment frameworks, such as Building for Life³⁸, and design workshops. In assessing applications, local planning authorities should have regard to the outcome from these processes, including any recommendations made by design review panels.
129. Permission should be refused for development of poor design that fails to take the opportunities available for improving the character and quality of an area and the way it functions, taking into account any local design standards in plans or supplementary planning documents. Conversely, where the design of a development accords with clear expectations in local policies, design should not be used by the decision-maker as a valid reason to object to development.
130. In determining applications, great weight should be given to outstanding or innovative designs which promote high levels of sustainability or help raise the standard of design more generally in an area, so long as they are sensitive to the overall form and layout of their surroundings.
131. The quality and character of places can suffer when advertisements are poorly sited and designed. A separate consent process within the planning system controls the display of advertisements, which should be operated in a way which is simple, efficient and effective. Advertisements should be subject to control only in the interests of amenity and public safety, taking account of cumulative impacts.

³⁸ Birkbeck D and Kruczkowski S (2015) *Building for Life 12: The sign of a good place to live*

13. Protecting Green Belt land

132. The Government attaches great importance to Green Belts. The fundamental aim of Green Belt policy is to prevent urban sprawl by keeping land permanently open; the essential characteristics of Green Belts are their openness and their permanence.
133. Green Belt serves five purposes:
- a) to check the unrestricted sprawl of large built-up areas;
 - b) to prevent neighbouring towns merging into one another;
 - c) to assist in safeguarding the countryside from encroachment;
 - d) to preserve the setting and special character of historic towns; and
 - e) to assist in urban regeneration, by encouraging the recycling of derelict and other urban land.
134. The general extent of Green Belts across the country is already established. New Green Belts should only be established in exceptional circumstances, for example when planning for larger scale development such as new settlements or major urban extensions. Any proposals for new Green Belts should be set out in strategic plans, which should:
- a) demonstrate why normal planning and development management policies would not be adequate;
 - b) set out whether any major changes in circumstances have made the adoption of this exceptional measure necessary;
 - c) show what the consequences of the proposal would be for sustainable development;
 - d) demonstrate the necessity for the Green Belt and its consistency with strategic plans for adjoining areas; and
 - e) show how the Green Belt would meet the other objectives of the Framework.
135. Once established, Green Belt boundaries should only be altered in exceptional circumstances, through the preparation or updating of plans. Strategic plans should establish the need for any changes to Green Belt boundaries, having regard to their intended permanence in the long term, so they can endure beyond the plan period. Where a need for changes to Green Belt boundaries has been demonstrated through a strategic plan, detailed amendments to those boundaries may be made through local policies, including neighbourhood plans.
136. Before concluding that exceptional circumstances exist to justify changes to Green Belt boundaries, the strategic plan-making authority should have examined fully all

other reasonable options for meeting its identified need for development. This will be assessed through the examination of the plan, which will take into account the preceding paragraph, and whether the strategy;

- a) makes as much use as possible of suitable brownfield sites and underutilised land;
- b) optimises the density of development, including whether policies promote a significant uplift in minimum density standards in town and city centres, and other locations well served by public transport; and
- c) has been informed by discussions with neighbouring authorities about whether they could accommodate some of the identified need for development, as demonstrated through the statement of common ground.

137. When drawing up or reviewing Green Belt boundaries, the need to promote sustainable patterns of development should be taken into account. Strategic plan-making authorities should consider the consequences for sustainable development of channelling development towards urban areas inside the Green Belt boundary, towards towns and villages inset within the Green Belt or towards locations beyond the outer Green Belt boundary. Where it has been concluded that it is necessary to release Green Belt land for development, plans should give first consideration to land which has been previously-developed and/or is well-served by public transport. They should also set out ways in which the impact of removing land from the Green Belt can be offset through compensatory improvements to the environmental quality and accessibility of remaining Green Belt land.

138. When defining Green Belt boundaries, plans should:

- a) ensure consistency with the development plan's strategy for meeting identified requirements for sustainable development;
- b) not include land which it is unnecessary to keep permanently open;
- c) where necessary, identify areas of safeguarded land between the urban area and the Green Belt, in order to meet longer-term development needs stretching well beyond the plan period;
- d) make clear that the safeguarded land is not allocated for development at the present time; planning permission for the permanent development of safeguarded land should only be granted following an update to a plan which proposes the development;
- e) be able to demonstrate that Green Belt boundaries will not need to be altered at the end of the plan period; and
- f) define boundaries clearly, using physical features that are readily recognisable and likely to be permanent.

139. If it is necessary to restrict development in a village primarily because of the important contribution which the open character of the village makes to the openness of the Green Belt, the village should be included in the Green Belt. If, however, the character of the village needs to be protected for other reasons, other

means should be used, such as conservation area or normal development management policies, and the village should be excluded from the Green Belt.

140. Once Green Belts have been defined, local planning authorities should plan positively to enhance their beneficial use, such as looking for opportunities to provide access; to provide opportunities for outdoor sport and recreation; to retain and enhance landscapes, visual amenity and biodiversity; or to improve damaged and derelict land.
141. The National Forest and Community Forests offer valuable opportunities for improving the environment around towns, by upgrading the landscape and providing for recreation and wildlife. The National Forest Strategy and an approved Community Forest Plan may be a material consideration in preparing development plans and in deciding planning applications. Any development proposals within the National Forest and Community Forests in the Green Belt should be subject to the normal policies controlling development in Green Belts.

Proposals affecting the Green Belt

142. Inappropriate development is, by definition, harmful to the Green Belt and should not be approved except in very special circumstances.
143. When considering any planning application, local planning authorities should ensure that substantial weight is given to any harm to the Green Belt. 'Very special circumstances' will not exist unless the potential harm to the Green Belt by reason of inappropriateness, and any other harm resulting from the proposal, is clearly outweighed by other considerations.
144. A local planning authority should regard the construction of new buildings as inappropriate in the Green Belt. Exceptions to this are:
 - a) buildings for agriculture and forestry;
 - b) the provision of appropriate facilities (in connection with the existing use of land or a change of use) for outdoor sport, outdoor recreation, cemeteries and burial grounds and allotments; as long as the facilities preserve the openness of the Green Belt and do not conflict with the purposes of including land within it;
 - c) the extension or alteration of a building provided that it does not result in disproportionate additions over and above the size of the original building;
 - d) the replacement of a building, provided the new building is in the same use and not materially larger than the one it replaces;
 - e) limited infilling in villages;
 - f) limited affordable housing for local community needs under policies set out in the development plan (including policies for rural exception sites); and
 - g) limited infilling or the partial or complete redevelopment of previously developed land, whether redundant or in continuing use (excluding temporary buildings), which would:

- not have a greater impact on the openness of the Green Belt than the existing development; or
 - where the development would re-use previously developed land and contribute to meeting an identified local affordable housing need, not cause substantial harm to the openness of the Green Belt.
145. Certain other forms of development are also not inappropriate in the Green Belt provided they preserve its openness and do not conflict with the purposes of including land within it. These are:
- a) mineral extraction;
 - b) engineering operations;
 - c) local transport infrastructure which can demonstrate a requirement for a Green Belt location;
 - d) the re-use of buildings provided that the buildings are of permanent and substantial construction;
 - e) material changes in the use of land that would preserve the openness of the Green Belt and not conflict with the purposes of including land within it (such as changes of use for outdoor sport or recreation, or for cemeteries and burial grounds, so long as the development would preserve openness); and
 - f) development brought forward under a Community Right to Build Order or Neighbourhood Development Order.
146. When located in the Green Belt, elements of many renewable energy projects will comprise inappropriate development. In such cases developers will need to demonstrate very special circumstances if projects are to proceed. Such very special circumstances may include the wider environmental benefits associated with increased production of energy from renewable sources.

14. Meeting the challenge of climate change, flooding and coastal change

147. The planning system should support the transition to a low carbon future in a changing climate, taking full account of flood risk and coastal change. It should help to: shape places in ways that contribute to radical reductions in greenhouse gas emissions, minimise vulnerability and improve resilience; encourage the reuse of existing resources, including the conversion of existing buildings; and support renewable and low carbon energy and associated infrastructure.

Planning for climate change

148. Plans should take a proactive approach to mitigating and adapting to climate change, taking into account the long-term implications for flood risk, coastal change, , water supply, biodiversity and landscapes, and the risk of overheating from rising temperatures³⁹. Policies should support appropriate measures to ensure the future resilience of communities and infrastructure to climate change impacts, such as providing space for physical protection measures, or making provision for the possible future relocation of vulnerable development and infrastructure.
149. New development should be planned for in ways that:
- a) avoid increased vulnerability to the range of impacts arising from climate change. When new development is brought forward in areas which are vulnerable, care should be taken to ensure that risks can be managed through suitable adaptation measures, including through the planning of green infrastructure; and
 - b) can help to reduce greenhouse gas emissions through its location, orientation and design. Any local requirements for the sustainability of buildings should reflect the Government's policy for national technical standards.
150. To help increase the use and supply of renewable and low carbon energy and heat, plans should:
- a) provide a positive strategy for energy from these sources, that maximises the potential for suitable development, while ensuring that adverse impacts are addressed satisfactorily (including cumulative landscape and visual impacts);
 - b) consider identifying suitable areas for renewable and low carbon energy sources, and supporting infrastructure, where this would help secure their development; and

³⁹ And within the context provided by the Climate Change Act 2008.

