



21st June 2022

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 27th JUNE 2022 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. **To Approve the Minutes of the last meeting of the 16th May 2022**

The minutes of the previous meeting are attached for consideration and approval as a true and correct record. (attached)

5. **Internal Auditor's Reports**

(i) **Internal Auditor's Report for Quarter 4 2021/2022**

(ii) **Annual Internal Auditor's Opinion**

To welcome Tracy Henderson, Chief Internal Auditor & Corporate Fraud Manager and Nicola Cooke, Audit Manager, Durham County Council (attached)

6. **Peterlee Town Council Annual Return 2021/22**

Members will be asked to consider the following items that comprise the Council's Annual Return for the 2021/22 financial year (copies attached to this agenda):

(i) **Annual Internal Audit Report – to receive and note**

(ii) **Annual Governance Statement – to approve**

(iii) **Accounting Statements – to approve**

Following approval, the Chairman and Town Clerk to sign the Annual Governance Statement and the Chairman will sign the Accounting Statements.

7. **2021/22 Year End budget outturn report**

Members will be asked to review and approve the 2021/22 financial year budget outturn report.

(Report of the Town Clerk, attached)

8. **Notes of the Finance Sub Committee of the 25th May 2022**

To confirm and endorse the resolution of the Finance Sub Committee to approve BACS payments to be paid on 27th June 2022. (Notes of the meeting in May attached)

9. **Freedom of Information Act decision notice**

To inform Members of the outcome of a recent Freedom of Information Act complaint investigation by the Information Commissioner's Office, ref IC-115306-Q8Z8.

(Report of the Town Clerk, attached)

10. Proposal to establish a Climate Emergency Working Group

Following the approval and launch of the new Climate Emergency Response Plan (CERP2) by Durham County Council on 15th June 2022, Members will be asked to consider establishing a Town Council Climate Emergency Working Group to consider how best to respond to the County Durham plan and advise the Town Council on future Climate Emergency actions.

(Verbal report of the Town Clerk. Copy of the Durham County Council CERP2 report is attached for Members' information)

11. Spokesperson of the North East Party's Report

12. Spokesperson of the Labour Political Party's Report

PETERLEE TOWN COUNCIL

MINUTES OF MEETING OF THE TOWN COUNCIL HELD

IN THE BRANDLING SUITE, SHOTTON HALL, PETERLEE

ON MONDAY 16TH MAY 2022 AT 6.30PM

PRESENT: R A MOORE (Chair)

K Liddell, M McCue, S Simpson, S McDonnell, S P Franklin, H A Stockport, F J Black, D Hawley, K Hawley, K Duffy, T Duffy, B Fishwick, A E Laing, M A Cartwright, D Howarth, D Quinn & M W Sanderson

MEMBERS WERE REMINDED OF THE NEED TO DISCLOSE ANY INTEREST PREJUDICIAL OR PERSONAL IN ACCORDANCE WITH THE CODE OF CONDUCT.

1. To Elect a Chairman for the Ensuing Year

Members were asked to elect a Mayor for the ensuing year. **RESOLVED that Councillor R Moore be elected as Chairman for the ensuing year.**

Councillor Moore said he felt the Council had worked well as a Team together in their first year following the elections in 2021. He was concerned that the current difficulties in Eastern Europe would have a negative impact on economies and feared there may be unprecedented poverty in the community. He hoped the Council would continue to work together to help combat these problems. **RESOLVED the information given, be noted.**

2. To Sign and complete the Declaration of Acceptance of Office

The Mayor then signed the Declaration of Acceptance of Office to the role of Chairman. **RESOLVED the information given, be noted.**

3. Apologies for Absence

Apologies for absence had been submitted for Councillors E Watson, S Meikle, R Burnip & G Johnson. **RESOLVED the information given be noted.**

4. Presentation to Former Mayor of Peterlee to Mark her Year of Office

Councillor M A Cartwright was awarded with a medal to mark her year of office. She thanked everyone for their support and said it had been a difficult year due to COVID-19. She offered her best wishes to Councillor Moore for his year in office. **RESOLVED the information given, be noted.**

5. Register of Disclosable Pecuniary Interests & other Registerable Interests
All Members were asked to make sure they considered the content of their current forms and were reminded that should their circumstances change they were required to update their forms either via the office or DCC. **RESOLVED Members consider if their forms needed to be updated and return their forms as soon as possible and no later than 4 June 2021.**

6. To Elect a Vice Chair/Deputy Mayor & Consort
Nominations for the post of Vice Chairman were invited. **RESOLVED Councillor S Franklin be elected to the position of Chair/Deputy Mayor for the ensuing year.**

7. To Announce a Spokesperson for the Majority Party
RESOLVED Councillor MA Cartwright be named as the spokesperson for the majority party.

8. To Announce a Spokesperson of the Minority Party
RESOLVED Councillor M McCue be named as the spokesperson for the minority party.

9. The Minutes of the Last Meeting, a copy of which had been previously circulated to each Member, were approved as a true and correct record.

10. Review and Adoption of The Town Council's Standing Orders
Members were asked to review the Council's Standing Orders and the Clerk confirmed there were no major amends to them. **RESOLVED the Standing Orders be adopted.**

11. To Confirm the Dates of the Meetings for the Forthcoming Year
Members agreed and confirmed the dates of the meetings for the forthcoming year. **RESOLVED the dates of the meetings for the 2022/23 civic year, be confirmed.**

12. Review of the Terms of Reference for committees
Members were asked to review the terms of reference for the Town Council's committees. **RESOLVED the terms of reference as circulated, be accepted.**

13. To confirm the arrangements for insurance cover in respect of all insured risks
Members were asked to note the insurance arrangements with Zurich Municipal for the forthcoming year. **RESOLVED the insurance arrangements for the Council, be noted.**

