



14th December 2021

In accordance with Paragraphs 8 & 10(2) (b) of Schedule 12 of the Local Government Act 1972 I hereby summon you to attend a Meeting of **PETERLEE TOWN COUNCIL** to be held in the **BRANDLING SUITES, SHOTTON HALL, PETERLEE, SR8 2PH** on **MONDAY 20TH DECEMBER 2021 at 6.30pm**

Ian Morris, P.S.L.C.C
Town Clerk (Proper Officer of the Council)

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.

Due to the current COVID situation the capacity of the meeting room is significantly reduced and public admission to the meeting will be limited. Any members of the public wishing to attend Shotton Hall to observe the meeting are strongly advised to contact the Council in advance to reserve a seat: council@peterlee.gov.uk or 0191 5862491

Councillors and members of the public attending the meeting will be asked to wear facemasks unless medically exempt.

BUSINESS TO BE TRANSACTED

1. **Apologies for Absence**
2. **Public Participation Session**
Will be held to allow Members of the public an opportunity to put questions to the Council. This item of business to last no more than 15 minutes, as per Council Standing Orders.

3. 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>

4. Internal Audit Report
To welcome Steve Carter to present the Internal Auditor's report.
(Report of the DCC Auditor attached)

5. To Approve the Minutes of the last meeting of the 29th November 2021
The minutes of the previous meeting are attached for consideration and approval as a true and correct record. (attached)

6. Report of the Community & Environment Meeting of the 6th December 2021
The minutes of the Community & Environment Meeting are attached for information consideration and approval as a true and correct record. (attached)
Members are asked to note the meeting was inquorate and such could not go ahead.

7. The notes of the Events Working Party of the 8th December 2021
The notes of the Event Working Party are attached for the information of Members (attached)

8. Notes of the Finance Sub Committee of the 20th December 2021
To confirm and endorse the resolution of the Finance Sub Committee to approve BACS payments to be paid on 21st December 2021.

9. COVID-19 Update
To receive an update from the Town Clerk on the Council's response to the COVID-19 situation.
(verbal report of the Town Clerk)

10. Request to use Land at Eden Lane - Circus
A request has been received to use land at Eden Lane for the circus to perform in May 2022, (29th April – 2nd May 2022). Members will be also asked to consider the use of Town Council Land for events arranged by other organisations.

11. Neighbourhood Planning

Following the workshop held on 24th November 2022 with the Town and Country Planning Association, Members will receive an update from the Town Clerk on the potential pros and cons of developing a Neighbourhood Plan for Peterlee.

(Report of the Town Clerk, to follow)

12. Councillor Dress Code

At the request of the Chair, Cllr Mary Cartwright, Members will be asked to consider a proposal to adopt a dress code for Councillors attending formal Council meetings.

13. Draft budget for 2022/23

Members will be asked to consider a report from the Town Clerk on the outline draft budget for the 2022/23 financial year.

(Report of the Town Clerk, attached)

14. Spokesperson of the North East Party's Report

15. Spokesperson of the Labour Political Party's Report

The press and public are welcome to attend this meeting for the open part of the meeting. There is also the opportunity to address the council in the Public Participation session at the start of the Meeting. Due to current COVID restrictions members of the public and press are strongly advised to contact the Council prior to attendance to ensure that we can accommodate you safely and lawfully, thank you.

Contact:- Ian Morris, Town Clerk, Peterlee Town Council, Shotton Hall, Peterlee Co Durham SR8 2PH

e mail: council@peterlee.gov.uk



PETERLEE TOWN COUNCIL MEETING
20 December 2021
INTERNAL AUDIT PROGRESS REPORT

REPORT OF THE HEAD OF INTERNAL AUDIT

Purpose of the Report

1. The purpose of this report is to advise Members on work undertaken by Internal Audit between 01 April 2021 and 31 March 2022 with coverage provided in accordance with our agreed SLA. The report aims to:
 - Provide a high level of assurance, or otherwise, on internal controls operating across the Council that have been subject to audit.
 - Advise the Committee of significant issues where controls need to improve to effectively manage risks.
 - Advise the Committee of any amendments to the approved Internal Audit plan.
 - Advise the Committee of changes to audit processes and terminology.
 - Track progress on the response to internal audit reports and the implementation of agreed internal audit recommendations.
 - Provide an update on our performance indicators comparing actual performance against planned.