- c) identify opportunities where development can draw its energy supply from decentralised, renewable or low carbon energy supply systems and for co-locating potential heat customers and suppliers.
151. Local planning authorities should support community-led initiatives for renewable and low carbon energy, including developments outside areas identified in local or strategic plans that are being taken forward through neighbourhood planning.
152. In determining planning applications, local planning authorities should expect new development to:
- a) comply with any development plan policies on local requirements for decentralised energy supply unless it can be demonstrated by the applicant, having regard to the type of development involved and its design, that this is not feasible or viable; and
 - b) take account of landform, layout, building orientation, massing and landscaping to minimise energy consumption.
153. When determining planning applications for renewable and low carbon development, local planning authorities should:
- a) not require applicants to demonstrate the overall need for renewable or low carbon energy, and recognise that even small-scale projects provide a valuable contribution to cutting greenhouse gas emissions; and
 - b) approve the application if its impacts are (or can be made) acceptable. For wind energy developments, this should include consideration of the local community's views⁴⁰. Once suitable areas for renewable and low carbon energy have been identified in plans, local planning authorities should expect subsequent applications for commercial scale projects outside these areas to demonstrate that the proposed location meets the criteria used in identifying suitable areas.

Planning and flood risk

154. Inappropriate development in areas at risk of flooding should be avoided by directing development away from areas at highest risk (whether existing or future). Where development is necessary in such areas, the development should be made safe for its lifetime without increasing flood risk elsewhere.
155. Strategic plans should be informed by a strategic flood risk assessment, and set out policies to manage flood risk from all sources. They should consider cumulative impacts in, or affecting, local areas susceptible to flooding, and take account of advice from the Environment Agency and other relevant flood risk management authorities, such as lead local flood authorities and internal drainage boards.

⁴⁰ A proposed wind energy development involving one or more wind turbines should not be considered acceptable unless it is in an area identified as suitable for wind energy development in the development plan; and, following consultation, it can be demonstrated that the planning impacts identified by the affected local community have been fully addressed and the proposal has their backing.

156. All plans should apply a sequential, risk-based approach to the location of development – taking into account the current and future impacts of climate change – so as to avoid, where possible, flood risk to people and property. They should do this, and manage any residual risk, by:
- a) applying the sequential test and then, if necessary, the exception test set out below;
 - b) safeguarding land from development that is required for current and future flood management;
 - c) using opportunities offered by new development to reduce the causes and impacts of flooding; and
 - d) where climate change is expected to increase flood risk so that some existing development may not be sustainable in the long-term, seeking opportunities to relocate development, including housing, to more sustainable locations.
157. The aim of the sequential test is to steer new development to areas with the lowest risk of flooding. Development should not be allocated or permitted if there are reasonably available sites appropriate for the proposed development in areas with a lower risk of flooding. The strategic flood risk assessment will provide the basis for applying this test. A sequential approach should be used in areas known to be at risk now or in the future from any form of flooding.
158. If it is not possible for development to be located in zones with a lower risk of flooding (taking into account wider sustainable development objectives), the exception test can be applied. This should be informed by a strategic or site-specific flood risk assessment, as appropriate. For the exception test to be passed it must be demonstrated that:
- a) the development would provide wider sustainability benefits to the community that outweigh the flood risk; and
 - b) the development will be safe for its lifetime taking account of the vulnerability of its users, without increasing flood risk elsewhere, and, where possible, will reduce flood risk overall.
159. Both elements of the exception test should be satisfied for development to be allocated or permitted.
160. Where planning applications come forward on sites allocated in the development plan through the sequential test, applicants need not apply the test again. However, local planning authorities should consider whether aspects of the exception test need to be reapplied to specific applications, depending on the extent and nature of potential flood risk identified and assessed during plan production, and the age of that information⁴¹.

⁴¹ If the exception test is required at the application stage, it should be informed by a site-specific flood risk assessment.

161. When determining any planning applications, local planning authorities should ensure that flood risk is not increased elsewhere. Where appropriate, applications should be supported by a site-specific flood-risk assessment⁴². Development should only be allowed in areas at risk of flooding where, in the light of this assessment (and the sequential and exception tests, as applicable) it can be demonstrated that:
- a) within the site, the most vulnerable development is located in areas of lowest flood risk, unless there are overriding reasons to prefer a different location;
 - b) the development is appropriately flood resilient and resistant;
 - c) it incorporates sustainable drainage systems, unless there is clear evidence that this would be inappropriate;
 - d) any residual risk can be safely managed; and
 - e) safe access and escape routes are included where appropriate, as part of an agreed emergency plan.
162. Applications for some minor development and changes of use⁴³ should not be subject to the sequential or exception tests but should still meet the requirements for site-specific flood risk assessments set out in footnote 42.
163. Major developments should incorporate sustainable drainage systems unless there is clear evidence that this would be inappropriate. The systems used should:
- a) take account of advice from the lead local flood authority;
 - b) have appropriate proposed minimum operational standards;
 - c) have maintenance arrangements in place to ensure an acceptable standard of operation for the lifetime of the development; and
 - d) where possible, provide multifunctional benefits.

Coastal change

164. In coastal areas, planning policies and decisions should take account of the UK Marine Policy Statement and marine plans. Integrated Coastal Zone Management should be pursued across local authority and land/sea boundaries, to ensure effective alignment of the terrestrial and marine planning regimes.

⁴² A site-specific flood risk assessment should be provided for all development in Flood Zones 2 and 3. In Flood Zone 1, an assessment should accompany all proposals involving: sites of 1 hectare or more; land which has been identified by the Environment Agency as having critical drainage problems; land identified in a strategic flood risk assessment as being at increased flood risk in future; or land that may be subject to other sources of flooding, where its development would introduce a more vulnerable use.

⁴³ This includes householder development, small non-residential extensions (with a footprint of less than 250m²) and changes of use; except for changes of use to a caravan, camping or chalet site, or to a mobile home or park home site, where the sequential and exception tests should be applied as appropriate.

165. Plans should reduce risk from coastal change by avoiding inappropriate development in vulnerable areas or adding to the impacts of physical changes to the coast. They should identify as a Coastal Change Management Area any area likely to be affected by physical changes to the coast, and:
- a) be clear as to what development will be appropriate in such areas and in what circumstances; and
 - b) make provision for development and infrastructure that needs to be relocated away from Coastal Change Management Areas.
166. Development in a Coastal Change Management Area will be appropriate only where it is demonstrated that:
- a) it will be safe over its planned lifetime and not have an unacceptable impact on coastal change;
 - b) the character of the coast including designations is not compromised;
 - c) the development provides wider sustainability benefits; and
 - d) the development does not hinder the creation and maintenance of a continuous signed and managed route around the coast⁴⁴.
167. Local planning authorities should limit the planned life-time of development in a Coastal Change Management Area through temporary permission and restoration conditions, where this is necessary to reduce a potentially unacceptable level of future risk to people and the development.

⁴⁴ As required by the Marine and Coastal Access Act 2009.

15. Conserving and enhancing the natural environment

168. Planning policies and decisions should contribute to and enhance the natural and local environment by:
- a) protecting and enhancing valued landscapes, sites of geological value and soils (in a manner commensurate with their statutory status or identified quality);
 - b) recognising the intrinsic character and beauty of the countryside, and the wider benefits from natural capital – including the economic and other benefits of the best and most versatile agricultural land, and of trees and woodland;
 - c) maintaining the character of the undeveloped coast, while improving public access to it;
 - d) minimising impacts and providing net gains for biodiversity, including by establishing coherent ecological networks that are more resilient to current and future pressures;
 - e) preventing new and existing development from contributing to, being put at unacceptable risk from, or being adversely affected by unacceptable levels of soil, air, water or noise pollution or land instability. Development should, wherever possible, help to improve local environmental conditions such as air quality; and
 - f) remediating and mitigating despoiled, degraded, derelict, contaminated and unstable land, where appropriate.
169. Plans should: allocate land with the least environmental or amenity value, where consistent with other policies in this Framework⁴⁵; take a strategic approach to maintaining and strengthening networks of habitats and green infrastructure; and plan for the enhancement of natural capital at a catchment or landscape scale across local authority boundaries.
170. Great weight should be given to conserving landscape and scenic beauty in National Parks, the Broads and Areas of Outstanding Natural Beauty. The conservation of wildlife and cultural heritage are also important considerations in these areas, and should be given great weight in National Parks and the Broads⁴⁶. The scale and extent of development within these designated areas should be limited. Planning permission should be refused for major development other than in exceptional circumstances, and where it can be demonstrated that the development is in the public interest. Consideration of such applications should include an assessment of:

⁴⁵ Where significant development of agricultural land is demonstrated to be necessary, areas of poorer quality land should be preferred to those of a higher quality.

⁴⁶ English National Parks and the Broads: UK Government Vision and Circular 2010 provides further guidance and information about their statutory purposes, management and other matters.

- a) the need for the development, including in terms of any national considerations, and the impact of permitting it, or refusing it, upon the local economy;
 - b) the cost of, and scope for, developing outside the designated area, or meeting the need for it in some other way; and
 - c) any detrimental effect on the environment, the landscape and recreational opportunities, and the extent to which that could be moderated.
171. Within areas defined as Heritage Coast (and that do not already fall within one of the designated areas mentioned in paragraph 170), planning policies and decisions should be consistent with the special character of the area and the importance of its conservation. Major development within a Heritage Coast is unlikely to be appropriate, unless it is compatible with its special character.

Habitats and biodiversity

172. To protect and enhance biodiversity and geodiversity, plans should:
- a) identify and map components of local wildlife-rich habitats, including the hierarchy of designated sites of importance for biodiversity⁴⁷; wildlife corridors and stepping stones that connect them; and areas identified by local partnerships for habitat restoration or creation⁴⁸; and
 - b) promote the conservation, restoration and re-creation of priority habitats, ecological networks and the protection and recovery of priority species; and identify and pursue opportunities for securing measurable net gains for biodiversity.
173. When determining planning applications, local planning authorities should apply the following principles:
- a) if significant harm to biodiversity resulting from a development cannot be avoided (through locating on an alternative site with less harmful impacts), adequately mitigated, or, as a last resort, compensated for, then planning permission should be refused;
 - b) development on land within or outside a Site of Special Scientific Interest, and which is likely to have an adverse effect on it (either individually or in combination with other developments), should not normally be permitted. The only exception is where the benefits of the development clearly outweigh both its likely impact on the features of the site that make it of special scientific interest, and any broader impacts on the national network of Sites of Special Scientific Interest;
 - c) development resulting in the loss or deterioration of irreplaceable habitats (such as ancient woodland) should be refused, unless there are wholly exceptional

⁴⁷ Circular 06/2005 provides further guidance in respect of statutory obligations for biodiversity and geological conservation and their impact within the planning system.

