



PETERLEE TOWN COUNCIL

Date of Issue: 15th June 2021

A MEETING OF THE RESOURCES COMMITTEE WILL BE HELD ON MONDAY 21ST JUNE 2021 IN THE COUNCIL CHAMBER SHOTTON HALL, PETERLEE, SR8 2PH at 6.30pm

Mr I Morris P.S.L.C.C.

Town Clerk

A G E N D A

Members of the Committee and members of the public are reminded that the public part of the meeting may be recorded in both audio and video, and photographs may be taken.

1. Apologies for Absence

Members are cordially invited to inform the Deputy Town Clerk of their apologies as soon as practicable.

2. To receive declarations of interest

Members are reminded of the need to disclose any interests in items on this agenda, whether pecuniary or otherwise. Please seek advice from the Town Clerk or Deputy Town Clerk prior to the meeting if in doubt.

Members are reminded that they can check their published declaration of interests here: <https://bit.ly/2wVyeLA>

3. To approve the minutes of the previous meeting

Members are recommended to approve the minutes of the previous meeting of the Resources Committee on Monday 8th February 2021 as a true and correct record.

(Minutes of previous meeting, copy attached)

4. Updated Policy

The following policy is for consideration, approval and adoption by Peterlee Town Council (draft copies of the policies are available on the using the links given below, or in hard copy from the Deputy Town Clerk on request). This policy is an updated and reviewed version rather than a new policy:-

Staff Maternity Policy – the only change is the maternity allowance has increased as of 1 April 2021 to £151.97 (available on the web site <https://bit.ly/2Sr1atG>)

5. Review of the Effectiveness of the Council's System of Internal Control for the 2020/21 Financial Year

To receive a report from the Town Clerk on the review of the Effectiveness of the Council's System of Internal Control for the 2020/21 Financial Year.

(report of the Town Clerk, attached)

6. 2020/21 Financial Year – End of Year Budget Summary Report

To receive a report from the Town Clerk on the budget outturn for the 2020/21 financial year.

(report of the Town Clerk, attached)

7. Development of a Medium Term Financial Plan

To receive a presentation from the Town Clerk on the development of a 4-year Medium Term Financial Plan for the Town Council, and to consider the initial 'big questions' to be addressed as part of the Medium Term Financial Plan process.

PETERLEE TOWN COUNCIL

MINUTES OF THE MEETING OF THE RESOURCES COMMITTEE

HELD ONLINE USING VIDEO CONFERENCING TECHNOLOGY

ON MONDAY 8TH FEBRUARY 2021 at 6.00PM

PRESENT:- COUN A WATSON (CHAIR)

Mesdames:- K Hawley, D Howarth, S McDonnell, K J Duffy, M A Cartwright,
K Liddell & L Fenwick

Messrs:- C Watkins, R Moore, R Kyle, T Duffy, A Wilkinson, S Franklin, G Carne,
& S Miles

4. Apologies for Absence

Apologies for absence were offered to the meeting from Councillor S Simpson & S McGlen.

5. To receive declarations of interest

Members were reminded of the need to disclose any interests in items on this agenda, whether pecuniary or otherwise. None were offered. **RESOLVED the information given, be noted.**

6. Budget 2021/22

Prior to discussions the Chair wished to squash the rumour and stressed there were no plans for redundancies. Members were invited to give consideration to the latest version of the detailed draft budget for 2021/22. The draft budget was being provided for feedback and the Chair took Members through each page of the document and allowed for question and comment. Items

It was **RESOLVED:-**

- **Other than training already committed to, a freeze be made on the staff training budget;**
- **The Mayor's Personal allowance be reduced by £1,000 to £500.00;**

- Participation allowances be frozen at their current level;
- A further report be prepared on the subscriptions to local authority bodies;
- Appointment of a Bistro chef be kept on hold until the Bistro was to open;
- Room hire and sports letting fees be part of the MTFP

At this point the Chair asked for the following exclusion clause to be approved.