14. Review of inventory of land and assets including buildings and office equipment
The Town Clerk circulated a summary of the Town Council's assets as provided through the year end accounting process. **RESOLVED the information given, be noted.**
15. Review of the Council's complaints procedure
Members were asked to review the Council's complaints procedure, along with the associated vexatious complaints policy. **RESOLVED the complaints procedure and policy for handling complaints, be confirmed.**
16. Review of the Council's procedures for handling requests made under the Freedom of Information Act 2000
Members were asked to review the Council's procedures for handling FOI requests under the Freedom of Information Act 2000. **RESOLVED the procedure be confirmed with the amendment FOI Requests be reported to Council when received.**
17. Committees, Sub Committees, Working Parties and their Chair and Vice Chair
RESOLVED the following be approved as Chair, Vice Chair and members of the following:-
- Council – all 22 members, Chair R Moore, Vice Chair S Franklin
 - Resources Committee – all 22 members, Chair K Hawley, Vice Chair R Moore
 - Community & Environment Committee – all 22 members, Chair R Moore, Vice Chair M A Cartwright
 - ◆ Human Resources – all 22 members – Chair M A Cartwright, Vice Chair, R Moore
 - Appeals Sub Committee – 5 members, Chair T Duffy, Vice Chair D Howarth and K Hawley, K J Duffy & D Hawley.
 - Disciplinary Hearings – 7 members, Chair R Moore, Vice Chair M A Cartwright, K Liddell, S Simpson, J Black, B Fishwick & D Hawley.
 - Town Clerk's Appraisal Sub Committee – 5 members, Chair R Moore, Vice Chair D Howarth and K Hawley, T Duffy and W Fishwick.
 - ◆ Health & Safety Sub Committee – all 22 members, Chair M A Cartwright, Vice Chair M Sanderson
 - ◆ Events Working Party – all 22 members, Chair K Hawley & B Fishwick
 - ◆ Finance Sub Committee – 8 (volunteered to be included as signatories on the bank account) R Moore, K Liddell, T Duffy, S Simpson, K J Duffy, G Johnson, J Black & R Burnip
 - Ø Scrutiny & Progress Working Party – 14 members, Chair K Hawley & Vice Chair M A Cartwright, S Franklin, K Lidell, T Duffy, B Fishwick, M A Cartwright, D

Howarth, D Hawley, G Johnson, M Sanderson, E Watson, K Liddell, M McCue
G Johnson & R Burnip

- Ø Parks & Play Areas Working Party – all 22 members, Chair S Franklin & Vice Chair K Duffy
- Ø Woodhouse Park Working Party – this be removed and resurrected as and when necessary
- Ø Lowhills Road Working Party – this be removed and resurrected as and when necessary
- Ø Environmental Park (Pony Fields area) Working Party – this be removed and resurrected as and when necessary

18. Delegates to Other Bodies

RESOLVED the following members be appointed as representatives of the Town Council to serve on the following bodies:-

1. County Durham Association of Local Councils

Councillor M A Cartwright & M Sanderson

2. Easington Durham Association of Parish & Town Councils

Councillors M A Cartwright, M McCue & J Black

3. Castle Eden Dene Joint Management Committee

Councillors M A Cartwright, KJ Duffy & T Duffy

4. Passmore Pavilion Local Steering Group

Councillor S McDonnell

5. Shotton Airfield Consultative Committee

Councillor Martin Sanderson

6. Healthworks, Easington

Councillor M A Cartwright

7. Peterlee Cricket Club

Councillor D Hawley

8. Peterlee & Horden Rugby Club

Councillor D Hawley & B Fishwick

19. General Power of Competence

RESOLVED the Council confirm its ongoing eligibility to use of the General Power of Competence as per the Parish Councils (General Power of Competence) (Prescribed Conditions) Order 2012 and Localism Act 2011, on the basis that both the Clerk and Deputy Clerk hold the mandatory Certificate in Local Council Administration (CILCA) qualification and that more than 2/3 of the Council has stood for election in May 2021.

20. Spokesperson for the North East Party Member's Report

Councillor Cartwright reported she had worked with colleagues to resolve a local housing issue. There had been issues relating to dog bins in the Denehouse Area that had also been successfully resolved. In closing she said she looked forward to progress being made with living with COVID 19 and the difficulties it had presented. **RESOLVED the report be noted.**

21. Spokesperson of the Labour Minority Member's Report

Councillor McCue thanked all of the Council staff and council colleagues for their support and patience helping them to resolve issues in their various ward. She was happy to see successful cross party working taking place which was beneficial to all residents. This was the current Council's second year and she felt there were difficult times ahead for our communities, however with cross party co operation the council would continue to offer help to residents. **RESOLVED the report be noted.**

DRAFT



PETERLEE TOWN COUNCIL MEETING
27 June 2022
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. The Appendix shows that all of the reviews are complete and a summary of the reports issues are as follows;

Review of Key Financial Systems and GDPR

5. The review for Key Financial Systems covering the period 01 April 2021 to 28 February 2022 found that the following arrangements were working effectively:
 - Income collection and banking.
 - Debtors
 - Debt Recovery
 - Creditors
 - Payroll

- Budgetary control
- Assets

6. In relation to GDPR the audit found that good practices continued to be in place:

- All relevant members of staff have received GDPR and Data Protection training.
- Staff are aware of the protocol to follow in the event of data breaches occurring
- Privacy notices are established, are published on the Council's website and have been communicated to all relevant staff and Members of the Council
- Where appropriate, consent had been obtained from data subjects for the their data to be used.
- A Service Information Asset Register is in place which records what data is held, by whom, the location of the data, the person responsible for the data, and the retention process.
- Processes are in place to ensure that data held is up to date.
- Information is held on a structured network with various access levels to ensure that only appropriate individuals can see relevant data.

7. Our work provided a Substantial Assurance opinion with only one Medium Priority recommendation raised. In addition to this six best practice recommendations were also identified during the audit.