⁴⁸ Where Nature Improvement Areas are identified in plans, it may be appropriate to specify the types of development that may be suitable within them.

reasons⁴⁹ and a suitable mitigation strategy exists. Where development would involve the loss of individual aged or veteran trees that lie outside ancient woodland, it should be refused unless the need for, and benefits of, development in that location would clearly outweigh the loss; and

- d) development whose primary objective is to conserve or enhance biodiversity should be supported; while opportunities to incorporate biodiversity improvements in and around developments should be encouraged, especially where this can secure measurable net gains for the environment.

174. The following should be given the same protection as European sites:

- a) potential Special Protection Areas and possible Special Areas of Conservation;
- b) listed or proposed Ramsar sites⁵⁰; and
- c) sites identified, or required, as compensatory measures for adverse effects on European sites, potential Special Protection Areas, possible Special Areas of Conservation, and listed or proposed Ramsar sites.

175. The presumption in favour of sustainable development does not apply where development requiring appropriate assessment under the Birds or Habitats Directives is being considered, planned or determined.

Ground conditions and pollution

176. Planning policies and decisions should ensure that:

- a) a site is suitable for its proposed use taking account of ground conditions and any risks arising from land instability and contamination. This includes risks arising from natural hazards or former activities such as mining, and any proposals for mitigation including land remediation (as well as potential impacts on the natural environment arising from that remediation);
- b) after remediation, as a minimum, land should not be capable of being determined as contaminated land under Part IIA of the Environmental Protection Act 1990; and
- c) adequate site investigation information, prepared by a competent person, is available to inform these assessments.

177. Where a site is affected by contamination or land stability issues, responsibility for securing a safe development rests with the developer and/or landowner.

⁴⁹ For example, infrastructure projects (including nationally significant infrastructure projects, orders under the Transport and Works Act and hybrid bills), where the public benefit would clearly outweigh the loss or deterioration of habitat.

⁵⁰ Potential Special Protection Areas, possible Special Areas of Conservation and proposed Ramsar sites are sites on which Government has initiated public consultation on the scientific case for designation as a Special Protection Area, candidate Special Area of Conservation or Ramsar site.

178. Planning policies and decisions should also ensure that new development is appropriate for its location taking into account the likely effects (including cumulative effects) of pollution on health and living conditions, as well as the potential sensitivity of the site or the wider area to impacts that could arise from the development. In doing so they should:
- a) mitigate and reduce to a minimum potential adverse impacts resulting from noise from new development – and avoid noise giving rise to significant adverse impacts on health and quality of life⁵¹;
 - b) identify and protect tranquil areas which have remained relatively undisturbed by noise and are prized for their recreational and amenity value for this reason; and
 - c) limit the impact of light pollution from artificial light on local amenity, intrinsically dark landscapes and nature conservation.
179. Planning policies and decisions should sustain and contribute towards compliance with relevant limit values or national objectives for pollutants, taking into account the presence of Air Quality Management Areas and Clean Air Zones, and the cumulative impacts from individual sites in local areas. Opportunities to improve air quality or mitigate impacts should be identified, such as through traffic and travel management, and green infrastructure provision and enhancement. So far as possible these opportunities should be considered at the plan-making stage, to ensure a strategic approach and limit the need for issues to be reconsidered when determining individual applications. Planning decisions should ensure that any new development in Air Quality Management Areas and Clean Air Zones is consistent with the local air quality action plan.
180. Planning policies and decisions should ensure that new development can be integrated effectively with existing businesses and community facilities (including places of worship, pubs, music venues and sports clubs). Existing businesses and facilities should not have unreasonable restrictions placed on them as a result of development permitted after they were established⁵². Where an existing business or community facility has effects that could be deemed a statutory nuisance in the light of new development (including changes of use) in its vicinity, the applicant (or ‘agent of change’) should be required to secure suitable mitigation before the development has been completed.
181. The focus of planning policies and decisions should be on whether proposed development is an acceptable use of land, rather than the control of processes or emissions (where these are subject to separate pollution control regimes). Planning decisions should assume that these regimes will operate effectively. Equally, where a planning decision has been made on a particular development, the planning issues should not be revisited through the permitting regimes operated by pollution control authorities.

⁵¹ See Explanatory Note to the Noise Policy Statement for England.

⁵² Subject to the provisions of the Environmental Protection Act 1990 and other relevant law.

16. Conserving and enhancing the historic environment

182. Heritage assets range from sites and buildings of local historic value to those of the highest significance, such as World Heritage Sites which are internationally recognised to be of Outstanding Universal Value⁵³. These assets are an irreplaceable resource, and should be conserved in a manner appropriate to their significance, so that they can be enjoyed for their contribution to the quality of life of existing and future generations⁵⁴.
183. Plans should set out a positive strategy for the conservation and enjoyment of the historic environment, including heritage assets most at risk through neglect, decay or other threats. This strategy should take into account:
- a) the desirability of sustaining and enhancing the significance of heritage assets, and putting them to viable uses consistent with their conservation;
 - b) the wider social, cultural, economic and environmental benefits that conservation of the historic environment can bring;
 - c) the desirability of new development making a positive contribution to local character and distinctiveness; and
 - d) opportunities to draw on the contribution made by the historic environment to the character of a place.
184. When considering the designation of conservation areas, local planning authorities should ensure that an area justifies such status because of its special architectural or historic interest, and that the concept of conservation is not devalued through the designation of areas that lack special interest. They should also make Information about the historic environment, gathered as part of policy-making or development management, publicly accessible.

Proposals affecting heritage assets

185. In determining applications, local planning authorities should require an applicant to describe the significance of any heritage assets affected, including any contribution made by their setting. The level of detail should be proportionate to the assets' importance and no more than is sufficient to understand the potential impact of the proposal on their significance. As a minimum the relevant historic environment record should have been consulted and the heritage assets assessed using appropriate expertise where necessary. Where a site on which development is

⁵³ Some World Heritage Sites are inscribed by UNESCO to be of natural significance rather than cultural significance; and in some cases they are inscribed for both their natural and cultural significance.

⁵⁴ The policies set out in this chapter relate, as applicable, to the heritage-related consent regimes for which local planning authorities are responsible under the Planning (Listed Buildings and Conservation Areas) Act 1990, as well as to plan-making and decision-making.

proposed includes or has the potential to include heritage assets with archaeological interest, local planning authorities should require developers to submit an appropriate desk-based assessment and, where necessary, a field evaluation.

186. Local planning authorities should identify and assess the particular significance of any heritage asset that may be affected by a proposal (including by development affecting the setting of a heritage asset) taking account of the available evidence and any necessary expertise. They should take this into account when considering the impact of a proposal on a heritage asset, to avoid or minimise any conflict between the heritage asset's conservation and any aspect of the proposal.
187. Where there is evidence of deliberate neglect of or damage to a heritage asset, the deteriorated state of the heritage asset should not be taken into account in any decision.
188. In determining applications, local planning authorities should take account of:
 - a) the desirability of sustaining and enhancing the significance of heritage assets and putting them to viable uses consistent with their conservation;
 - b) the positive contribution that conservation of heritage assets can make to sustainable communities including their economic vitality; and
 - c) the desirability of new development making a positive contribution to local character and distinctiveness.

Considering potential impacts

189. When considering the impact of a proposed development on the significance of a designated heritage asset, great weight should be given to the asset's conservation, irrespective of the degree of potential harm to its significance. The more important the asset, the greater the weight should be.
190. Any harm or loss to a designated heritage asset (from its alteration or destruction, or from development within its setting), should require clear and convincing justification. Substantial harm to or loss of:
 - a) grade II listed buildings, or grade II registered parks or gardens, should be exceptional;
 - b) scheduled monuments, protected wreck sites, registered battlefields, grade I and II* listed buildings, grade I and II* registered parks and gardens, and World Heritage Sites, should be wholly exceptional⁵⁵.
191. Where a proposed development will lead to substantial harm to (or total loss of significance of) a designated heritage asset, local planning authorities should

⁵⁵ Non-designated heritage assets of archaeological interest, that are demonstrably of equivalent significance to scheduled monuments, should be considered subject to the policies for designated heritage assets.

refuse consent, unless it can be demonstrated that the substantial harm or total loss is necessary to achieve substantial public benefits that outweigh that harm or loss, or all of the following apply:

- a) the nature of the heritage asset prevents all reasonable uses of the site; and
 - b) no viable use of the heritage asset itself can be found in the medium term through appropriate marketing that will enable its conservation; and
 - c) conservation by grant-funding or some form of charitable or public ownership is demonstrably not possible; and
 - d) the harm or loss is outweighed by the benefit of bringing the site back into use.
192. Where a development proposal will lead to less than substantial harm to the significance of a designated heritage asset, this harm should be weighed against the public benefits of the proposal.
193. The effect of an application on the significance of a non-designated heritage asset should be taken into account in determining the application. In weighing applications that directly or indirectly affect non-designated heritage assets, a balanced judgement will be required having regard to the scale of any harm or loss and the significance of the heritage asset.
194. Local planning authorities should not permit loss of the whole or part of a heritage asset without taking all reasonable steps to ensure the new development will proceed after the loss has occurred.
195. Local planning authorities should require developers to record and advance understanding of the significance of any heritage assets to be lost (wholly or in part) in a manner proportionate to their importance and the impact, and to make this evidence (and any archive generated) publicly accessible⁵⁶. However, the ability to record evidence of our past should not be a factor in deciding whether such loss should be permitted.
196. Local planning authorities should look for opportunities for new development within Conservation Areas and World Heritage Sites, and within the setting of heritage assets, to enhance or better reveal their significance. Proposals that preserve those elements of the setting that make a positive contribution to the asset (or which better reveal its significance) should be treated favourably.
197. Not all elements of a World Heritage Site or Conservation Area will necessarily contribute to its significance. Loss of a building (or other element) which makes a positive contribution to the significance of the Conservation Area or World Heritage Site should be treated either as substantial harm under paragraph 190 or less than substantial harm under paragraph 191, as appropriate, taking into account the relative significance of the element affected and its contribution to the significance of the Conservation Area or World Heritage Site as a whole.