7. Exclusion of the Press & Public

RESOLVED that in view of the confidential nature of the items to be discussed, the committee passed the formal resolution to exclude the press and public from the meeting, pursuant to the Public Bodies (Admissions to Meetings) Act 1960 & the Local Government (Access to Information) Act, Part 1, paragraphs 3 & 4.

8. Budget 2021/22

Members spoke about Hill Rigg House and the Clerk confirmed the entirety of the Town Council's building portfolio needed to be considered in conjunction with the MTFP.

It was suggested the sports and well being classes, groups, clubs, walks etc be considered in more detail at the Scrutiny Committee. It was suggested a group be formed to consider planting, growing our own plants, using volunteers, grant funding and sponsorship engaging local groups. The Clerk advised the parks Manager and Democratic Services Manager/Deputy Town Clerk had a joint task to develop Friends of Groups and this would cover this type of task. In considering the provision and hire of skips it was suggested PTC should look to reducing the number of units hired, with perhaps a green initiative target of a 10% reduction in the number hired each year. Various ways of potentially providing arbor services in the town was discussed and the Clerk assured options for raising income would be considered as part of the MTFP.

RESOLVED

- **The NEP budget be suspended for a year and not included in the 2021/22 budget;**
- **A representative of Natural England, (CEDNNR) be invited to a future meeting to update Council on their work in the Dene and what the contribution goes towards;**
- **The youth provision be suspended for the next year;**
- **A decision be made no later than the end of March 2021 regarding the Peterlee Show.**

S Franklin left the meeting at 8.15pm (work commitments)

9. Medium Term Financial Plan 2021 – 2025

Members received a presentation by the Town Clerk on the development of a four – year Medium Term Financial Plan for the Town Council to cover the period 2021/22 to 2024/25. He explained this was a plan of the Council’s finances over this four year period and was a model, and a way of predicting, where possible, the financial impact of future internal and external events. It was then to consider the scale of risk exposure and the options to address this. It was **RESOLVED the MTFP be referred to a Scrutiny Meeting to begin work on the model and the assumptions/scenarios within the report with a report being made back to the Resources Committee after the May 2021 elections.**

Report to: Peterlee Town Council Resources Committee

Date: 21st June 2021

Report of: Ian Morris, Town Clerk and Responsible Financial Officer

Report title: Review of the Effectiveness of the Council's System of Internal Control for the 2020/21 Financial Year

Purpose: This report is intended to provide a review of the effectiveness of the Town Council's system of internal control for the 2020/21 financial year in accordance with regulation 6 of the Accounts and Audit Regulations 2015.

Background: Regulation 3 of the Accounts and Audit Regulations 2015¹ requires the Council to have in place a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives, ensures that the financial and operational management of the Council is effective, and includes effective arrangements for the management of risk.

In addition Regulation 6 requires the Council to conduct an annual review of the effectiveness of its system of internal control. The outcome of this review must be taken into account in the consideration and approval of the Annual Governance Statement, which is included in the Council's Annual Return.

This report sets out how the Council has met the requirements of the Accounts and Audit Regulations 2015 in relation to having in place a sound system of internal control and sets out the annual review of its effectiveness for the 2020/21 financial year. This is intended to provide the Council with the information and assurance it needs to approve the 2020/21 Annual Governance Statement in June 2021.

Definition: The 'system of internal control' refers to the cultures, strategies, policies, management systems and structures and procedures that are in place within the Council, which together help to ensure the effective exercise of its functions, the achievement of its aims and objectives, the management of risk, and the effective financial management of the Council in compliance with all relevant laws, acts, regulations and proper practices.

The system of internal control helps the Council to ensure that it:

- complies with all relevant laws, acts, regulations and proper practices;
- secures the economic, efficient and effective use of public money;
- safeguards its assets and interests; and
- controls the way in which it accounts to, engages with and leads its community, formulates its priorities and objectives, and delivers its services in a way that meets those objectives.