2. The appendices attached to this report are summarised below. Those marked with an asterisk are considered as being not for publication (Exempt information under Part 3 of Schedule 12a to the Local Government Act 1972, paragraph 3).

Appendix 1	Risks and Implications
Appendix 2	Progress against the Internal Audit Plan
Appendix 3	Internal Audit Performance Indicators
Appendix 4	Overdue Actions

Progress against planned work

3. A summary of the agreed plan showing the status of each audit at the time of writing this report is attached at Appendix 2.

4. Delivery of the audit plan was impacted following the onset of the coronavirus pandemic which resulted in our agreeing to a new way of working with the Council and visits were made following the completion of risk assessments for each individual and location.

5. The Appendix shows that two out of nine reviews are complete and a summary of the two reports issues are as follows;

Review of Cemetery Management Arrangements

6. This review considered the Cemetery management arrangements in place and the following was confirmed;
- Capacity at the cemetery is monitored and there is currently at least 75 years of available capacity based on the average usage per year.
 - Daily inspections are carried out to ensure that the cemetery is well maintained and to identify any issues that require attention.
 - Arrangements are in place to ensure correct and timely preparation of the grave and a representative of the Council attends all burials.
 - Accurate site plans were maintained for burials, and memorials and Exclusive Right purchases.
 - The necessary documentation to allow burial, the purchase of an Exclusive Right, erection of a headstone and the purchase of memorials is in place.
 - All registers and site plans had been updated accurately and were up to date and complied with legislation.
 - A five-year programme of headstone testing was in place and is recorded. The last test being carried out in 2018.
 - Risk assessments are in place and are periodically reviewed and have a future review date specified.
 - Guidelines on what can be left at graves are part of the Cemetery Rules and Regulations and are issued to families.
 - Cemetery gates are open at all times for visitors however the cemetery is monitored by CCTV and security fencing is in place.
 - Fees and charges were reviewed by the Council on 22nd March 2021 for the 2021/2022 financial year and are available on the council's website or on request.
 - Income is fully recorded for burials and memorials along with receipt numbers and dates paid.
7. Our work provided a Substantial Assurance opinion and no recommendations were raised.

Review of Parks

8. This review considered the arrangements in place for the management of Parks and the following was confirmed;
- Maintenance programmes for the parks, pitches and play equipment are in place, being carried out and are up to date.
 - Inspection programmes are in place for parks and parks facilities. They are formally recorded and reviewed and signed by the Parks Manager. Processes are in place to rectify any issues identified from the inspections.
 - The Council's insurer inspects the playgrounds twice a year and reports the findings to the Council. Issues identified on the February 2021 insurer's report were found to have been addressed and recorded.
 - Appropriate public liability insurance is in place.
 - Risk assessments are in place and have review dates scheduled.
 - Processes are in place for the hire of pitches. All bookings tested had a signed application form accepting the rules and regulations, and all had been issued with an invoice that had been paid before the use of the pitch was allowed.

- The public have been consulted on the contents of the Play Strategy and feedback taken into consideration.
9. Our work provided a Substantial Assurance opinion with only one Medium Priority recommendation raised.
 10. Assurance reviews incorporate a consideration of the Council's Risk and Governance arrangements within each activity inspected.
 11. The assurance level, if applicable, for each piece of work where a final report has been issued is shown in Appendix 2.

Amendments to Annual Audit Plan

12. During the quarter no amendments were made to the plan.

Outstanding management response to draft reports

13. There are no management responses to outstanding Draft Reports overdue.

Response to Audit Recommendations

14. To provide independent assurance that adequate progress is made in the implementation of agreed recommendations at the appropriate service operational level, all high and medium recommendations contained within the action plans of individual audit reports are followed up by internal audit. In addition, listings of all recommendations outstanding at the end of each quarter are produced and issued to the Town Clerk to assist the Council in its own internal monitoring processes.
15. To allow the progress made at an operational level to be tracked and monitored, the numbers of all recommendations made arising from each audit completed, and evidenced as implemented, are shown in Appendix 4. It should be noted that Internal Audit will not follow up Best Practice matters raised.
16. A summary of outstanding audit recommendations i.e. those not implemented within original agreed or revised target dates, as evidenced through Internal Audit follow up, is given in the table below:

Risk	Actions	Total	Implemented			Overdue	Target	Overdue
Category	Raised	Due	(Due)	(Not due)	Total	Original	Revised	Revised
2017/18								
High	0	0	0	0	0	0	0	0
Medium	20	20	19	0	19	1	1	0
Total	20	20	19	0	19	1	1	0
2018/19								
High	3	3	3	0	3	0	0	0
Medium	26	26	26	0	26	0	0	0
Total	29	29	29	0	29	0	0	0
2019/20								
High	0	0	0	0	0	0	0	0
Medium	2	2	2	0	2	0	0	0
Total	2	2	2	0	2	0	0	0

Risk	Actions	Total	Implemented			Overdue	Target	Overdue
Category	Raised	Due	(Due)	(Not due)	Total	Original	Revised	Revised
2020/21								
High	0	0	0	0	0	0	0	0
Medium	10	9	7	0	7	2	2	0
Total	10	9	7	0	7	2	2	0
2021/22								
High	0	0	0	0	0	0	0	0
Medium	1	0	0	0	0	0	0	0
Total	1	0	0	0	0	0	0	0

17. There are three Medium priority recommendations overdue against original target implementation dates. Revised target dates have been agreed in all cases with no recommendations overdue. Details of the three overdue recommendations are shown in Appendix 4.

Unplanned work carried out this quarter

18. There has been no unplanned activity carried out during the period.

Reports issued with a Limited Assurance Opinion

19. There were no reports issued in the period that resulted in a Limited Assurance Opinion.

Performance Indicators

20. A summary of target performance indicators is given in Appendix 3.

Recommendation

21. Members are asked, when deliberating over the content of the report, to:
- consider the outturn position on progress made in delivering the internal audit plan for 2021/22 together with that made by managers in responding to the work of internal audit to gain assurance on the adequacy and effectiveness of the internal control environment.

Tracy Henderson, Interim Audit Manager, Tel: 03000 269668

Appendix 1: Risks and Implications

Finance -

The programme of work undertaken by Internal Audit supports the Council in maintaining safe and efficient arrangements for the proper administration of its financial affairs

Staffing –

None

Risk -

None

Equality and Diversity / Public Sector Equality Duty -

None

Accommodation -

None

Crime and Disorder -

None

Human Rights -

None

Consultation -

None

Procurement -

None

Disability Issues -

None

Legal Implications -

None

Other Risks

Control risks identified / considered in relation to reviews undertaken

Appendix 2: Summary of the status of work undertaken and recommendations made and implemented

INTERNAL AUDIT SERVICES				High		Medium		Best Practice
Reviews	Schedule	Status	Opinion	M	I	M	I	M
Corporate Governance Risks								
Corporate Governance Arrangements	Q1-4	In Progress		0	0	0	0	0
Risk Management Arrangements	Q4	In Progress		0	0	0	0	0
Financial Management								
Key Financial Systems	Q4	Planned						
Pavilion	Q3	Planned						
Shotton Hall Bar and Catering	Q4	Planned						
General Data Protection Regulations (GDPR)	Q4	Planned						
Parks	Q3	Final Report	Substantial	0	0	1	0	0
Activities and Events	Q4	Planned						
Unplanned Activities								
None								
Management								
Audit Planning and Reporting	Q1-4	In Progress	N/A	0	0	0	0	0
Brought Forward 2020-21								
Cemetery Management Arrangements	Q3	Final Report	Substantial	0	0	0	0	0
	Total			0	0	1	0	0