Review of Pavilion

8. This review considered the Pavilion arrangements in place and the following was confirmed;

- Cash handling procedures have been finalised to include the findings in the previous audit report. Staff are aware of the Cash Handling Procedures but have not, as at the time of the audit, signed by them to confirm acceptance. This was being addressed during the audit.
- Counts and checks are in place for the Reception and Bistro floats and these checks are recorded and signed
- Keyholders were found to be appropriate for the Pavilion, the safes and the bar stock.
- CCTV covers all main rooms in the Pavilion, the bar and bistro till and the cellar. It does not directly cover the reception till but does cover the access to the reception area from the main office. The previous audit report highlighted that the CCTV cameras did not cover the reception till or the safe for which a best practice recommendation was made that confirmation be obtained from Phoenix Eye if it was possible to have cameras installed in the unmonitored areas.
- An alarm system is in place, including a panic button in reception. Monitoring and the annual testing of the alarm system is done by the contractors, Phoenix Eye
- Stock Takers UK have been procured to carry out the bar stock take. Since the reopening of the Pavilion in May 2021 following the pandemic lockdown, two stock takes have been carried out. Both were found to be ok.
- Cash is held securely, and collection arrangements are in place with Loomis.

- Cashing up sheets and weekly banking sheets had been forwarded to the Finance Officer for reconciliation to the ledger and the bank account. Reconciliations for the period tested were evidenced during the audit.
- A booking, billing and recovery procedure is in place for block bookings of the MUGA and for business hire of facilities.

9. Our work provided a Moderate Assurance opinion with three 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. The following amendments have been made to the plan

Audit	Reason
Activities and Events	Agreed to defer this review until the IA Year 2022/23
Shotton Hall Bar and Catering	Agreed to defer this review until the IA Year 2022/23

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

Risk	Actions	Total	Implemented			Overdue	Target	Overdue
Category	Raised	Due	(Due)	(Not due)	Total	Original	Revised	Revised
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
2020/21								
High	0	0	0	0	0	0	0	0
Medium	11	11	8	0	8	3	3	0
Total	11	11	8	0	8	3	3	0
2021/22								
High	0	0	0	0	0	0	0	0
Medium	5	5	2	3	5	0	0	0
Total	5	5	2	3	5	0	0	0

17. There are four 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 four 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.

Nicola Cooke, Audit Manager, Tel: 03000 269665

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	Schedule	Status	Opinion	High		Medium		Best Practice
				M	I	M	I	M
Reviews								
Corporate Governance Risks								
Corporate Governance Arrangements	Q1-4	Complete		0	0	0	0	0
Risk Management Arrangements	Q4	Complete		0	0	0	0	0
Financial Management								
Key Financial Systems	Q4	Final Report	Substantial	0	0	1	0	6
Pavilion	Q4	Final Report	Moderate	0	0	3	0	2
Shotton Hall Bar and Catering	Q4	Deferred						
General Data Protection Regulations (GDPR)	Q4	Final Report	Substantial	0	0	0	0	0
Parks	Q3	Final Report	Substantial	0	0	1	0	0
Activities and Events	Q4	Deferred						
Unplanned Activities								
None								
Management								
Audit Planning and Reporting	Q1-4	Completed	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	5	0	8

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)	100% (5 out of 5 reviews complete)
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% (5 out of 5 report issued) 8 days average
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% (5 out of 5 report issued) 1 day average
Terms of Reference	% of TOR's agreed with key contact in advance of fieldwork commencing	95% (Quarterly)	100% (7 out of 7 TOR's issued)
Quality			
Objective: To ensure that the service is effective and adding value			
KPI	Measure of Assessment	Target & (Frequency of Measurement)	Actual
Recommendations agreed	% of Recommendations made compared with recommendations accepted	95% (Quarterly)	100% (13 out of 13 recommendation accepted)
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% (5 out of 5 returns) Average score 4.9
Customers providing feedback Response	% of Customer returning satisfaction returns	70% (Quarterly)	100% (5 returns from 5 surveys issued in 2021/22)

Appendix 4 Outstanding Audit Recommendations Quarter Ended 31 March 2022

	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	30/09/2022 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>Update provided in April 2022 indicated that the Clerk is currently investigating template plans from other Councils. This will be a substantial piece of work to complete during 2022.</p> <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	30/06/2022 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>	<p>Update provided April 2022 indicated that the Clerk has met with new Committee members and issued options as well as draft constitution. Currently awaiting a formal response from the Committee on preferred option.</p> <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.</p>
03	Leisure Gardens	2020/21	Town Clerk	Medium	27/05/2021	30/11/2021	30/09/2022 31/03/2022	The Leisure Gardens Policy should be reviewed and updated to reflect any changes since May 2018 and continue to be	<p>Update provided in April 2022 indicated awaiting resolution of Thorntree Gill issue</p> <p>Ongoing work with the Thorntree Gill</p>

Appendix 4 Outstanding Audit Recommendations Quarter Ended 31 March 2022

	Audit	Year	Action Owner	Priority	Report Issued	Original Target	Revised Target	Recommendation	Progress Update
								regularly reviewed and updated when necessary.	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.
04	Leisure Gardens	2020/21	Town Clerk	Medium	27/05/2021	31/03/2022	30/06/2022	There should be effective performance reporting arrangements in place for the management of both Leisure Garden sites which is periodically reported to the Town Council.	First performance report scheduled for June 2022 to coincide with new rent year & financial performance data

PETERLEE TOWN COUNCIL MEETING

27 June 2022

INTERNAL AUDIT ANNUAL REPORT 2021/22



REPORT OF THE HEAD OF INTERNAL AUDIT

Purpose of the Report

1. The purpose of this report is to present the Annual Internal Audit Report for 2021/22, which is attached as Appendix 2.