⁵⁶ Copies of evidence should be deposited with the relevant Historic Environment Record, and any archives with a local museum or other public depository.

198. Local planning authorities should assess whether the benefits of a proposal for enabling development, which would otherwise conflict with planning policies but which would secure the future conservation of a heritage asset, outweigh the disbenefits of departing from those policies.

17. Facilitating the sustainable use of minerals

199. It is important that there is a sufficient supply of minerals to provide the infrastructure, buildings, energy and goods that the country needs. Since minerals are a finite natural resource, and can only be worked where they are found, best use needs to be made of them to secure their long-term conservation.
200. Planning policies should:
- a) provide for the extraction of mineral resource of local and national importance, but not identify new sites or extensions to existing sites for peat extraction;
 - b) so far as practicable, take account of the contribution that substitute or secondary and recycled materials and minerals waste would make to the supply of materials, before considering extraction of primary materials, whilst aiming to source minerals supplies indigenously;
 - c) safeguard mineral resources by defining Minerals Safeguarding Areas; and adopt appropriate policies so that known locations of specific minerals resources of local and national importance are not sterilised by non-mineral development where this should be avoided (whilst not creating a presumption that the resources defined will be worked);
 - d) set out policies to encourage the prior extraction of minerals, where practical and environmentally feasible, if it is necessary for non-mineral development to take place;
 - e) safeguard existing, planned and potential sites for: the bulk transport, handling and processing of minerals; the manufacture of concrete and concrete products; and the handling, processing and distribution of substitute, recycled and secondary aggregate material;
 - f) set out criteria or requirements to ensure that permitted and proposed operations do not have unacceptable adverse impacts on the natural and historic environment or human health, taking into account the cumulative effects of multiple impacts from individual sites and/or a number of sites in a locality;
 - g) when developing noise limits, recognise that some noisy short-term activities, which may otherwise be regarded as unacceptable, are unavoidable to facilitate minerals extraction; and
 - h) ensure that worked land is reclaimed at the earliest opportunity, taking account of aviation safety, and that high quality restoration and aftercare of mineral sites takes place.
201. When determining planning applications, local planning authorities should give great weight to the benefits of mineral extraction, including to the economy. In considering proposals for mineral extraction, minerals planning authorities should:

- a) as far as is practical, provide for the maintenance of landbanks of non-energy minerals from outside National Parks, the Broads, Areas of Outstanding Natural Beauty and World Heritage sites, scheduled monuments and conservation areas;
- b) ensure that there are no unacceptable adverse impacts on the natural and historic environment, human health or aviation safety, and take into account the cumulative effect of multiple impacts from individual sites and/or from a number of sites in a locality;
- c) ensure that any unavoidable noise, dust and particle emissions and any blasting vibrations are controlled, mitigated or removed at source⁵⁷, and establish appropriate noise limits for extraction in proximity to noise sensitive properties;
- d) not grant planning permission for peat extraction from new or extended sites;
- e) provide for restoration and aftercare at the earliest opportunity, to be carried out to high environmental standards, through the application of appropriate conditions. Bonds or other financial guarantees to underpin planning conditions should only be sought in exceptional circumstances;
- f) not normally permit other development proposals in mineral safeguarding areas where they might constrain potential future use for these purposes;
- g) consider how to meet any demand for small-scale extraction of building stone at, or close to, relic quarries needed for the repair of heritage assets, taking account of the need to protect designated sites; and
- h) recognise the small-scale nature and impact of building and roofing stone quarries, and the need for a flexible approach to the duration of planning permissions reflecting the intermittent or low rate of working at many sites.

Maintaining supply

202. Minerals planning authorities should plan for a steady and adequate supply of aggregates by:

- a) preparing an annual Local Aggregate Assessment, either individually or jointly, based on a rolling average of 10 years sales data and other relevant local information, and an assessment of all supply options (including marine dredged, secondary and recycled sources);
- b) participating in the operation of an Aggregate Working Party and taking the advice of that Party into account when preparing their Local Aggregate Assessment;
- c) making provision for the land-won and other elements of their Local Aggregate Assessment in their mineral plans taking account of the advice of the Aggregate Working Parties and the National Aggregate Co-ordinating Group as

⁵⁷ National planning guidance on minerals sets out how these policies should be implemented.

appropriate. Such provision should take the form of specific sites, preferred areas and/or areas of search and locational criteria as appropriate;

- d) taking account of any published National and Sub National Guidelines on future provision which should be used as a guideline when planning for the future demand for and supply of aggregates;
- e) using landbanks of aggregate minerals reserves principally as an indicator of the security of aggregate minerals supply, and to indicate the additional provision that needs to be made for new aggregate extraction and alternative supplies in mineral plans;
- f) making provision for landbanks of at least 7 years for sand and gravel and at least 10 years for crushed rock, whilst ensuring that the capacity of operations to supply a wide range of materials is not compromised;
- g) ensuring that large landbanks bound up in very few sites do not stifle competition; and
- h) calculating and maintaining separate landbanks for any aggregate materials of a specific type or quality which have a distinct and separate market.

203. Minerals planning authorities should plan for a steady and adequate supply of industrial minerals by:

- a) co-operating with neighbouring and more distant authorities to ensure an adequate provision of industrial minerals to support their likely use in industrial and manufacturing processes;
- b) encouraging an appropriate level of safeguarding or stockpiling so that important minerals remain available for use;
- c) maintaining a stock of permitted reserves to support the level of actual and proposed investment required for new or existing plant, and the maintenance and improvement of existing plant and equipment; and
- d) taking account of the need for provision of brick clay from a number of different sources to enable appropriate blends to be made.

Oil, gas and coal exploration and extraction

204. Minerals planning authorities should:

- a) recognise the benefits of on-shore oil and gas development, including unconventional hydrocarbons, for the security of energy supplies and supporting the transition to a low-carbon economy; and put in place policies to facilitate their exploration and extraction;
- b) when planning for on-shore oil and gas development, clearly distinguish between, and plan positively for, the three phases of development (exploration, appraisal and production);

- c) encourage underground gas and carbon storage and associated infrastructure if local geological circumstances indicate its feasibility;
 - d) indicate any areas where coal extraction and the disposal of colliery spoil may be acceptable;
 - e) encourage the capture and use of methane from coal mines in active and abandoned coalfield areas; and
 - f) provide for coal producers to extract separately, and if necessary stockpile, fireclay so that it remains available for use.
205. When determining planning applications, minerals planning authorities should ensure that the integrity and safety of underground exploration, extraction and storage operations and facilities are appropriate, taking into account the maintenance of gas pressure, prevention of leakage of gas and the avoidance of pollution.
206. Permission should not be given for the extraction of coal unless the proposal is environmentally acceptable, or can be made so by planning conditions or obligations; or if not, it provides national, local or community benefits which clearly outweigh the likely impacts to justify the grant of planning permission.

Annex 1: Implementation

207. The policies in this Framework are material considerations which should be taken into account in dealing with applications from the day of its publication. Plans may also need to be revised to reflect policy changes which this replacement Framework has made. This should be progressed as quickly as possible, either through a partial revision or by preparing a new plan.
208. However, existing policies should not be considered out-of-date simply because they were adopted or made prior to the publication of this Framework. Due weight should be given to them, according to their degree of consistency with this Framework (the closer the policies in the plan to the policies in the Framework, the greater the weight that may be given).
209. The policies in the previous Framework will apply for the purpose of examining plans, where those plans are submitted⁵⁸ on or before [] [*this will be the date which is six months after the date of the final Framework's publication*]. In these cases the examination will take no account of the new Framework.
210. Where a plan is withdrawn or otherwise does not proceed to adoption⁵⁹ following publication of this Framework, the policies contained in this Framework will apply to any subsequent plan produced for the area concerned.
211. The Housing Delivery Test will apply from the day following the publication of the Housing Delivery Test results in November 2018. For the purpose of paragraph 75 in this Framework, substantial under-delivery means where the Housing Delivery Test results published in:
- a) November 2018 indicate that delivery was below 25% of housing required over the previous three years;
 - b) November 2019 indicate that delivery was below 45% of housing required over the previous three years;
 - c) November 2020 and in subsequent years indicate that delivery was below 75% of housing required over the previous three years.
212. For the purpose of paragraph 14:
- a) neighbourhood plans which have been approved at referendum on a date which is more than two years before the decision is taken, may also be considered to be 'recently brought into force', up to and including 11 December 2018; and

⁵⁸ For spatial development strategies, 'submission' in this context means the point at which a statement of intention to publish the strategy, and a copy of the strategy intended for publication, are sent to the Secretary of State in accordance with regulation 9(2) of the Town and Country Planning (London Spatial Development Strategy) Regulations 2000, or equivalent.

⁵⁹ Or publication, in the case of spatial development strategies, or referendum, in the case of neighbourhood plans.

b) from November 2018 to November 2019, housing delivery should be at least 25% of that required over the previous three years, as measured by the Housing Delivery Test.