Appendix 3 Performance Indicators for 2021/22

Efficiency			
Objective: To provide maximum assurance to inform the annual audit opinion			
KPI	Measure of Assessment	Target & (Frequency of Measurement)	Actual
Planned audits completed	% of planned assurance work from original approved plan complete to draft report stage as at 31 March 2022	90% (Quarterly)	22% (2 out of 9 reviews completed)
Timeliness of Draft Reports	% of draft reports issued within 30 calendar days of end of fieldwork/closure interview Average time taken is also reported for information	90% (Quarterly)	100% (2 out of 2 reports issued) 4 days
Timeliness of Final Reports	% of final reports issued within 14 calendar days of receipt of management response Average time taken is also to be reported for information	95% (Quarterly)	100% (2 out of 2 reports issued) 1 day
Terms of Reference	% of TOR's agreed with key contact in advance of fieldwork commencing	95% (Quarterly)	100% (2 TORs issued)
Quality			
Objective: To ensure that the service is effective and adding value			
KPI	Measure of Assessment	Target & (Frequency of Measurement)	
Recommendations agreed	% of Recommendations made compared with recommendations accepted	95% (Quarterly)	100% (1 recommendation made and agreed)
Post Audit Customer Satisfaction Survey Feedback	% of customers scoring audit service good or above (3 out of 5) where 1 is poor and 5 is very good Average score is also reported for information	100% (Quarterly)	100% (2 out of 2 returns) Average Score 5
Customers providing feedback Response	% of Customer returning satisfaction returns	70% (Quarterly)	100% (2 returns from 2 surveys issued in 2021/22)

Appendix 4 Outstanding Audit Recommendations Quarter Ended 30 November 2021

	Audit	Year	Action Owner	Priority	Report Issued	Original Target	Revised Target	Recommendation	Progress Update
01	Capital	2017/18	Town Clerk	Medium	03/01/2018	30/06/2018	30/04/2022 31/03/2021 30/06/2020 31/03/2020 30/06/2019 31/03/2019 31/12/2018	A Service Asset Management Plan be developed and approved by Council.	<p>Updated provided in April 2021 indicated that a Service Asset Management plan will be developed alongside Council Plan and MTFP after the elections in 2021.</p> <p>Updated provided in January 2021 indicated that the draft format and will be presented to Council for approval before 31/3/2021.</p>
02	Leisure Gardens	2020/21	Town Clerk	Medium	27/05/2021	30/11/2021	31/03/2022	<p>The draft constitution should be developed further and the additional areas identified within the findings of this recommendation should be considered for inclusion within the draft document, along with any additional improvements identified following the review of the DCC template documents.</p> <p>The updated draft document should then be provided to Thorntree Gill Leisure Gardens Association for consideration, prior to the formal agreement being approved by both parties.</p>	Ongoing work with the Thorntree Gill Association committee to establish new working arrangements. New committee members now in place and we are currently awaiting feedback following a meeting at Shotton Hall in October 2021.
03	Leisure Gardens	2020/21	Town Clerk	Medium	27/05/2021	30/11/2021	31/03/2022	The Leisure Gardens Policy should be reviewed and updated to reflect any changes since May 2018 and continue to be regularly reviewed and updated when necessary.	Ongoing work with the Thorntree Gill Association committee to establish new working arrangements. New committee members now in place and we are currently awaiting feedback following a meeting at Shotton Hall in October 2021.

PETERLEE TOWN COUNCIL

MINUTES OF THE MEETING OF THE TOWN COUNCIL

HELD IN THE BRANDLING SUITE, SHOTTON HALL, PETERLEE

ON MONDAY 29TH NOVEMBER 2021 at 6.30PM

PRESENT: - COUN M A CARTWRIGHT (CHAIR)

Mesdames: - S Simpson, K Duffy, E Watson, J Black & M McCue

Messrs: - S Franklin, T Duffy, R Moore, R Burnip, B Fishwick, D Hawley &
M Sanderson

92. Apologies for Absence

Apologies for absence were offered and accepted from Councillors S McDonnell, K Hawley, A E Laing, G Johnson, K Liddell, D Howarth & D Quinn

93. Public Participation Session

There were no members of the public present.

94. To receive declarations of interest

Members were reminded of the need to disclose any interests in items on this agenda, whether pecuniary or otherwise.

95. To Approve the Minutes of the last meeting of the 25th October 2021

The minutes of the previous meeting were attached for consideration and approval as a true and correct record. **RESOLVED the minutes be accepted and signed as a true and correct record.**

96. Report of the Resources Committee of the 8th November 2021

The minutes of the Resources Meeting were attached for information of Members.
RESOLVED the information given, be noted.

97. The notes of the Events Working Party of the 8th November 2021

The notes of the Events Working Party were attached for the information of Members. Members were asked to confirm the suggested price of 'early bird' tickets for Peterlee Music Fest 2022 as £20.00 per ticket and £35.00 for a weekend pass which would go on sale immediately, with prices increasing to £25/£45 after the 'early bird' period.
RESOLVED the information in the minutes, be noted and the suggested ticket prices for the Peterlee Music Fest be agreed.