Background

2. This report fulfils the requirements of Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application note for the Chief Internal Auditor and Corporate Fraud Manager to deliver an annual audit opinion and report that can be used by the Committee to inform its Annual Governance Statement.
3. The Annual Opinion makes conclusions on the overall adequacy and effectiveness of the Council's Framework of governance, risk management and control.
4. Based on work undertaken the Chief Internal Auditor and Corporate Fraud Manager is able to provide a Substantial overall assurance opinion on the adequacy and effectiveness of the governance, risk management and internal control arrangements operating across the Council in 2021/22.
5. This Substantial opinion identifies that there is a sound system of control. Any weaknesses identified expose some of the system objectives to minor risk
6. There are no adverse implications for the Annual Governance Statement arising from any of the work that Internal Audit has undertaken in 2021/22. All of the risks raised within Internal Audit reports have been accepted. Internal Audit's recommendations, or alternative proposed actions made by Management in response to the risk issues, have been agreed to be implemented. Full implementation of the agreed actions will realise the benefits of the control improvements detailed in each individual audit report. Internal Audit will follow up the implementation of its recommendations, or any agreed alternative actions, with the relevant responsible officers, as soon as is practically possible, after the target implementation dates. Progress on the implementation of audit recommendations will be reported through to this Committee in future reports on Internal Audit work.

Recommendation

7. Members consider the content of the Annual Internal Audit Report and the overall 'Substantial' opinion provided on the adequacy and effectiveness of the Council's governance, risk management and control environment for 2021/22.

Nicola Cooke, Audit Manager, Tel: 03000 269665

Appendix 1: Risks and Implications

Finance

The broad 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



Internal Audit Annual Report 2021-2022

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Introduction

1. This report summarises work carried out by Durham County Council Internal Audit and Risk Service during 2021/22, as part of the three-year Service Level Agreement covering the provision of Internal Audit Services up to 31 March 2022.
2. The report provides assurance on the effectiveness of the Council's control environment, risk management and corporate governance arrangements in place during the year.
3. The requirement for an internal audit function is implied by Section 151 of the Local Government Act 1972 which requires all relevant bodies to, "make arrangements for the proper administration of their financial affairs and ensure that one of its officers has responsibility for the administration of those affairs".
4. The Accounts and Audit Regulations 2015 require those bodies to "undertake an adequate and effective system of internal audit of its accounting records and its system of internal control in accordance with the proper practices in relation to internal control".
5. All Internal Audit work carried out in 2021/22 was in accordance with proper internal audit practices as described within the Public Sector Internal Audit Standards (PSIAS).
6. This report fulfils the requirements of PSIAS and the CIPFA Local Government Application Note for the Chief Internal Auditor and Corporate Fraud Manager to deliver an annual audit opinion and a report that can be used by the Committee to inform its Annual Governance Statement.
7. The report sets out:
 - The annual internal audit opinion on the overall adequacy and effectiveness of the governance, risk and control framework (the control environment).
 - A summary of the audit work carried out from which the opinion is derived.
 - Details of the quality assurance arrangements in place during 2021/22.

Service Provided and Audit Methodology

8. Internal Audit is an independent, objective assurance and consultancy activity designed to add value and improve an organisation's operations.
9. The primary objective of Internal Audit is to provide an independent and objective opinion on the Council's control environment which is comprised of the systems of governance, risk management and internal control.
10. The audit strategy to provide independent assurance, is summarised as follows:
 - To carry out planned assurance reviews of the effectiveness of the management of operational risks in all key service activities/systems.
 - To carry out assurance reviews of the management of strategic risks where the effective management of risk is heavily dependent on identified controls.
 - To carry out annual reviews of key risks where a high level of assurance is required to demonstrate the continuous effectiveness of internal controls, for example those associated with key financial and non-financial systems.
 - To use a Control Risk Assessment (CRA) methodology to focus audit resources on providing assurance on key controls where there is little or no other independent assurance on their adequacy or effectiveness.

Types of Audit Work Carried Out in 2021/22

Assurance Reviews

11. Assurance reviews are those incorporated into annual audit plans where the CRA methodology is to be applied. They also include service requests to provide assurance on more specific risks within a particular service activity.
12. On completion of each assurance review an opinion on the adequacy and / or the effectiveness of the control framework in place is provided to inform the annual audit opinion.
13. The audit methodology for arriving at audit opinions on individual assurance reviews is attached at **Appendix C**.

Advice and Consultancy Work

14. In addition to planned assurance reviews, provision may also be made in annual audit plans to support service managers by undertaking advice and consultancy type work. The outcomes from this work can also provide assurance on the control framework even though an assurance opinion is not provided on the completion of this work.

Counter Fraud Work

15. Provision is made within audit reviews undertaken to support service managers at an operational level to mitigate the strategic risk of fraud and corruption. Control weaknesses identified when fraud is suspected or proven also impacts on the overall opinion on the adequacy and effectiveness of the internal control system.

Audit Quality Assurance framework

16. The Internal Audit performance and quality framework reflects the requirements of the PSIAS.
17. Key elements of the quality assurance framework operating during 2021/22 include:
 - Independent quality reviews undertaken by Audit Managers as a matter of routine and periodically by the Chief Internal Auditor and Corporate Fraud Manager to ensure consistent application of agreed processes and procedures and to ensure expected quality standards are maintained.
 - Key contacts, determined by the Council, agree the Terms of Reference for each audit review and are able to challenge the findings and content of draft reports prior to them being finalised.
18. A summary of performance against agreed indicators is given in **Appendix A**.
19. As at the 31 March 2022, the % of planned work completed indicated that the service achieved 100% of the audit plan against a 90% target.
20. The non-statutory 'guidance' on internal audit for smaller authorities referred to in the Accounts and Audit Regulations 2015 is set out in Section 4 of 'Governance and Accountability for Smaller Authorities in England'. It recommends that in order to deliver an effective internal audit, 'smaller authorities should, at least annually, carry out a review of the effectiveness of their internal audit arrangements'.
21. The Council's Audit Committee, at its meeting on 30 June 2021, received an evaluation, in the form of a self-assessment carried out by the Interim Chief Internal Auditor and Corporate Fraud Manager, with regards to compliance with the key elements of the PSIAS that considered the following matters:
 - The structure and resourcing level, including qualifications and experience of the audit team;
 - The extent of conformance with the PSIAS in producing quality work;
 - Ensuring audit work was successfully delivered in the most appropriate areas on a prioritised (risk) basis;
 - The overall performance of the Internal Audit team.
22. For 2020/21, this demonstrated that the Section was conforming to the Code's requirements. This self-assessment was based on the PSIAS that were in place during 2020/21.
23. Following a self-assessment by the Interim Chief Internal Auditor and Corporate Fraud Manager, in June 2021, which established that the service continues to conform with the PSIAS, an external quality assessment of the Internal Audit Service's conformance to the Public Sector Internal Audit Standards (PSIAS) and CIPFA Local Government Application Note during 2021/22 was carried in February 2022 by the Chartered Institute of Public and Finance and Accountancy (CIPFA).