213. The Government will continue to explore with individual areas the potential for planning freedoms and flexibilities, for example where this would facilitate an increase in the amount of housing that can be delivered.

Annex 2: Glossary

Affordable housing: housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers); and which complies with one or more of the following definitions:

- a) **Affordable housing for rent:** meets all of the following conditions: (a) the rent is set in accordance with the Government's rent policy, or is at least 20% below local market rents (including service charges where applicable); (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent schemes affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).
- b) **Starter homes:** is as specified in Sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute at the time of plan-preparation or decision-making. Income restrictions should be used to limit a household's eligibility to purchase a starter home to those who have maximum household incomes of £80,000 a year or less (or £90,000 a year or less in Greater London)
- c) **Discounted market sales housing:** is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.
- d) **Other affordable routes to home ownership:** is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low cost homes for sale and rent to buy (which includes a period of intermediate rent). Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for alternative affordable housing provision, or refunded to Government or the relevant authority specified in the funding agreement.

Aged or veteran tree: A tree which, because of its great age, size or condition is of exceptional value for wildlife, in the landscape, or culturally.

Air quality management areas: Areas designated by local authorities because they are not likely to achieve national air quality objectives by the relevant deadlines.

Ancient woodland: An area that has been wooded continuously since at least 1600 AD. It includes ancient semi-natural woodland and plantations on ancient woodland sites (PAWS).

Annual position statement: A document setting out the 5 year housing land supply position on 1st April each year, prepared by the local planning authority in consultation with developers and others who have an impact on delivery.

Archaeological interest: There will be archaeological interest in a heritage asset if it holds, or potentially holds, evidence of past human activity worthy of expert investigation at some point.

Best and most versatile agricultural land: Land in grades 1, 2 and 3a of the Agricultural Land Classification.

Birds and Habitats Directives: European Directives to conserve natural habitats and wild fauna and flora.

Brownfield land: See previously developed land.

Brownfield land registers: Registers of previously developed land that local planning authorities consider to be appropriate for residential development, having regard to criteria in the Town and Country Planning (Brownfield Land Registers) Regulations 2017. Local planning authorities will be able to trigger a grant of permission in principle for residential development on suitable sites in their registers where they follow the required procedures.

Build to Rent: Purpose built housing that is typically 100% rented out. It can form part of a wider multi-tenure development scheme comprising either flats or houses, but should be on the same site and/or contiguous with the main development. Schemes will usually offer longer tenancy agreements of three years or more, and will typically be professionally managed stock in single ownership and management control.

Climate change adaptation: Adjustments made to natural or human systems in response to the actual or anticipated impacts of climate change, to mitigate harm or exploit beneficial opportunities.

Climate change mitigation: Action to reduce the impact of human activity on the climate system, primarily through reducing greenhouse gas emissions.

Coastal change management area: An area identified in plans as likely to be affected by physical change to the shoreline through erosion, coastal landslip, permanent inundation or coastal accretion.

Conservation (for heritage policy): The process of maintaining and managing change to a heritage asset in a way that sustains and, where appropriate, enhances its significance.

Community forest: An area identified through the England Community Forest Programme to revitalise countryside and green space in and around major conurbations.

Community Right to Build Order: An Order made by the local planning authority (under the Town and Country Planning Act 1990) that grants planning permission for a site-specific development proposal or classes of development.

Competent person (to prepare site investigation information): A person with a recognised relevant qualification, sufficient experience in dealing with the type(s) of pollution or land instability, and membership of a relevant professional organisation.

Decentralised energy: Local renewable and local low-carbon energy sources.

Deliverable: To be considered deliverable, sites for housing should be available now, offer a suitable location for development now, and be achievable with a realistic prospect that housing will be delivered on the site within five years. Small sites, and sites with detailed planning permission, should be considered deliverable until permission expires, unless there is clear evidence that homes will not be delivered within five years (e.g. they are no longer viable, there is no longer a demand for the type of units or sites have long term phasing plans). Sites with outline planning permission, permission in principle, allocated in the development plan or identified on a brownfield register should only be considered deliverable where there is clear evidence that housing completions will begin on site within five years.

Design code: A set of illustrated design requirements that provide specific, detailed parameters for the physical development of a site or area. The graphic and written components of the code should build upon a design vision, such as a masterplan or other design and development framework for a site or area.

Designated heritage asset: A World Heritage Site, Scheduled Monument, Listed Building, Protected Wreck Site, Registered Park and Garden, Registered Battlefield or Conservation Area designated under the relevant legislation.

Developable: To be considered developable, sites should be in a suitable location for housing development with a reasonable prospect that they will be available and could be viably developed at the point envisaged.

Development plan: Is defined in section 38 of the Planning and Compulsory Purchase Act 2004, and includes adopted local plans, neighbourhood plans that have been made and published spatial development strategies, together with any regional strategy policies that remain in force.

Edge of centre: For retail purposes, a location that is well connected to, and up to 300 metres from, the primary shopping area. For all other main town centre uses, a location within 300 metres of a town centre boundary. For office development, this includes locations outside the town centre but within 500 metres of a public transport interchange. In determining whether a site falls within the definition of edge of centre, account should be taken of local circumstances.

Entry level exception site: A site that provides entry level homes suitable for first time buyers (or equivalent, for those looking to rent), in line with paragraph 72 of this Framework.

Environmental impact assessment: A procedure to be followed for certain types of project to ensure that decisions are made in full knowledge of any likely significant effects on the environment.

Essential local workers: Public sector employees who provide frontline services in areas including health, education and community safety and can include NHS staff, teachers, police, firefighters and military personnel, social care and childcare workers.

European site: This includes candidate Special Areas of Conservation, Sites of Community Importance, Special Areas of Conservation and Special Protection Areas, and is defined in regulation 8 of the Conservation of Habitats and Species Regulations 2010.

Geodiversity: The range of rocks, minerals, fossils, soils and landforms.

Green infrastructure: A network of multi-functional green space, urban and rural, which is capable of delivering a wide range of environmental and quality of life benefits for local communities.

Heritage asset: A building, monument, site, place, area or landscape identified as having a degree of significance meriting consideration in planning decisions, because of its heritage interest. It includes designated heritage assets and assets identified by the local planning authority (including local listing).

Heritage coast: Areas of undeveloped coastline which are managed to conserve their natural beauty and, where appropriate, to improve accessibility for visitors.

Historic environment record: Comprehensive, publicly accessible and dynamic resources that provide information about the local historic environment. Every local planning authority should maintain a Historic Environment Record or have access to one.

Housing Delivery Test: Measures net additional dwellings provided in a local authority area against the homes required, using national statistics and local authority data. The Secretary of State will publish the Housing Delivery Test results for each local authority in England every November.

Irreplaceable habitat: those which could be described as irreplaceable due to the technical difficulty or significant timescale required for replacement. It includes ancient woodland, blanket bog, limestone pavement and some types of sand dune, saltmarsh, reedbed and heathland. For the specific purpose of paragraph 173c of this Framework it does not include individual aged or veteran trees found outside ancient woodland.

Local Development Order: An Order made by a local planning authority (under the Town and Country Planning Act 1990) that grants planning permission for a specific development proposal or classes of development.

Local enterprise partnership: A body, designated by the Secretary of State for Housing, Communities and Local Government, established for the purpose of creating or improving the conditions for economic growth in an area.

Local housing need: the number of homes identified as being needed through the application of the standard method set out in national planning guidance, or a justified alternative approach.

Local nature partnership: A body, designated by the Secretary of State for Environment, Food and Rural Affairs, established for the purpose of protecting and improving the natural environment in an area and the benefits derived from it.

Local planning authority: The public authority whose duty it is to carry out specific planning functions for a particular area. All references to local planning authority apply to the district council, London borough council, county council, Broads Authority, National Park Authority and the Greater London Authority, to the extent appropriate to their responsibilities.

Local plan: A plan for the future development of a local area, drawn up by the local planning authority in consultation with the community. In law this is described as the development plan documents adopted under the Planning and Compulsory Purchase Act 2004. The local plan can consist of both strategic and local policies.

Local policies: policies contained in a neighbourhood plan, or those policies in a local plan that are not strategic policies.

Main town centre uses: Retail development (including warehouse clubs and factory outlet centres); leisure, entertainment and more intensive sport and recreation uses (including cinemas, restaurants, drive-through restaurants, bars and pubs, nightclubs, casinos, health and fitness centres, indoor bowling centres and bingo halls); offices; and arts, culture and tourism development (including theatres, museums, galleries and concert halls, hotels and conference facilities).

Major development: For housing, development where 10 or more homes will be provided, or the site has an area of 0.5 hectares or more. For non-residential development it means additional floorspace of 1,000m² or more, or a site of 1 hectare or more, or as otherwise provided in the Town and Country Planning (Development Management Procedure) (England) Order 2015.

Mineral safeguarding area: An area designated by minerals planning authorities which covers known deposits of minerals which are desired to be kept safeguarded from unnecessary sterilisation by non-mineral development.

National trails: Long distance routes for walking, cycling and horse riding.

Nature improvement areas: Inter-connected networks of wildlife habitats intended to re-establish thriving wildlife populations and help species respond to the challenges of climate change.

Neighbourhood Development Order: An Order made by a local planning authority (under the Town and Country Planning Act 1990) through which parish councils and neighbourhood forums can grant planning permission for a specific development proposal or classes of development.

Neighbourhood plans: A plan prepared by a parish council or neighbourhood forum for a designated neighbourhood area.

Older people: People over or approaching retirement age, including the active, newly-retired through to the very frail elderly; and whose housing needs can encompass

accessible, adaptable general needs housing through to the full range of retirement and specialised housing for those with support or care needs.

