

INTERNAL AUDIT REPORT

TO: Head of Development Services **SUBJECT:** Conservation

CC Chief Executive
Deputy Chief Executive (BH)
Head of Finance
Development Manager
Principal Architect/Planner **MY REF:** PPC/JK

FROM: Audit & Risk Manager **DATE:** 13 March 2014

1. INTRODUCTION

- 1.1 As part of the 2013/2014 Audit Plan, an audit has recently been completed on the systems and procedures in place to manage the council's conservation activity.
- 1.2 This report outlines the approach to the audit and presents the findings and conclusions arising.

2. SCOPE AND OBJECTIVES OF THE AUDIT

- 2.1 The audit was undertaken in order to establish and test the management and financial controls in place over conservation.
- 2.2 The audit programme identified the controls that were expected to be in place and the possible risks arising from the absence of those controls.
- 2.3 The control objectives examined were as follows:
- a) The profile of the historic environment is maintained and promoted.
 - b) Appropriate areas of the District are designated as conservation areas.
 - c) Development applications within conservation areas are identified and processed accordingly.
 - d) Conservation grants are administered in accordance with legislation and local schemes.
 - e) Suitable budgetary control and risk management procedures are in place.

3. BACKGROUND

- 3.1 The title of this audit in the Audit Plan is Policy, Projects and Conservation and it has been so for many years. This title matches the description of the cost centre in the council's approved budget. It was pointed out a few years ago that the word "Projects" was somewhat irrelevant and largely historic as the group had not been involved in any planning projects for quite some time. Previous audits have normally covered planning policy and purely the grants aspects of conservation.
- 3.2 The timing for this audit was agreed in April 2013 and the audit was started towards the end of January with the intention of covering the Local Plan and again just the grants side of conservation. Some way into the audit it was instructed that consideration of any aspects of the Local Plan should not proceed as all relevant staff were fully committed to finalising the Plan and, given the importance of that, could not be distracted from the task.
- 3.3 This left conservation as the scope of the audit and enabled the audit to consider briefly some areas other than purely the payment of grants. None of these additional areas were considered in great detail and relied mainly on responses to questions rather than the provision of evidence.
- 3.4 Conservation is positioned in the Development Group and most of the work is undertaken by a Principal and Senior Architect/Planner.
- 3.5 Three types of conservation grant are available and the budget for 2013/2014 is around £103,000.

4. FINDINGS

- 4.1 In overall terms, the audit drew the conclusion that there are sound controls in place over the management of conservation.
- 4.2 In terms of the control objectives listed at 2.3, the findings are as follows:
- 4.3 **The profile of the historic environment**
 - 4.3.1 The positioning of the conservation function was changed about 18 months ago when it was transferred from Policy where it didn't have much in common with the work of that group. It is now placed in the Development Group as it sits far better with their work. The budgets and the supporting narratives for the two groups for 2014/2015 reflect the change.
 - 4.3.2 The conservation team maintain and promote the concept of conservation in many ways such as website information, offering advice to officers and the public, Executive reports, press releases, the management of conservation grants and organising the Heritage Open Days and the supporting public exhibitions.

4.4 Parts of the District are designated conservation areas

- 4.4.1 The Planning (Listed Buildings and Conservation Areas) Act 1990 places a duty on local authorities to determine which parts of their area are of special architectural or historic interest and so worthy of preservation and to designate those areas as conservation areas.
- 4.4.2 As the District has a large number of individual historic buildings and groups of buildings of architectural interest there are currently 29 conservation areas in place. The passage of time would suggest that as properties become older their architectural significance will increase and so new conservation areas will have to be considered.
- 4.4.3 The conservation team therefore has to keep the situation under review and consider the creation of new conservation areas where appropriate. Two new areas were added a few years ago.

4.5 Development applications are identified and treated appropriately

- 4.5.1 The classification of a building as a Listed Building and a property being situated in a conservation area places certain restrictions and responsibilities on owners and occupiers aimed at ensuring that the District's heritage is preserved and that there are no inappropriate changes made.
- 4.5.2 It will be the case that most of the time the officers processing planning applications will know that a property is listed or in a conservation area. Failing that when an application is being logged the GIS will identify that the application falls within a conservation area and that it should be treated accordingly.

4.6 Conservation grants administration

- 4.6.1 The payment and possible recovery of conservation grants is again covered by the 1990 Act. WDC has been making grants available for many years and currently there are three main grant schemes – Leamington Spa Town Grants, Warwick Town Grants and Historic Buildings Grants. All three grants are processed in the same way and the conditions are identical.
- 4.6.2 There is nothing blatantly wrong with how the grant applications are received, approved, paid and recorded but there is a certain informality to the whole process. Grants are basically 25% of the cost of eligible works with the maximum grant being £3,000. However, it proved difficult to establish where or when this was decided or approved and how it is publicised. There is a grants working party comprising four members of the council and the two officers in the conservation team. The working party reports to Executive in March on how the overall funding available is to be allocated over the three schemes, what was achieved in the previous year and how each scheme operates. The adoption of the report approves the schemes in a sense.

- 4.6.3 There is, however, no published information to prospective applicants on how the schemes operate and how much they might receive. The WDC website contains very little information about grants apart from an application form and what are eligible and ineligible works. It is only when an application is submitted and approved that the applicant discovers the amount of the grant and the conditions unless of course they have contacted the council to discuss the matter.

Risk

The absence of any detailed information about the availability and the conditions of grants may deter potential applicants and mean that essential works are not undertaken.

Recommendation

The Conservation Grants page on the WDC website should be enhanced to include information about the types of grants available, the eligible properties, the amount of the grant and the conditions.

- 4.6.4 One of the grant conditions is that if a property receives a grant and is then sold within three years a proportion of the grant is repayable on a pro rata basis. This is controlled by a charge on the property. When a grant is paid a memo is sent to Land Charges to that effect. Fourteen paid grants were selected for detailed examination and in six cases there was no evidence on file that a memo had been sent. When an attempt was made to establish if Land Charges had been notified of these six cases and to check that all fourteen had been duly recorded the absence on sick leave of the Land Charges Officer meant that there was no member of staff to answer the query. Other officers claimed no knowledge of the process or how to access the land charges system.

Risks

If Land Charges are not notified of the payment of a grant then it would not be possible to recover any of it if the property was sold within three years.

Total reliance on one member of staff to provide a service creates problems in their absence.

Recommendations

All relevant paperwork relating to the payment of a grant should be retained on file for future reference.

Other members of staff in Development Services should receive a basic knowledge of the land charges system in order to be able to provide cover.

4.7 **Appropriate budgetary control and risk management procedures are in place**

4.7.1 The consideration of budgetary control was restricted to the payment of grants. The system in place is completely manual and considered to be acceptable given the nature and scale of the activity. Officers know the amount of the budgets under their control and grant approvals are recorded manually throughout the year to show any remaining balance and to indicate when no further applications can be accepted. A member of staff in Finance provides assistance when required.

4.7.2 There are some entries in the Development Services risk register relating to conservation and they are all of a generic nature i.e. budgetary decisions, training and staff absences. There are no entries relating to the possibility that a property may be demolished or altered inappropriately and this may be considered as a risk worthy of inclusion.

5. CONCLUSION

5.1 The audit concluded that in overall terms there are sound systems and procedures in place to manage the council's conservation function.

5.2 The audit can therefore give a **SUBSTANTIAL** level of assurance that the systems and procedures in place are appropriate and working effectively.

Richard Barr
Audit & Risk Manager