98. Notes of the Finance Sub Committee of the 24th November 2021

RESOLVED the resolution of the Finance Sub Committee of 24th November 2021 to approve BACS payments to be paid on 30th November 2021, be endorsed.

99. COVID-19 Update

Members received a verbal update from the Town Clerk on the Council's response to the COVID-19 situation. He confirmed that the Town Council had two of its employees off work with confirmed cases of COVID. All staff were continuing to take precautions with the use of screens, sanitizing, an office rota system and social distancing. He felt the main risk was operational where it would be difficult if a cluster of staff from the same team were ill at the same time, and that efforts so far had resulted in no known in-work transmission of the disease despite a significant number of staff now having had it. He would be continuing to keep update on the latest guidance and advised that the latest Government mask wearing mandate did not currently include public buildings. Members asked their kind regards be passed on to the two members of staff that had tested positive for Covid 19. **RESOLVED the information given be noted.**

100. Woodhouse Park – Avenue of 50th Anniversary Trees

Members were asked to consider a report from the Parks Manager on options to deal with the '50th Anniversary Avenue' of trees in Woodhouse Park which were substantially diseased, damaged or dead/dying. In considering the proposal it was suggested residents may wish to sponsor a tree and maybe an additional 25 trees, making 75 in total, be planted for the 75th Anniversary. **RESOLVED the removal and replating of the avenue of trees be agreed and they be replaced by 75 trees and residents, local community groups and businesses be invited to sponsor a tree.**

101. Quarter 2 Budget Outturn report

Members were asked to consider the budget outturn report for the first six months of the current financial year to 31st September 2021. **RESOLVED the information given, be noted.**

102. Medium Term Financial Plan (MTFP) and initial draft budget for 2022/23

RESOLVED this item be deferred to the Community & Environment Committee on 6th December 2021.

103. Award of contract for the Oakerside Play Area renewal contract

Members received a report from the Town Clerk and Parks Manager on the outcome of the procurement process for the Oakerside Drive play area renewal project including provision of new outdoor gym and toddler play areas outside the Pavilion Sports & Community Centre.

RESOLVED approval be given to the award of the contract for the Oakerside/Pavilion Play Area renewal project to HAGS SMP Ltd at a value of £100,000 + VAT.

104. Spokesperson of the North East Party's Report

Councillor K Duffy passed on her sympathies to everyone that had suffered from the effects of storm Arwen. Councillor McDonnell had sent her apologies and provided her report, which it was agreed would be circulated to all after the meeting. **RESOLVED the information given, be noted.**

105. Spokesperson of the Labour Party's Report

Councillor McCue assured help would be given wherever possible to the Santa's Wish Project and local foodbanks. She expressed regret that it seemed that most vulnerable in our local communities were continuing to be hit even harder. **RESOLVED the information given, be noted.**

106. Exclusion of the Press and 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 1 & 11.

107. Proposals for the restructuring and renaming of the Town Council's Parks Department

Members received a report from the Town Clerk proposing a restructure and renaming of the Town Council's Parks Department and the launch of a formal consultation process with staff and the Trade Unions. Following discussion and clarification on areas of the report, it was unanimously **RESOLVED approval be given to the proposed renaming and restructuring of the Parks Department as outlined in the report, subject to staff and unions consultation.**

DRAFT

THE MINUTES OF THE MEETING
OF THE COMMUNITY & ENVIRONMENT COMMITTEE
HELD IN THE BANQUETING SUITES,
SHOTTON HALL, PETERLEE ON MONDAY 6TH DECEMBER 2021 AT 6.30PM

PRESENT: G JOHNSON (CHAIR)

Mesdames:- R Moore & M Sanderson

Messrs:- K Hawley, J Black & K Duffy

The Chairman advised Members of the committee that part of the meeting may be recorded by both audio and video, and it may be that photographs were taken.

12. Apologies for Absence

Apologies were submitted by Councillors D Howarth, S Simpson, S McDonnell, T Duffy, M A Cartwright, D Hawley & D Howarth.