Open space: All open space of public value, including not just land, but also areas of water (such as rivers, canals, lakes and reservoirs) which offer important opportunities for sport and recreation and can act as a visual amenity.

Original building: A building as it existed on 1 July 1948 or, if constructed after 1 July 1948, as it was built originally.

Out of centre: A location which is not in or on the edge of a centre but not necessarily outside the urban area.

Out of town: A location out of centre that is outside the existing urban area.

Outstanding universal value: Cultural and/or natural significance which is so exceptional as to transcend national boundaries and to be of common importance for present and future generations. An individual Statement of Outstanding Universal Value is agreed and adopted by the World Heritage Committee for each World Heritage Site.

People with disabilities: People have a disability if they have a physical or mental impairment, and that impairment has a substantial and long-term adverse effect on their ability to carry out normal day-to-day activities. These persons include, but are not limited to, people with ambulatory difficulties, blindness, learning difficulties, autism and mental health needs.

Permission in principle: A form of planning consent granted by a local planning authority which establishes that a site is suitable for a specified amount of housing-led development in principle. Following a grant of permission in principle, the site must receive a grant of technical details consent before development can proceed.

Planning condition: A condition imposed on a grant of planning permission (in accordance with the Town and Country Planning Act 1990) or a condition included in a Local Development Order or Neighbourhood Development Order.

Planning obligation: A legal agreement entered into under section 106 of the Town and Country Planning Act 1990 to mitigate the impacts of a development proposal.

Playing field: The whole of a site which encompasses at least one playing pitch as defined in the Town and Country Planning (Development Management Procedure) (England) Order 2015.

Previously developed land: Land which is or was occupied by a permanent structure, including the curtilage of the developed land (although it should not be assumed that the whole of the curtilage should be developed) and any associated fixed surface infrastructure. This excludes: land that is or has been occupied by agricultural or forestry buildings; land that has been developed for minerals extraction or waste disposal by landfill, where provision for restoration has been made through development control procedures; land in built-up areas such as residential gardens, parks, recreation grounds and allotments; and land that was previously-developed but where the remains of the permanent structure or fixed surface structure have blended into the landscape.

Primary shopping area: Defined area where retail development is concentrated (generally comprising the primary and those secondary frontages which are adjoining and closely related to the primary shopping frontage).

Primary and secondary frontages: Primary frontages are likely to include a high proportion of retail uses which may include food, drinks, clothing and household goods. Secondary frontages provide greater opportunities for a diversity of uses such as restaurants, cinemas and businesses.

Priority habitats and species: Species and Habitats of Principal Importance included in the England Biodiversity List published by the Secretary of State under section 41 of the Natural Environment and Rural Communities Act 2006.

Ramsar sites: Wetlands of international importance, designated under the 1971 Ramsar Convention.

Renewable and low carbon energy: Includes energy for heating and cooling as well as generating electricity. Renewable energy covers those energy flows that occur naturally and repeatedly in the environment – from the wind, the fall of water, the movement of the oceans, from the sun and also from biomass and deep geothermal heat. Low carbon technologies are those that can help reduce emissions (compared to conventional use of fossil fuels).

Rural exception sites: Small sites used for affordable housing in perpetuity where sites would not normally be used for housing. Rural exception sites seek to address the needs of the local community by accommodating households who are either current residents or have an existing family or employment connection. A proportion of market homes may be allowed on the site at the local planning authority's discretion, for example where essential to enable the delivery of affordable units without grant funding.

Safeguarding zone: An area defined in Circular 01/03: Safeguarding aerodromes, technical sites and military explosives storage areas, to safeguard such sites.

Setting of a heritage asset: The surroundings in which a heritage asset is experienced. Its extent is not fixed and may change as the asset and its surroundings evolve. Elements of a setting may make a positive or negative contribution to the significance of an asset, may affect the ability to appreciate that significance or may be neutral.

Significance (for heritage policy): The value of a heritage asset to this and future generations because of its heritage interest. The interest may be archaeological, architectural, artistic or historic. Significance derives not only from a heritage asset's physical presence, but also from its setting. For World Heritage Sites, the cultural value described within each site's Statement of Outstanding Universal Value forms part of its significance.

Special Areas of Conservation: Areas given special protection under the European Union's Habitats Directive, which is transposed into UK law by the Habitats and Conservation of Species Regulations 2010.

Special Protection Areas: Areas which have been identified as being of international importance for the breeding, feeding, wintering or the migration of rare and vulnerable species of birds found within European Union countries. They are European designated sites, classified under the Birds Directive.

Site investigation information: Includes a risk assessment of land potentially affected by contamination, or ground stability and slope stability reports, as appropriate. All investigations of land potentially affected by contamination should be carried out in accordance with established procedures (such as BS10175:2011 Investigation of Potentially Contaminated Sites – Code of Practice). The minimum information that should be provided by an applicant is the report of a desk study and site reconnaissance.

Site of Special Scientific Interest: Sites designated by Natural England under the Wildlife and Countryside Act 1981.

Stepping stones: Pockets of habitat that, while not necessarily connected, facilitate the movement of species across otherwise inhospitable landscapes.

Strategic environmental assessment: A procedure (set out in the Environmental Assessment of Plans and Programmes Regulations 2004) which requires the formal environmental assessment of certain plans and programmes which are likely to have significant effects on the environment.

Strategic plan: A plan which sets out the strategic policies for an area in the form of an individual or joint local plan (which may also include local policies); or a spatial development strategy prepared by an elected Mayor or combined authority (where this power has been conferred).

Strategic plan-making authority: Those authorities responsible for producing strategic plans (local planning authorities, and elected Mayors or combined authorities, where this power has been conferred). This definition applies whether the authority is in the process of producing a strategic plan or not.

Strategic policies: Policies and strategic site allocations which address strategic priorities in line with the requirements of Section 19 (1B-E) of the Planning and Compulsory Purchase Act 2004.

Supplementary planning documents: Documents which add further detail to the policies in the development plan. They can be used to provide further guidance for development on specific sites, or on particular issues, such as design. Supplementary planning documents are capable of being a material consideration in planning decisions but are not part of the development plan.

Sustainable transport modes: Any efficient, safe and accessible means of transport with overall low impact on the environment, including walking and cycling, low and ultra low emission vehicles, car sharing and public transport.

Town centre: Area defined on the local authority's policies map, including the primary shopping area and areas predominantly occupied by main town centre uses within or adjacent to the primary shopping area. References to town centres or centres apply to city centres, town centres, district centres and local centres but exclude small parades of

shops of purely neighbourhood significance. Unless they are identified as centres in the development plan, existing out-of-centre developments, comprising or including main town centre uses, do not constitute town centres.

Transport assessment: A comprehensive and systematic process that sets out transport issues relating to a proposed development. It identifies measures required to improve accessibility and safety for all modes of travel, particularly for alternatives to the car such as walking, cycling and public transport, and measures that will be needed deal with the anticipated transport impacts of the development.

Transport statement: A simplified version of a transport assessment where it is agreed the transport issues arising from development proposals are limited and a full transport assessment is not required.

Travel plan: A long-term management strategy for an organisation or site that seeks to deliver sustainable transport objectives and is regularly reviewed.

Wildlife corridor: Areas of habitat connecting wildlife populations.

Windfall sites: Sites not specifically identified in the development plan.

15 MARCH 2018

PC06-18 | NATIONAL PLANNING POLICY FRAMEWORK

Summary

The National Planning Policy Framework (NPPF) refresh is primarily focused on housing and ways to deliver the government's target of 300,000 homes per annum. It includes a standardised methodology for calculating housing need and contains – amongst other things – policies on housing delivery tests, affordable housing, home ownership, densification and design.

It also contains a proposal that Local Plans and other strategic plans are reviewed “at least once every five years”, bringing with it the requirement for a renewal of Neighbourhood Plans at the same time, and it strengthens the ‘duty to co-operate’ imposed on principal authorities and requires them to prepare statements of common ground.

The housing White Paper “Fixing our broken housing market” sets out a comprehensive strategy to tackle the housing shortage. This comprised planning for the right homes in the right places, building homes faster, diversifying the market and helping people now. Further detail on a number of these reforms was set out in “Planning for the right homes in the right places” in September 2017. The Government is announcing further progress on turning this strategy into reality, comprising a draft new National Planning Policy Framework building on the first Framework published in 2012. The draft new Framework implements the Government's reforms to planning policy. The Government is currently consulting on the proposals in the draft Framework; and the Government intends to publish the final Framework before the summer. The main consultation document is [here](#).

Consultation questions

This consultation contains 43 questions – many of which are not directly relevant to the parish sector. The questions highlighted below are not only those for which NALC already has policies but those which might have a significant effect on many local councils. Based on standing and emerging NALC policy we have tried to isolate the current policy areas likely of most direct relevance to parishes in the draft NPPF document and are intending to respond to the associated most relevant national parish consultation questions as below;

2. Do you agree with the changes to the sustainable development objectives and the presumption in favour of sustainable development?

4. Do you have any other comments on the text of Chapter 2, including the approach to providing additional certainty for neighbourhood plans in some circumstances?
5. Do you agree with the further changes proposed to the tests of soundness, and to the other changes of policy in this chapter [3] that have not already been consulted on?
6. Do you have any other comments on the text of Chapter 3?
7. The revised draft Framework expects all viability assessments to be made publicly available. Are there any circumstances where this would be problematic?
11. What are your views on the most appropriate combination of policy requirements to ensure that a suitable proportion of land for homes comes forward as small or medium sized sites?
15. Do you agree with the policy changes on supporting business growth and productivity, including the approach to accommodating local business and community needs in rural areas?
16. Do you have any other comments on the text of chapter 6?
21. Do you agree with the changes to the transport chapter that point to the way that all aspects of transport should be considered, both in planning for transport and assessing transport impacts?
22. Do you agree with the policy change that recognises the importance of general aviation facilities?
23. Do you have any other comments on the text of Chapter 9?
25. Do you agree with the proposed approaches to under-utilised land, reallocating land for other uses and making it easier to convert land which is in existing use?
26. Do you agree with the proposed approach to employing minimum density standards where there is a shortage of land for meeting identified housing needs?
27. Do you have any other comments on the text of Chapter 11?
30. Do you agree with the proposed changes to enable greater use of brownfield land for housing in the Green Belt, and to provide for the other forms of development that are 'not inappropriate' in the Green Belt?