24. The opinion delivered by CIPFA's external assessment is that **'Durham County Council's Internal Audit Service's self-assessment is accurate and as such we conclude that they FULLY CONFORM to the requirements of the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note'** and the outcome of the review will be reported to County Council's Audit Committee at its meeting on 01 July 2022.

Summary of audit work carried out

Assurance Work

25. Our work programme for the year was determined by the approved Internal Audit Plan. The assurance opinion takes in account the individual opinions provided across all reviews undertaken in year, together with the most recent opinion for those activities not included in the plan in order to provide a better informed opinion on the entire control environment, a summary of which is attached at **Appendix D**.

Advice and Consultancy Work

26. All planned reviews are designed to add value as they provide independent assurance, through evaluation and challenge, on the adequacy and effectiveness of arrangements in place to manage risks. This evaluation and challenge supports the effective and efficient use of resources and VFM.
27. Through our advice and consultancy work we are able to add value pro-actively and reactively.
28. Reactive work involves responding to ad-hoc requests for advice and reviews added to the plan to address new or emerging risks. It also includes responding to potential fraud or irregularities and we ensure that all such incidents are properly investigated, and that appropriate action is taken by managers, whether or not fraud or malpractice is proven.
29. A summary of key advice and consultancy work completed during the year is attached at **Appendix B**

Key Areas for Opinion

30. The key areas of the control environment where assurance is required to inform our overall opinion are:
- Financial Management
 - Risk Management
 - Corporate Governance
31. Assurance has been provided on some aspects of key financial systems during the year. Reviews undertaken considered creditors, debtors, income collection and banking, payroll, main accounting and budgetary control.
32. Assurance reviews incorporate a consideration of the Council's Risk and Governance arrangements within each activity inspected.

Audit Opinion Statement

33. The Council has responsibility for maintaining a sound system of internal control that supports the achievement of its objectives.
34. Internal Audit is required to provide an opinion on the Council's risk management, control and governance process.
35. In giving this opinion it should be noted that assurance can never be absolute and therefore only reasonable assurance can be provided that there are no major weaknesses in these processes.
36. In assessing the level of assurance to be given, we based our opinion on:
 - All audits undertaken during the year
 - Follow up action on audit recommendations
 - Any significant recommendations not accepted by management and the consequent risk
 - Limitations which may have been placed on the scope of the internal audit
 - Reliability of other sources of assurance when determining the scope of audit reviews.
37. Based on work undertaken, and in particular that relating to core financial systems, the Chief Internal Auditor and Corporate Fraud Manager is able to provide a Substantial overall assurance opinion on the adequacy and effectiveness of governance, risk management and internal control arrangements operating across the Council in 2021/22.
38. This Substantial opinion identifies that there is a sound system of control. Any weaknesses identified expose some of the system objectives to minor risk
39. Where Internal Audit has identified areas for improvement, recommendations are made to minimise the level of risk, and action plans for their implementation were drawn up and agreed by management. Whilst the % of actions implemented within target dates is high, in many cases there is a time gap between a control weakness being reported and the date determined by management for when the action can practically and realistically be implemented. Consequently, the added assurance provided on implementation cannot always be recognised and evidenced in arriving at our overall annual assurance opinion. Work is ongoing with management with regard to timely and realistic implementation dates for actions being agreed.

PERFORMANCE INDICATORS

Efficiency		Objective: To provide maximum assurance to inform the annual audit opinion	
KPI	Measure of Assessment	Target & (Frequency of Measurement)	Q4 Actual
Planned audits completed	% of planned assurance work from original approved plan complete to draft report stage as at 31 March 2022.	90% annually	100% (5 out of 5 reviews complete)
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% (5 out of 5 report issued) 8 days average
Timeliness of Final Reports	% of final reports issued within 14 calendar days of receipt of management response Average time taken is also reported for information	95% (Quarterly)	100% (5 out of 5 report issued) 1 day average
Terms of Reference	% of TOR's agreed with key contact in advance of fieldwork commencing	95% (Quarterly)	100% (5 out of 5 TOR's 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% (13 out of 13 recommendations accepted)
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% (5 out of 5 returns) Average score 4.90
Customers providing feedback Response	% of Customer returning satisfaction returns	70% (Quarterly)	100% (5 returns from 5 surveys issued in 2021/22)

ADVICE AND CONSULTANCY WORK UNDERTAKEN IN 2021/2022

Whilst no formal advice and consultancy reviews have been undertaken for the Council during 2021/22, Internal Audit has maintained its links with the Council's key officers to discuss ongoing matters on an ad hoc / informal basis.