RESOLVED the Council approve the reason submitted for absence received from these Councillors, and their apologies for absence be recorded.

At this point it was recorded that the meeting was inquorate and as such would not take place. Members present agreed they still wished to receive the presentation from the Town Clerk on an update to the draft Medium Term Financial Plan presented to Resources Committee in June 2021 alongside the outline budget for the 2022/23 financial year.

THE NOTES OF THE MEETING OF THE EVENTS WORKING PARTY HELD IN THE BRANDLING SUITE, SHOTTON HALL, PETERLEE ON WEDNESDAY 8TH DECEMBER 2021 AT 10.30am

Present: Cllr K Hawley (Chair)

Councillors: S Simpson, J Black, M McCue, K Liddell & B Fishwick

Officers: J Hugill, L Freeman, L Hudson & K Tweddle

9. The Notes from the last meeting held on 8th November 2021 were considered and agreed as a true and correct record, and noting at the Council Meeting the price of the early bird tickets was agreed at £20.00 per ticket and £35.00 for a weekend pass which would go on sale immediately.

It was reported Colin Noble was to come along to a meeting to be held on 4th January 2022 at 2.00pm.

10. Artisan Craft & Food Festival

The Corporate Services Manager gave an update with discussions with the Council's Safety Officer who had previous experience with supporting the organisation of the food festival at Bishop Auckland and she outlined the wide list of items and issues that needed to be considered in organising such an event. It was suggested that local vendors be invited and involved in smaller events and then they may be interested in a larger event. Following discussion it was agreed to allow time to plan the event the Artisan Craft and Food Festival be organised for 2023 and a small working group be established to take this forward.

11. 1940's Event

Further detail and potential cost to the Council were provided to the working party. There was considerable discussion about this event it was agreed concessionary use of Shotton Hall for the event on 23/24 July 2022 be recommended, however it be stressed to the Group wishing to hold this event the Town Council are unable to plan, organise and support the event any further with finance or manpower.

12. Ideas for future Events

It was suggested a winter wonderland be considered for a future event.

Report to: Peterlee Town Council

Date: 20th December 2021

Report of: Ian Morris, Chief Officer & Town Clerk

Subject: Peterlee Town Council outline budget 2022/23

Report Purpose: To provide Members with an outline draft budget for the 2022/23 financial year and seek feedback on options to balance the budget in the forthcoming year. If any Members have any specific questions about any of the detail contained in this report they are recommended to contact the Town Clerk prior to the meeting if possible. This will ensure that proper consideration of the questions can be given prior to the meeting.

Background: At the Community & Environment meeting on Monday 6th December 2021 Members received a presentation from the Town Clerk that set out the key principles, financial pressures and opportunities facing the council in setting the 2022/23 budget and precept demand.

The Town Clerk presented Members with a summary of the impact of the COVID crisis on the current year's budget, the projected reserves position at the end of the year, pressures and opportunities for the 2022/23 budget and the impact of different precept decisions on household's Council Tax charges.

Pressure arising in the next financial year include:

Budget area	Approximate value	Comments
Staff salary and other inflation	£79,000	Staff pay award pending; utilities inflation; general inflation
Play Area sinking fund	£25,000	New sinking fund towards play area renewals in 20yrs
New trimax grass cutter for Parks department	£20,000	Required for cutting large areas of open grass, existing machine is at end of life
Introduction of Peterlee Music Fest for 2021	£26,000	Estimated net cost after income.
Total new pressure on budgets	£152,000	

This budgetary pressure is being offset by additional income or other savings in the financial year:

Budget area	Approximate value	Comments
Efficiencies	£30,000	Small savings made in a number of individual budget areas
Increased funding	£37,000	Small increase in Local Council Tax Reduction Scheme grant funding from DCC
Total new relief on budgets	£67,000	

The net effect on the draft budget for 2022/23 is a shortfall in the current draft budget of around £84,000 if a 0% precept increase is applied. If this situation materialised in the final budget as a decision to use reserves to balance the projected £84,000 deficit it would substantially reduce the Council's general reserves to well below the agreed prudent level.