31. Do you have any other comments on the text of Chapter 13?

34. Do you agree with the approach to clarifying and strengthening protection for areas of environmental importance in the context of the 25 Year Environment Plan and national infrastructure requirements, including the level of protection for ancient woodland and aged or veteran trees?

35. Do you have any other comments on the text of Chapter 15?

Your Views

Please email your responses to this consultation to chris.borg@nalc.gov.uk by 17.00 on Friday 20 April 2018.

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8 March 2018

PC05-18 | Review of Local Government Ethical Standards

Executive Summary

The Committee on Standards in Public Life has recently launched a consultation as part of its review into local government ethical standards. The terms of reference of the review are to examine the structures, processes and practices in local government in England for: maintaining codes of conduct for local councillors; investigating alleged breaches fairly and with due process; enforcing codes and imposing sanctions for misconduct; declaring interests and managing conflicts of interest; whistleblowing; assessing whether the existing structures, processes and practices are conducive to high standards of conduct in local government, making any recommendations for how they can be improved, noting any evidence of intimidation of councillors, and making recommendations for any measures that could be put in place to prevent and address such intimidation. NALC will be responding to this consultation. The main consultation document is available [here](#).

Consultation questions

The main consultation questions are as below;

- a. Are the existing structures, processes and practices in place working to ensure high standards of conduct by local councillors? If not, please say why.
- b. What, if any, are the most significant gaps in the current ethical standards regime for local government?
- c. Are local authority adopted codes of conduct for councillors clear and easily understood? Do the codes cover an appropriate range of behaviours? What examples of good practice, including induction processes, exist?
- d. A local authority has a statutory duty to ensure that its adopted code of conduct for councillors is consistent with the Seven Principles of Public Life and that it includes appropriate provision (as decided by the local authority) for registering and declaring councillors' interests. Are these requirements appropriate as they stand? If not, please say why.
- e. Are allegations of councillor misconduct investigated and decided fairly and with due process?

i. What processes do local authorities have in place for investigating and deciding upon allegations? Do these processes meet requirements for due process? Should any additional safeguards be put in place to ensure due process?

ii. Is the current requirement that the views of an Independent Person must be sought and taken into account before deciding on an allegation sufficient to ensure the objectivity and fairness of the decision process? Should this requirement be strengthened? If so, how?

iii. Monitoring Officers are often involved in the process of investigating and deciding upon code breaches. Could Monitoring Officers be subject to conflicts of interest or undue pressure when doing so? How could Monitoring Officers be protected from this risk?

f. Are existing sanctions for councillor misconduct sufficient?

i. What sanctions do local authorities use when councillors are found to have breached the code of conduct? Are these sanctions sufficient to deter breaches and, where relevant, to enforce compliance?

ii. Should local authorities be given the ability to use additional sanctions? If so, what should these be?

g. Are existing arrangements to declare councillors' interests and manage conflicts of interest satisfactory? If not please say why.

i. A local councillor is under a legal duty to register any pecuniary interests (or those of their spouse or partner), and cannot participate in discussion or votes that engage a disclosable pecuniary interest, nor take any further steps in relation to that matter, although local authorities can grant dispensations under certain circumstances. Are these statutory duties appropriate as they stand?

ii. What arrangements do local authorities have in place to declare councillors' interests, and manage conflicts of interest that go beyond the statutory requirements? Are these satisfactory? If not, please say why.

h. What arrangements are in place for whistleblowing, by the public, councillors, and officials? Are these satisfactory?

i. What steps could local authorities take to improve local government ethical standards?

j. What steps could central government take to improve local government ethical standards?

k. What is the nature, scale, and extent of intimidation towards local councillors?

i. What measures could be put in place to prevent and address this intimidation?

NALC is additionally interested to know your views on where there is an alleged breach, due to failure to register and / or disclose a Disclosable Pecuniary Interest. Such cases are a matter for the Police and CPS to investigate and address, and not the principal authority – but we are interested to learn more about the success of the ‘criminal’ aspects of the 2012 standards framework.

If you are a County Association of Local Councils (CALC) please also tell us how frequently and recently any training on ethical standards has been delivered by your Association. County Associations are also welcome to tell us if any training on ethical standards has been made available by Standards Committees / principal authorities in their areas.

We would be interested in answers as to whether on balance current sanctions were thought sufficient; and if there should be a time limit placed on investigations to avoid councillors being left in limbo.

Surveys

NALC have developed two surveys to provide qualitative evidence to inform its response to the review. The survey for local councils is available [here](#) and the survey for county associations is available [here](#).

Your Views

Please email your responses to this consultation to Jessica.Lancod-frost@nalc.gov.uk by 17.00 on Friday 27 April, 2018.

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Review of Local Government Ethical Standards: Stakeholder Consultation

The Committee on Standards in Public Life is undertaking a review of local government ethical standards.

Robust standards arrangements are needed to safeguard local democracy, maintain high standards of conduct, and to protect ethical practice in local government.

As part of this review, the Committee is holding a public stakeholder consultation. The consultation is open from 12:00 on Monday 29 January 2018 and closes at 17:00 on Friday 18 May 2018.

Terms of reference

The terms of reference for the review are to:

1. Examine the structures, processes and practices in local government in England for:
 - a. Maintaining codes of conduct for local councillors;
 - b. Investigating alleged breaches fairly and with due process;
 - c. Enforcing codes and imposing sanctions for misconduct;
 - d. Declaring interests and managing conflicts of interest; and
 - e. Whistleblowing.
2. Assess whether the existing structures, processes and practices are conducive to high standards of conduct in local government;
3. Make any recommendations for how they can be improved; and
4. Note any evidence of intimidation of councillors, and make recommendations for any measures that could be put in place to prevent and address such intimidation.

The review will consider all levels of local government in England, including town and parish councils, principal authorities, combined authorities (including Metro Mayors) and the Greater London Authority (including the Mayor of London).

Local government ethical standards are a devolved issue. The Committee's remit does not enable it to consider ethical standards issues in devolved nations in the UK except with the agreement of the relevant devolved administrations. However, we welcome any evidence relating to local government ethical standards in the devolved nations of the UK, particularly examples of best practice, for comparative purposes.

Submissions will be published online alongside our final report, with any contact information (for example, email addresses) removed.

The Committee will publish anonymised submissions (where the name of the respondent and any references to named individuals or local authorities are removed) where a respondent makes a reasonable request to do so.

Consultation questions

The Committee invites responses to the following consultation questions.

Please note that not all questions will be relevant to all respondents and that submissions do not need to respond to every question. Respondents may wish to give evidence about only one local authority, several local authorities, or local government in England as a whole. Please do let us know whether your evidence is specific to one particular authority or is a more general comment on local government in England.

Whilst we understand submissions may be grounded in personal experience, please note that the review is not an opportunity to have specific grievances considered.

- a. Are the existing structures, processes and practices in place working to ensure high standards of conduct by local councillors? If not, please say why.
- b. What, if any, are the most significant gaps in the current ethical standards regime for local government?

Codes of conduct

- c. Are local authority adopted codes of conduct for councillors clear and easily understood? Do the codes cover an appropriate range of behaviours? What examples of good practice, including induction processes, exist?
- d. A local authority has a statutory duty to ensure that its adopted code of conduct for councillors is consistent with the Seven Principles of Public Life and that it includes appropriate provision (as decided by the local authority) for registering and declaring councillors' interests. Are these requirements appropriate as they stand? If not, please say why.

Investigations and decisions on allegations

- e. Are allegations of councillor misconduct investigated and decided fairly and with due process?
 - i. What processes do local authorities have in place for investigating and deciding upon allegations? Do these processes meet requirements for due process? Should any additional safeguards be put in place to ensure due process?
 - ii. Is the current requirement that the views of an Independent Person must be sought and taken into account before deciding on an allegation sufficient to ensure the objectivity and fairness of the decision process? Should this requirement be strengthened? If so, how?
 - iii. Monitoring Officers are often involved in the process of investigating and deciding upon code breaches. Could Monitoring Officers be subject to conflicts of interest or undue pressure when doing so? How could Monitoring Officers be protected from this risk?

Sanctions

- f. Are existing sanctions for councillor misconduct sufficient?

- i. What sanctions do local authorities use when councillors are found to have breached the code of conduct? Are these sanctions sufficient to deter breaches and, where relevant, to enforce compliance?
- ii. Should local authorities be given the ability to use additional sanctions? If so, what should these be?

Declaring interests and conflicts of interest

- g. Are existing arrangements to declare councillors' interests and manage conflicts of interest satisfactory? If not please say why.
 - i. A local councillor is under a legal duty to register any pecuniary interests (or those of their spouse or partner), and cannot participate in discussion or votes that engage a disclosable pecuniary interest, nor take any further steps in relation to that matter, although local authorities can grant dispensations under certain circumstances. Are these statutory duties appropriate as they stand?
 - ii. What arrangements do local authorities have in place to declare councillors' interests, and manage conflicts of interest that go beyond the statutory requirements? Are these satisfactory? If not, please say why.

Whistleblowing

- h. What arrangements are in place for whistleblowing, by the public, councillors, and officials? Are these satisfactory?

Improving standards

- i. What steps could *local authorities* take to improve local government ethical standards?
- j. What steps could *central government* take to improve local government ethical standards?