The system of internal control is designed to manage risk of failure to a reasonable level via a series of controls. However, it cannot eliminate all risk of failure to achieve

¹ A copy of the regulations can be found here: <https://www.legislation.gov.uk/ukxi/2015/234/contents>

aims, objectives and policies, and can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control consists of a framework that includes:

- a 'fit for purpose' constitution and scheme of administration made up of robust financial regulations, standing orders, policies and procedures;
- good officer and member relations and conduct;
- appropriate segregation of duties;
- a sound staffing structure and system of management supervision;
- strong financial management and internal audit arrangements;
- effective risk management; and
- a robust system of delegation, authorisation and accountability.

Responsibility: The Council is ultimately responsible for establishing and overseeing the development of a sound and effective system of internal control and for reviewing the effectiveness of this system on an annual basis.

The Chief Officer, supported by the Internal Auditor, is responsible for maintaining and developing the system of internal control, assessing its effectiveness, and monitoring and ensuring compliance with its various requirements by officers of the Council.

It is the responsibility of service managers to ensure sound internal control arrangements are in place and being followed in relation to their individual service areas, and that these meet the requirements of the Council's Financial Regulations and all supporting financial policies and procedures.

Our system: Peterlee Town Council's system of internal control includes the following specific elements:

- Regular consultation and engagement with the community and service users via the Council newsletter, social media, satisfaction surveys, public events, meetings with community organisations such as the Police and East Durham College, etc.
- Regular review of the Council's Constitution including: Committee Structure and Powers and Duties of Committees; Standing; Financial Regulations; Scheme of Delegation; Members' and Officers' Codes of Conduct; and Council Policies and Procedures.
- The work of the Internal Auditor which is planned, monitored and reported via the completion of the Annual Internal Audit Plan and regular reports to Resources Committee and/or Council
- The operation of the Council's Resources Committee and the reporting of risk assessments and the risk register, the annual Internal Audit Plan, audit reports, and audit recommendations to this Committee and/or Council
- The current development of the Council's Medium Term Financial Plan.
- The development, approval and implementation of the Annual Budget Framework which sets out the guidelines, principles and timeframe for the setting of the Council's Revenue and Capital Budget each year.
- Regular budgetary control, including undertaking regular assessments of expected outturn during the year, and the quarterly reporting of the Council's financial position to the Resources Committee and/or Council.
- The implementation of effective risk management principles across the Council including the annual review of the corporate risk register, and undertaking new risk assessments as and when necessary.

- The implementation of Complaints Policy and Whistleblowing Policy which set out the procedures for whistle-blowing, the reporting and investigation of concerns of fraud, and the investigation of complaints from members of the public.
- Effective insurance arrangements with a leading insurer, reviewed on an annual basis by Council.
- The *pro forma* inclusion of all staffing, financial, crime and disorder, equal opportunities, accommodation, human rights, consultation, procurement, risk, legal and data protection implications, where necessary, in respect of all written reports referred to the Council or its committees for consideration.
- Formal information technology policies and procedures for e-mail, internet, social media, and other computer use and pro-active monitoring and review of computer servers, systems and security arrangements by the Council's information technology support company.
- Effective employment policies and procedures and competent human resources support and advice.
- Effective health and safety policies and procedures and competent health and safety support and advice.
- A commitment to staff development and training via the staff Performance and Development Appraisal Scheme and annual staff training budget, and as evidenced by the Council's 'Investors in People' standard confirmation in 2020
- A commitment to Member training.

Annual Review: Peterlee Town Council has a responsibility, set out in Regulation 6 of the Accounts and Audit Regulations 2015, for conducting an annual review of the effectiveness of its system of internal control. The review of effectiveness is undertaken by the corporate management team of the Council, comprising the Chief Officer and Senior Managers, who have delegated responsibility for the development, maintenance and review of the system of internal control.