Reserves:

Since 2018/19 the Town Council has successfully pursued a policy of investing Council reserves into a variety of capital projects across the Town. These capital projects have included:

- Investing around £500,000 in renewing the Town's play areas;
- A new community amenity building at the Thorntree Gill leisure gardens site; and
- Fencing to improve safety and security at the Pavilion Sports & Community Centre and the Lowhills Road playing fields

The Town Council has also invested reserves to protect local residents from Council Tax increases for the Town Council's element of the Council Tax precept. With a 2% Council Tax reduction in 2017/18 followed by 0% 'freezes' in 2018/19 to 2021/22, the Town Council has forgone approximately £240,000 of income that would have been raised had it increased precept in line with inflation from 2018 onwards.

The combination of capital investment and revenue protection from Council Tax increases has resulted in the Town Council's reserves reducing from a peak of £1,286,918 in April 2018 to a confirmed £365,418 at the end of March 2021. The Town Council also set a deficit budget in the current financial year, and the current year-end estimate reserves at the end of March 2022 are in the region of £300,000. Members are reminded that the Council's approved prudent level of reserves is £428,000, which was calculated in 2018 as approximately 3 months of operating costs.

Risks:

The Council is exposed to a number of financial risks at present:

1. The current year's budget assumed a 0% staff pay increase in line with the Government's 'public sector pay freeze' announcements in 2020. However,

government has since removed this pay freeze and Trade Unions are currently negotiating a pay increase with the National Employers body, with negotiations stuck at 1.75%. A current best-guess for a final settlement figure is 2%, in which case the Council will be faced with a backdated budget cost of approximately £20,000 with a subsequent circa £20,000 increase in staffing costs for 2022/23;

2. Government has introduced a new 1.25% Health and Social Care Levy which will apply from 1st April 2022, and this is likely to add approximately £11,500 per annum onto the Council's staffing bill;
3. As Members will be aware, utilities costs are forecast to rise substantially over coming months. It is not possible to predict exactly what the increase will be, and the Council currently arranges its utilities supply via Durham County Council's energy framework. However a pessimistic view of a 30% increase would result in increased utility costs of around £21,500 in 2022/23
4. General inflation has been estimated at 3.5% for 2022, which when applied to revenue costs other than staffing and utilities would result in increased costs of around £26,000;
5. The ongoing COVID situation is such that it is very difficult to predict how the Council will perform with its revenue-generating activity at Shotton Hall and The Pavilion Sports & Community Centre. In the 2020/21 financial year, the Pavilion's income from Bar and Bistro activity was less than 3% of the average for the previous 4 years pre-COVID. The draft budget has been based on an assumption of business slowly returning to pre-COVID levels over the course of 2022/23, however given the unpredictability of COVID to date these projections must be treated with some considerable caution.

Precept:

Members will be aware that each 1% of precept increase/decrease equates to an increase/decrease of precept income to the Town Council of around £13,000. The table below sets out the effect on the annual, monthly and weekly precept payments for households in Council Tax Bands A – E for each 1% of precept increase or decrease.

	Band A c. 75% of households in Peterlee	Band B c. 7%	Band C c. 9%	Band D c. 6%	Band E c. 3%
Current annual precept	£191.71	£223.66	£255.61	£287.56	£351.46
1% precept	£1.92	£2.24	£2.56	£2.88	£3.52
Monthly equivalent	16 pence	19 pence	21 pence	24 pence	29 pence
Weekly equivalent	4 pence	4 pence	5 pence	6 pence	7 pence

Table 1: illustration of precept levels per Council Tax band

So, for every £13,000 in additional income to the Council, 75% of households in Peterlee will pay an additional £1.92 in precept for the year – equivalent to an additional cost of around 4 pence per week.

In order to close the current draft budget deficit of £84,000 the Council could choose to increase the annual precept by 6.5%. This would result in a

	Band A c. 75% of households in Peterlee	Band B c. 7%	Band C c. 9%	Band D c. 6%	Band E c. 3%
Current annual precept	£191.71	£223.66	£255.61	£287.56	£351.46
With 6.5% increase	£204.17	£238.19	£272.22	£306.25	£374.31
Additional annual cost	£12.46	£14.53	£16.61	£18.69	£22.85
Monthly additional	£1.04	£1.21	£1.38	£1.56	£1.90
Weekly additional	£0.24	£0.28	£0.32	£0.36	£0.44

Table 2: example of cost to individual Council Tax payers of a 6.5% precept increase

So, a 6.5% precept increase would result in approximately 75% of households in Peterlee paying an additional £12.46 for the year in their Council Tax, equivalent to around £1.04 a month or 24pence a week.