ASSURANCE OPINION METHODOLOGY

Findings

Individual findings are assessed on their impact and likelihood based on the assessment rationale in the tables below:

Impact Rating	Assessment Rationale
Critical	A finding that could have a:
	Critical impact on operational performance (Significant disruption to service delivery)
	Critical monetary or financial statement impact (In excess of 5% of service income or expenditure budget)
	Critical breach in laws and regulations that could result in significant fine and consequences (Intervention by regulatory body or failure to maintain existing status under inspection regime)
	Critical impact on the reputation of the Council (Significant reputational damage with partners/central government and/or significant number of complaints from service users)
Major	Critical impact on the wellbeing of employees or the public (Loss of life/serious injury to employees or the public)
	A finding that could have a:
	Major impact on operational performance (Disruption to service delivery)
	Major monetary or financial statement impact (1-5% of service income or expenditure budget)
Minor	Major breach in laws, regulations or internal policies and procedures (non compliance will have major impact on operational performance, monetary or financial statement impact or reputation of the service)
	Major impact on the reputation of the service within the Council and/or complaints from service users
	A finding that could have a:
Minor	Minor impact on operational performance (Very little or no disruption to service delivery)
	Minor monetary or financial statement impact (less than 1% of service income or expenditure budget)
	Minor breach in internal policies and procedures (non compliance will have very little or no impact on operational performance, monetary of financial statement impact or reputation of the service)
Likelihood	Assessment criteria
Probable	Highly likely that the event will occur (>50% chance of occurring)
Possible	Reasonable likelihood that the event will occur (10% - 50% chance of occurring)
Unlikely	The event is not expected to occur (<10% chance of occurring)

Overall Finding Rating

This grid is used to determine the overall finding rating.

LIKELIHOOD			
Probable	M	H	H
Possible	L	M	H
Unlikely	L	L	M
	Minor	Major	Critical
	IMPACT		

Priority of our recommendations

We define the priority of our recommendations arising from each overall finding as follows;

High	Action required, that is considered imperative , to improve the control environment so that objectives are not exposed to unacceptable risks through lack of or weaknesses in critical or key controls.
Medium	Action required to improve the control environment so that objectives are not exposed to risks through weaknesses in controls.
Best Practice	The issue merits attention and its implementation will enhance the control environment.

Overall Assurance Opinion

Based upon the ratings of findings and recommendations arising during the audit as summarised in the risk matrix above we define the overall conclusion of the audit through the following assurance opinions:

Substantial Assurance	There is a sound system of control. Any weaknesses identified expose some of the system objectives to minor risk.
Moderate Assurance	Whilst there is basically a sound system of control, there are some weaknesses, which expose objectives to risk.
Limited Assurance	There are weaknesses in key areas in the system of control, which expose objectives to unacceptable levels of risk.

		APPENDIX D		
SUMMARY OF ASSURANCE WORK CARRIED OUT				
Audit Area		Latest Opinion		
Core Financial Systems		2021/22		
Creditors				
Debtors				
Income collection and banking				
Payroll				
Main accounting and budgetary control				
Risk Management		2020/21		
General Data Protection Regulations (GDPR)		2021/22		
Cemetery		2021/22		
Pavilion - Income Collection and Banking		2021/22		
Leisure Gardens		2020/21		
Parks		2021/22		
Activities and Events		2017/18		
Shotton Hall Bar and Catering		2017/18		
Capital		2017/18		
Overall Opinion				
Assurance Opinion	Substantial	Moderate	Limited	
Key				

Annual Internal Audit Report 2021/22

Peterlee Town Council

www.peterlee.gov.uk

During the financial year ended 31 March 2022, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2021/22 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Not
A. Appropriate accounting records have been properly kept throughout the financial year.	
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	✓
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓
H. Asset and investments registers were complete and accurate and properly maintained.	✓
I. Periodic bank account reconciliations were properly carried out during the year.	✓
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓
K. If the authority certified itself as exempt from a limited assurance review in 2020/21, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2020/21 AGAR tick "not covered")	✓
L. The authority publishes information on a free to access website/webpage up to date at the time of the internal audit in accordance with any relevant transparency code requirements	✓
M. The authority, during the previous year (2020-21) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set).	✓
N. The authority has complied with the publication requirements for 2020/21 AGAR (see AGAR Page 1 Guidance Notes).	
O. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes No Not applicable

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken: 22/10/2021, 03/02/2022, 17/05/2022
Name of person who carried out the internal audit: Tracy Henderson

Signature of person who carried out the internal audit: Tracy Ann Henderson
Date: 18/05/2022

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

Section 1 – Annual Governance Statement 2021/22

We acknowledge as the members of:

Peterlee Town Council

our responsibility for ensuring that there is a sound system of internal control, including arrangements for the preparation of the Accounting Statements. We confirm, to the best of our knowledge and belief, with respect to the Accounting Statements for the year ended 31 March 2022, that:

		<i>Agreed</i>			
		Yes	No*	<i>'Yes' means that this authority</i>	
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	✓			<i>prepared its accounting statements in accordance with the Accounts and Audit Regulations.</i>	
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.				<i>made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.</i>	
3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.				<i>has only done what it has the legal power to do and has complied with Proper Practices in doing so.</i>	
4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.				<i>during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.</i>	
5. We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	✓			<i>considered and documented the financial and other risks it faces and dealt with them properly.</i>	
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	✓			<i>arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.</i>	
7. We took appropriate action on all matters raised in reports from internal and external audit.	✓			<i>responded to matters brought to its attention by internal and external audit.</i>	
8. 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 authority and, where appropriate, have included them in the accounting statements				<i>disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant</i>	
9. (For 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.		Yes	No	N/A	<i>has met all of its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.</i>
				✓	

*Please provide explanations to the external auditor on a separate sheet for each 'No' response and describe how the authority will address the weaknesses identified. These sheets must be published with the Annual Governance Statement.