The annual review of the effectiveness of the system of internal control is also significantly informed by the work of the Internal Auditor. The Internal Auditor is responsible for ensuring all of the major services, systems and processes of the Council are reviewed annually, in order to ensure that the expected internal financial controls are in place and operating effectively.

The Internal Auditor will make comments where necessary in relation to identified weaknesses in internal control arrangements during audit reviews and will make recommendations for improvements and report these on a quarterly basis to the Council.

All the major services, activities, systems and processes of the Council are examined by Internal Audit through the annual Audit Plan to confirm that internal financial controls are operating satisfactorily and contributing to the efficient and effective delivery of services.

There were no material issues identified during the review of the effectiveness of the Council's system of internal control by the senior management team relating to possible weaknesses in the arrangements for systems of internal control.

In addition, no high level weaknesses in internal control were identified by the Internal Auditor during the year in the completion of the Annual Internal Audit Plan and the Internal Auditor has returned an overall 'Substantial' assurance report for the 2020/21 financial year. Where medium or low level/good practice

recommendations have been made by the Internal Auditor the Council's Senior Management Team has taken steps to action these recommendations.

Conclusion: The Council's Senior Management Team have concluded that the Council's internal control arrangements remain sound and continue to operate effectively.

Members are recommended to note the content of this report and approve the review of internal systems of control for the 2020/21 financial year.

Appendix 1: Implications

Finance –No direct implications.

Staffing - No direct implications.

Risk – The review of the Council’s internal systems of control is one of the ways that the Council manages risk to the Council by ensuring that sound systems of internal control are in place.

Equality and Diversity / Public Sector Equality Duty - No direct implications.

Accommodation - No direct implications.

Crime and Disorder – No direct implications

Human Rights - No direct implications.

Consultation – This report was circulated to and discussed by the Council’s Senior Management Team prior to submission to the committee for approval.

Procurement – No direct implications.

Disability Issues - No direct implications.

Legal Implications – The review of internal systems of control is intended to satisfy the requirement set out in The Accounts and Audit Regulations 2015.

Data Protection - No direct implications.

Report to: Peterlee Town Council Resources Committee
Date of Meeting: 21st June 2020
Subject: 2020/21 financial year – end of year budget summary report
Report of: Ian Morris, Town Clerk

Report Purpose: To provide the Council with a budget summary report for the 2020/21 financial year, in line the Council's Financial Regulations¹.

Background: Section 5.8 of the Council's Financial Regulations requires that Members are provided with a statement comparing actual expenditure to that planned in the budget for each head of the Council's budgets on a quarterly basis.

The working process that enables this report is as follows:

- End of Quarter budget report produced and circulated to Budget holders by Finance Team;
- 1:1 meetings between budget holders, Town Clerk and Finance Officer;
- Variance report produced and discussed with each budget holder;
- Report to Council for discussion and approval.

This report represents the Council's position at the end of the 2020/21 Financial Year, i.e. as at 31st March 2021.

Summary: The 2020/21 overall budget outturn per budget head is provided in Appendix 1 to this report.

A number of individual budget heads have variances in excess of the 'material' 15% limit prescribed in the Financial Regulations. Summary explanations for these material variances are provided in Appendix 2 to this report.

In March 2020 the Town Council approved a budget for the 2020/21 financial year that was forecast to result in a net expenditure of £190,672 which would be funded from reserves.

The actual budget outturn net expenditure for the year was £244,118, representing an 'overspend' of £53,446 against the total budget. This adverse budget position was predominantly caused by the COVID

¹ A copy of the Council's Financial Regulations are available from the Town Clerk or Deputy Town Clerk or can be viewed online here: <http://www.peterlee.gov.uk/wp-content/uploads/sites/37/2019/03/Financial-regs-amended-March-2019.pdf>

crisis and the devastating impact on the Council's income streams from Shotton Hall and the Pavilion.

The £244,118 gross expenditure in the 2020/21 financial year has resulted in a reduction in the Council's general fund reserves from £609,537 to £365,418 at the end of March 2021.