**Alternative
Options:**

Members have previously expressed a strong desire to protect Council Tax payers in Peterlee from any rises in precept charges as far as possible. In order to close the current budget deficit Members can consider a number of options but the basic choices boil down to increasing income or reducing expenditure, or both.

In terms of increasing income, aside from the ‘increasing precept income’ option discussed earlier in this report, Members could look to increase charges for Council services. The Council’s main income sources other than precept are as follows:

Income source	Current estimate income	Comment
Shotton Hall	£37,000	Significant uncertainty around capacity to increase income due to COVID and future capital investment
The Pavilion	£168,150	Current income estimate is already at risk due to unpredictability of COVID situation
Sports Pitch Hire	£36,000	Sports pitch provision in the town currently estimated as a £127,000 net operating cost (ie costs after income). Members could consider increasing grounds maintenance charges for rugby, cricket and football clubs to reduce this level of subsidy.
Sports & Wellbeing Service	£46,600 (of which £35,000 is projected income from classes)	Members could consider increasing charges for classes at the Pavilion
Cemetery	£26,000	Cemetery charges were last reviewed and increased in 2019
Allotment rents	£3,000	Leisure Garden rents last reviewed and increased in April 2020

Table 3: summary of main income sources other than precept and LCTRS grant

In terms of reducing costs, the main areas of recurring revenue expenditure (those above £15,000) for the Town Council are as follows:

Cost area	Current estimate cost for FY	Comment
Staffing (salaried)	£1,173,000	Staffing pay award for current and next FY <u>estimated</u> at 4% in total, equivalent to roughly £47,000. All current employees terms and conditions include NJC collective agreements on pay.
Insurance	£95,000	Currently in the process of tendering for new insurance contract from 1 st April 2022
Electricity & Gas	£67,950	High level of uncertainty around future price increases
Rates	£30,850	Little opportunity for savings
Alarm system & CCTV	£29,000	
Bedding plants, shrubs, etc	£16,000	
Vehicle Leasing	£15,000	Contract with Northgate for leasing the Parks department vehicle fleet

Table 4: summary of main items of recurring revenue expenditure for 2022/23

And, planned Town Events and Activities currently included in the 2022/23 draft budget include:

Activity/Event	Current estimate net cost for FY	Comment
Town Garden Competition	£1,500	
Fireworks Display	£10,000	
Christmas Tree Lighting	£3,000	
Senior Citizens Event	£1,800	
Pantomime for schools	£3,500	
Peterlee Music Fest	£26,000	Tickets already on sale and bands booked, a high level of ticket sales and bar income would reduce this net cost
Castle Eden Dene visitor centre	£5,000	
Citizens Advice case worker	£20,000	Funding to CA East Durham for continuation of the case worker for Peterlee
Remembrance Parade	£3,000	

Table 5: summary of planned events and activities for 2022/23

Members will be presented with detailed budget breakdowns in January 2022 as part of further deliberations by Resources Committee and Full Council during January. Although the fine-tuning of the final budget detail can go on throughout February and March 2022 if needed, the precept demand will need to be agreed by Council in January to allow the Town Clerk to submit the precept demand to Durham County Council by Friday 21st January 2022.

Recommendation:

Members are recommended to note the contents of this report and to consider options to close the current deficit in the draft 2022/23 budget prior to further deliberation by Resources Committee and Council in January 2022.

Appendix 1: Implications

Finance – This report sets out the outline budget for the Town Council for the 2022/23 financial year, which currently provides for a deficit of around £84,000 based on a 0% precept increase.

Staffing – The report makes reference to the current pending staff pay award which is linked to NJC Terms and Conditions between the Council and its employees.

Risk – see section on risk in the main report.

Equality and Diversity, Cohesion and Integration – none

Crime and Disorder – none

Consultation & Communication – The outline budget has been developed with the Council's management team and has included direct engagement of staff in discussions about budget requirements for 2022/23.

Procurement – none

Legal – the legal power to raise a precept is enshrined in a statute, predominantly the Local Government Finance Act 1992 (cIV) and Localism Act 2011 (s78);