This Annual Governance Statement was approved at a meeting of the authority on:

Signed by the Chairman and Clerk of the meeting where approval was given:

and recorded as minute reference:

Chairman

Clerk

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Section 2 – Accounting Statements 2021/22 for

Peterlee Town Council

	Year ending		Notes and guidance
	31 March 2021 £	31 March 2022 £	
1. Balances brought forward	609,537	365,418	<i>Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.</i>
2. (+) Precept or Rates and Levies	1,296,004	1,294,911	<i>Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.</i>
3. (+) Total other receipts	498,418	611,611	<i>Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.</i>
4. (-) Staff costs	1,152,571	1,200,229	<i>Total expenditure or payments made to and on behalf of all employees. Include gross salaries and wages, employers NI contributions, employers pension contributions, gratuities and severance payments.</i>
5. (-) Loan interest/capital repayments	50,452	50,452	<i>Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).</i>
6. (-) All other payments	835,518	703,547	<i>Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).</i>
7. (=) Balances carried forward	365,418	317,712	<i>Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).</i>
8. Total value of cash and short term investments	392,245	358,07	<i>The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – To agree with bank reconciliation.</i>
9. Total fixed assets plus long term investments and assets	6,494,666	6,488,82	<i>The value of all the property the authority owns – it is made up of all its fixed assets and long term investments as at 31 March.</i>
10. Total borrowings	907,444	897,72	<i>The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).</i>
11. (For Local Councils Only) Disclosure note re Trust funds (including charitable)	Yes	No	N/A
			✓ <i>N.B. The figures in the accounting statements above do not include any Trust transactions.</i>

I certify that for the year ended 31 March 2022 the Accounting Statements in this Annual Governance and Accountability Return have been prepared on either a receipts and payments or income and expenditure basis following the guidance in Governance and Accountability for Smaller Authorities – a Practitioners' Guide to Proper Practices and present fairly the financial position of this authority.

Signed by Responsible Financial Officer before being presented to the authority for approval

Date

20/06/22

I confirm that these Accounting Statements were approved by this authority on this date:

as recorded in minute reference:

Signed by Chairman of the meeting where the Accounting Statements were approved

Section 3 – External Auditor’s Report and Certificate 2021/22

In respect of

Peterlee Town Council

1 Respective responsibilities of the auditor and the authority

Our responsibility as auditors to complete a limited assurance review is set out by the National Audit Office (NAO). A limited assurance review is not a full statutory audit, it does not constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and hence it does not provide the same level of assurance that such an audit would. The UK Government has determined that a lower level of assurance than that provided by a full statutory audit is appropriate for those local public bodies with the lowest levels of spending.

Under a limited assurance review, the auditor is responsible for reviewing Sections 1 and 2 of the Annual Governance and Accountability Return in accordance with NAO Auditor Guidance Note 02 (AGN 02) as issued by the NAO on behalf of the Comptroller and Auditor General. AGN 02 is available from the NAO website – <https://www.nao.org.uk/code-audit-practice/guidance-and-information-for-auditors/>.

This authority is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The authority prepares an Annual Governance and Accountability Return in accordance with *Proper Practices* which:

- summarises the accounting records for the year ended 31 March 2022; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

2 External auditor’s limited assurance opinion 2021/22

(Except for the matters reported below)* on the basis of our review of Sections 1 and 2 of the Annual Governance and Accountability Return, in our opinion the information in Sections 1 and 2 of the Annual Governance and Accountability Return is in accordance with Proper Practices and no other matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met. (*delete as appropriate).

(continue on a separate sheet if required)

Other matters not affecting our opinion which we draw to the attention of the authority:

(continue on a separate sheet if required)

3 External auditor certificate 2021/22

We certify/do not certify* that we have completed our review of Sections 1 and 2 of the Annual Governance and Accountability Return, and discharged our responsibilities under the Local Audit and Accountability Act 2014, for the year ended 31 March 2022.

do not certify completion because:

External Auditor Name

External Auditor Signature

Date

Report to: Peterlee Town Council
Date of Meeting: 27th June 2022
Subject: 2021/22 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 2021/22 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 2021/22 Financial Year, i.e. as at 31st March 2022.

Summary: The 2021/22 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 2021 the Town Council approved a budget for the 2021/22 financial year that was forecast to result in a net expenditure of £50,843 which would be funded from reserves.

The actual budget outturn net expenditure for the year was £47,714, representing an 'underspend' of £3,127 against the total budget.

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: <https://www.peterlee.gov.uk/wp-content/uploads/sites/37/2022/05/Financial-Regulations-Reviewed-May-2022.pdf>

	Budget	Actual
Total Income	£1,995,558	£1,904,948
Total Expenditure	£2,046,401	£1,952,664
Net expenditure	£50,843	£47,716

To put this into context, the final budget outturn variance is just 0.2% of the Council's total expenditure for the year, which is a positive outcome given the lack of certainty in the operating context for the Council at the time of the budgets being set during November – January 2020.

As Members will be aware from the Council's Annual Accounts, the overall movement in reserves for the 2021/22 financial year was a reduction of £47,706 from £365,418 to £317,712.

Members of the committee are reminded that the current prudent level of reserves set in the Council's Use of Reserves Policy is £428,000. 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 continued impact of the COVID crisis. The Town Council has already adopted a draft Medium Term Financial Plan and has set a budget for the current financial year that is projected to make a *de minimus* call on general reserves and includes making contributions to earmarked reserves for the MUGA reserve (£6,000) and Play Areas reserve (£25,000).

The Town Clerk is currently working on a revised Use of Reserves Policy and this will be presented to the Council's Resources Committee in due course.

Recommendation: Members are recommended to note the content of this report and the Council's 2021/22 budget outturn position.