Members of the committee are reminded that the prudent level of reserves set in the Council's Use of Reserves Policy is £428,000 and so at the end of March 2021 the Council was £62,582 below the agreed prudent level of reserves. This is not a major cause for concern at present, and the reserves are there for to provide a 'buffer' against unplanned issues such as the COVID crisis, however the Town Council has already agreed that the Resources Committee will develop a Medium Term Financial Plan during 2021 to identify how the Council will plan to build the reserves back up the prudent level.

Recommendation: Members are recommended to note the content of this report and the Council's 2020/21 budget outturn position.

Appendix 1: 2020/21 budget variance table by budget heads.

(N.B. In the variance columns, E & F, a negative figure represents a saving/underspend against budget and a positive figure represents an overspend against budget)

A: Budget Code	B: Budget Heading	C: 2020/21 Budget	D: Q4 Actual	E: Variance	F: % variance
101	Central & Civic HQ Costs	£550,602	£573,683	£23,081	4%
102	Democratic Costs	£35,000	£29,165	-£5,835	-17%
103	Corporate Management	£22,900	£18,691	-£4,209	-18%
105	Other Costs and Income	-£1,560,280	-£1,566,387	-£6,107	0%
201	Shotton Hall banquetting suites	-£1,741	£124,163	£125,904	-7232%
221	The Pavillion	£229,143	£259,978	£30,835	13%
240	Sport & Leisure(pitches & equipment, etc)	£123,629	£156,745	£33,116	27%
241	Hill Rigg House	£4,923	£6,628	£1,705	35%
242	Lowhills Bowls Pavilion	£297	£193	-£104	-35%
261	Rugby Club site	-£5,001	-£4,597	£404	-8%
262	Eden Lane Parks Depot	£23,716	£22,487	-£1,229	-5%
293	Eden Lane Bowls Pavilion	£1,584	£790	-£794	-50%
280	Woodhouse Park	£53,178	£53,527	£349	1%
290	Sports Development	£46,415	£59,518	£13,103	28%
301	Parks Department general budget	£208,302	£199,005	-£9,297	-4%
325	Cemetery Service	£38,943	£37,360	-£1,583	-4%
350	Allotments	£13,012	£8,119	-£4,893	-38%
410	Town Activies	£92,250	£125,410	£33,160	36%
430	Town Events	£98,800	£2,087	-£96,713	-98%
901	Capital Projects	£215,000	£137,773	-£77,227	-36%
	Total budget position	£190,672	£244,118	£53,446	28%

Appendix 2: material (>15%) variances by budget head

NB – negative variances are enclosed in (parenthesis) and indicate an underspend, whether through reduced expenditure or increased income or both.

Code	Budget Head	Variance	Variance %	Summary Explanation
102	Democratic Costs	(£5,835)	(17%)	Underspend on Members' Training & Development; Mayor's Civic Duties and Twinning
103	Corporate Management	(£4,209)	(18%)	Unexpected COVID rates relief
201	Shotton Hall Banquet Suites	£125,904	7,232%	COVID impact
240	Sports & Leisure	£33,116	27%	Reduced income from sports hires including Helford Road MUGA
241	Hill Rigg House	£1,705	35%	Unexpected repairs
242	Lowhills Bowling Club	(£104)	(35%)	Lower electricity costs than budget
293	Eden Lane Bowls	£794	50%	Reduced expenditure due to COVID closure
290	Sports & Wellbeing	£13,103	28%	Lower than forecast income from classes and external grant funding due to COVID
350	Allotments	(£4,893)	(38%)	Lower than forecast expenditure on repairs/maintenance
410	Town Activities	£33,160	36%	Unbudgeted grant to CALM CIC for Lowhills community hub cabin offset by savings from cancelled events/activities
430	Town Events	(£96,713)	(98%)	Cancellation of most Town Events in 2020/21
901	Capital Projects	(£77,227)	(36%)	Reduction in capital programme due to COVID