Intimidation of local councillors

- k. What is the nature, scale, and extent of intimidation towards local councillors?
 - i. What measures could be put in place to prevent and address this intimidation?

Who can respond?

Anyone with an interest may make a submission. The Committee welcomes submissions from members of the public.

However, the consultation is aimed particularly at the following stakeholders, both individually and corporately:

- Local authorities and standards committees;
- Local authority members (for example, Parish Councillors, District Councillors);
- Local authority officials (for example, Monitoring Officers);

- Think tanks with an interest or expertise in local government;
- Academics with interest or expertise in local government; and
- Representative bodies or groups related to local government.

How to make a submission

Submissions can be sent either in electronic format or in hard copy.

Submissions must:

- State clearly who the submission is from, i.e. whether from yourself or sent on behalf of an organisation;
- Include a brief introduction about yourself/your organisation and your reason for submitting evidence;
- Be in doc, docx, rtf, txt, ooxml or odt format, not PDF;
- Be concise – we recommend no more than 2,000 words in length; and
- Contain a contact email address if you are submitting by email.

Submissions should:

- Have numbered paragraphs; and
- Comprise a single document. If there are any annexes or appendices, these should be included in the same document.

It would be helpful if your submission included any factual information you have to offer from which the Committee might be able to draw conclusions, and any recommendations for action which you would like the Committee to consider.

The Committee may choose not to accept a submission as evidence, or not to publish a submission even if it is accepted as evidence. This may occur where a submission is very long or contains material which is inappropriate.

Submissions sent to the Committee after the deadline of 17:00 on Friday 18 May 2018 may not be considered.

Submissions can be sent:

1. Via email to: public@public-standards.gov.uk
2. Via post to:
Review of Local Government Ethical Standards
Committee on Standards in Public Life
GC:07
1 Horse Guards Road
London
SW1A 2HQ

If you have any questions, please contact the Committee's Secretariat by email (public@public-standards.gov.uk) or phone (0207 271 2948).

Preparations for GDPR – Update

General Purposes Committee – 10th April 2018

No.	Action Required	Current Position	RAG
1	You should make sure that decision makers and key people in your organisation are aware that the law is changing to the GDPR. They need to appreciate the impact this is likely to have and identify areas that could cause compliance problems under the GDPR. It would be useful to start by looking at your organisation's risk register, if you have one.	The introduction of the GDPR and the potential implications for the Council were reported to the General Purposes Committee on 3 rd October 2017.	G
2	You should document what personal data you hold, where it came from and who you share it with. You may need to organise an information audit across the organisation or within particular business areas.	Personal data is held in respect of grant applications, community centre and other bookings, events, allotments, civic activities, accounting and the employment of staff. Further work is currently being undertaken to identify any omissions from this list. NOTE: Personal data held by Councillors for their own purposes is not the Council's data, and separate arrangements may need to be made by Councillors themselves.	A
3	You should review your current privacy notices and put a plan in place for making any necessary changes in time for GDPR implementation.	Booking forms, grant application forms etc. are in the process of being reviewed to comply with the requirements of GDPR. An updated privacy policy is being prepared.	A
4	You should check your procedures to ensure they cover all the rights individuals have, including how you would delete personal data or provide data electronically and in a commonly used format.	Review not yet started.	R
5	You should update your procedures and plan how you will handle requests to take account of the new rules.	Training required for all staff, not yet arranged.	R

No.	Action Required	Current Position	RAG
6	You should identify the lawful basis for your processing activity in the GDPR, document it and update your privacy notice to explain it.	In progress.	A
7	You should review how you seek, record and manage consent and whether you need to make any changes. Refresh existing consents now if they don't meet the GDPR standard.	Booking forms, grant application forms etc. are in the process of being reviewed to comply with the requirements of GDPR.	A
8	You should start thinking now about whether you need to put systems in place to verify individuals' ages and to obtain parental or guardian consent for any data processing activity.	Currently the Council does not knowingly store the personal data of children. Will need to be considered if this changes in the future.	G
9	You should make sure you have the right procedures in place to detect, report and investigate a personal data breach.	To be considered after training.	R
10	It has always been good practice to adopt a privacy by design approach and to carry out a Privacy Impact Assessment (PIA) as part of this. However, the GDPR makes privacy by design an express legal requirement, under the term 'data protection by design and by default'. It also makes PIAs – referred to as 'Data Protection Impact Assessments' or DPIAs – mandatory in certain circumstances.	Will be taken into account in any new systems planning.	G
11	You should designate someone to take responsibility for data protection compliance and assess where this role will sit within your organisation's structure and governance arrangements.	Have contacted the Staffordshire Parish Council's Association (SPCA) to express an interest in the Data Protection Officer agreement with Staffordshire County Council. Reply from SPCA awaited.	A
12	If your organisation operates in more than one EU member state, you should determine your lead data protection supervisory authority and document this.	The Council does not operate in more than one EU member state.	G

SILENT SOLDIER CAMPAIGN STAFFORDSHIRE

THE ROYAL BRITISH LEGION
1914-1918 LEST WE FORGET

The Silent Soldier stands as a tribute to those who didn't return home and to those whose lives would never be the same again.

JOIN OUR CAMPAIGN

Staffordshire Poppy Appeal is inviting sponsors to get involved in the country wide Silent Soldier campaign. These Silent Soldier silhouettes will appear across the country as we commemorate the 100th anniversary of the end of the First World War.

Companies, community groups and individuals can donate to receive a Silent Soldier to display, they can also choose to display their company name on the base of the silhouette and join the nation to remember our fallen heroes during 2018.



IN SUPPORT OF

THE ROYAL BRITISH
LEGION



When the soldiers got back to England they were given a railway ticket to their home station. From there they were on their own, and would be seen across the country, walking back home, down the roads and across the fields, returning to their families.



More than 1.1 million British and Empire service men and women gave their lives during the First World War so that future generations could live theirs. The Royal British Legion aims to ensure that we pay our respects to those who gave so much.

The First World War changed communities across Britain and the allied countries forever. These same communities are coming together in many different ways to reflect and remember the huge sacrifice that so many made during the First World War and say thank you to those who rebuilt the country after the war. The Silent Soldier stands as a tribute to those who didn't return home and to those whose lives would never be the same again.

Why a Silent Soldier?

Following the end of the war in November 1918, the process of demobilisation and discharge was still a long process as the British Army still had commitments to fulfil in Germany, North Russia and in the garrisons of the Empire. On arrival back in England the men would move to a Dispersal Centre, this was a hutted or tented camp or barracks where they received a railway warrant or ticket to their home station. From there they were on their own, and would be seen across the country, walking back home, down the roads and across the fields, returning to their families. Most of the war service men were back in civilian life by the end of 1919.

How to get involved

The Royal British Legion is inviting organisations, community groups and individuals to support the Silent Soldier campaign by donating for and displaying a Silent Soldier to mark the 100th anniversary of the end of the First World War, from now to the end of December 2018. The Silent Soldier could be placed on a roundabout, in gardens, fields, on buildings, in the countryside, towns and cities across the nation. The silhouette is supplied with both wall and ground fittings to make sure it stays put.

The First World War changed the world forever. If you would like to find out more, get involved and show your gratitude to a generation who fought for our freedom, please contact:

Annmarie Jones
Community Fundraiser, Staffordshire
E AMJones@britishlegion.org.uk
T 07884 869514

Please note this is an initiative by The Royal British Legion in Surrey and they will administer the manufacture and distribution for the rest of the UK.

Registered Charity No 219279

Stone Town Council - Non-Cheque Payments

The table below lists all non-cheque payments made by the Council in the period since the last report, for the Committee's information.

The table includes payments by direct debit, telephone banking and online banking. It excludes salary and related payments, payments from the Mayor's Charity, and transfers between the Council's bank accounts. These excluded items can be seen by any Member on request.

Date	Reference	Supplier	Description	Amount	Month
03/01/2018	D/Dbt010	Stafford Borough Council	Rates - Northesk St Car Park	£105.00	Jan-18
03/01/2018	D/Dbt010	Stafford Borough Council	Rates - Frank Jordan Centre	£405.00	Jan-18
03/01/2018	D/Dbt010	Stafford Borough Council	Rates - Crown Wharf Car Park	£241.00	Jan-18
03/01/2018	D/Dbt010	Stafford Borough Council	Rates - STN	£210.00	Jan-18
03/01/2018	D/Dbt010	Stafford Borough Council	Rates - Market	£237.00	Jan-18
08/01/2018	D/Dbt010	EE	Caretaker's mobile x 2	£67.10	Jan-18
16/01/2018	D/Dbt011	British Gas	Gas supply - STN	£422.73	Jan-18
16/01/2018	D/Dbt011	British Gas	Electricity supply - FJC	£434.25	Jan-18
25/01/2018	Elec011	Halton Print & Promotional	Union flags for Town	£195.86	Jan-18
25/01/2018	Elec011	Panda Press (Stone) Ltd	Banner - PO bus	£135.00	Jan-18
25/01/2018	D/Dbt011	Prism Solutions	ICT support	£414.24	Jan-18
31/01/2018	D/Dbt012	NatWest	Bank charges - Jan 18	£52.84	Jan-18
01/02/2018	D/Dbt013	Prism Solutions	Analogue Line rental	£73.80	Feb-18
06/02/2018	D/Dbt013	EE	Caretaker's Telephone	£46.00	Feb-18
14/02/2018	D/Dbt013	Francotyp Teleset	Postage - franking machine	£200.00	Feb-18
21/02/2018	D/Dbt013	British Gas	Gas supply - STN	£419.61	Feb-18
26/02/2018	D/Dbt013	Prism Solutions	ICT support	£414.24	Feb-18
28/02/2018	D/Dbt014	NatWest	Bank charges - Feb 18	£46.45	Feb-18