Appendix 1: 2021/22 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: Code	B: Budget Head	C: 2021/22 Budget	D: Q4 Actual	E: Variance	F: % variance
101	Central & Civic HQ Costs	£576,733	£567,724	£9,009	2%
102	Democratic Costs	£32,000	£27,801	£4,199	13%
103	Corporate Management	£36,000	£40,502	£-4,502	-13%
105	Other Costs and Income	£-1,552,857	£-1,559,695	£6,838	0%
201	Shotton Hall banquetting suites	£123,433	£66,254	£57,179	46%
221	The Pavillion	£239,619	£279,215	£-39,596	-17%
240	Sport & Leisure(pitches & equipment, etc)	£118,943	£125,193	£-6,250	-5%
241	Hill Rigg House	£12,403	£11,888	£515	4%
242	Lowhills Bowls Pavilion	£500	£-1	£501	100%
261	Rugby Club site	£-6,001	£-6,188	£187	-3%
262	Eden Lane Parks Depot	£27,085	£24,347	£2,738	10%
293	Eden Lane Bowls Pavilion	£1,584	£1,527	£57	4%
280	Woodhouse Park	£52,563	£53,533	£-970	-2%
290	Sports Development	£35,746	£63,446	£-27,700	-77%
301	Parks Department general budget	£221,225	£236,205	£-14,980	-7%
325	Cemetery Service	£33,093	£59,360	£-26,267	-79%
350	Allotments	£15,974	£11,526	£4,448	28%
410	Town Activies	£33,000	£31,088	£1,912	6%
430	Town Events	£21,800	£8,351	£13,449	62%
901	Capital Projects	£28,000	£5,640	£22,360	80%
	Total budget position	£50,843	£47,716	£3,127	6%

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

Code	Budget Head	Variance	Variance %	Summary Explanation
201	Shotton Hall Banquet Suites	£57,179	46%	Higher than budgeted income due to decision to open for limited operations post-COVID
221	The Pavilion	£39,596	17%	Reduced income compared to budget projections due to COVID impact
242	Lowhills Bowling Club	£501	100%	No miscellaneous expenditure incurred during year.
290	Sports & Wellbeing	£27,700	77%	Lower than forecast income from classes and external grant funding due to COVID.
325	Cemetery	£26,267	79%	One-off payment to Horden PC during the financial year
350	Allotments	£4,448	28%	New software for allotment management, various other minor budget variances
430	Town Events	£13,449	62%	Underspend due to various events being cancelled due to COVID
901	Capital Projects	£22,360	80%	Higher than budgeted income from disposal of assets

PETERLEE TOWN COUNCIL

FINANCE SUB-COMMITTEE

HELD IN THE BRANDLING SUITE,

SHOTTON HALL, PETERLEE

ON WEDNESDAY 25TH MAY 2022

Present:-

Councillors S Simpson, K Liddell & R Moore

1. ACCOUNTS FOR PAYMENT

Members were provided with the accounts and invoices for May 2022 to be paid by BACS in the sum of £ 152,223.09 and payments made by direct debit/using the debit card for April. Following checking of the documents provided, it was **RECOMMENDED that the accounts presented be paid.**

Item 8: Freedom of Information Act decision notice

Report to: Peterlee Town Council

Date: 27th June 2022

Report title: Freedom of Information Act complaint decision notice

Report of: Ian Morris, Town Clerk

Report Purpose: To inform members on the result of an Information Commissioners Office (ICO) investigation into a complaint from a member of the public about an alleged breach of the Freedom of Information Act by the Town Council.

Background: In September 2021 the ICO notified the Town Council that a member of the public had made a complaint to the ICO about the Council's handling of a Freedom of Information Act (FOIA) request that was made in December 2020. The member of the public was unhappy that some minutes of meetings from a period ranging between 2011-2016 were not published on the Council's website and/or had not been disclosed to the member of the public as part of their FOIA request.

On 8th June 2022 the ICO issued a decision notice in relation to the complaint. The ICO have found that on a balance of probabilities, the council does not hold any further information falling within the scope of the complainant's request for information. The Commissioner has, however, decided that the council did not comply with the requirements of section 10(1) of FOIA in that it did not provide all of the available information within 20 working days.

The ICO does not require the Council to take any steps as a result of the decision notice.

Lessons learned: The original FOIA request for various now-obsolete Committee meeting minutes and other information was received on Christmas Eve 2020 and was not picked up and actioned until January 2021, within the statutory 20 working day timescale. The original response from the Town Clerk pointed the requester to the Town Council's website where the legacy minutes should have been freely available, as well as asking for other elements of the request to be clarified.

After further correspondence with the requester during 2021 it became apparent that a significant number of minutes from meetings of the Pavilion Management Board, Information Centre Committee and Clerks Advisory Committee from a period spanning 2011-2016 had not been uploaded on the Council's website. Some, but not all, of these minutes were available in hard copy only in the signed minute books and these should have been identified/made available to the information requester at the time that they were requested.

Since this issue of minutes being missing from the website came to light the Town Council's Democratic Services Team have undertaken a laborious process of checking all hard copy minute books and cross-referencing these against the Town Council's website records, and all missing hard copy minutes have now been scanned and uploaded on to the website.

However, the fact remains that as the Town Clerk's initial response to the FOIA request – to refer to the website records – was deficient and did not provide the requester with all of the available information within the 20 working days deadline prescribed in the legislation.

The Town Clerk has provided a written apology to the member of the public for the way that some elements of the FOIA request were handled, and the member of the public has acknowledged that efforts have now been made to rectify the situation.

Recommendation: Members are asked to note the contents of this report and the steps that have been taken to prevent a similar issue occurring in the future.

Appendix 1: Implications

Finance – none

Staffing – none

Risk – none

Equality and Diversity, Cohesion and Integration – none

Crime and Disorder – none

Consultation & Communication – The Town Clerk has written to the requester to apologise for the way that elements of the FOIA request was handled and this apology has been acknowledged.

Procurement – none

Legal – the ICO report concludes that the Town Council has now provided all available information to the requester but that this was not done within the prescribed 20 day timescale. The ICO decision notice does not require the Town Council to take any further steps.

Cabinet

15 June 2022

**Climate Emergency Response Plan
2022-24**

Key Decision NCC/01/22



Report of Corporate Management Team

**Alan Patrickson, Corporate Director of Neighbourhoods and
Climate Change**

**Councillor Mark Wilkes, Cabinet Portfolio Holder for
Neighbourhoods and Climate Change**

Electoral division(s) affected:

All

Purpose of the Report

- 1 To provide the second and final annual update on progress of the Council's first Climate Emergency Response Plan (CERP1).
- 2 To present to Cabinet the subsequent second Climate Emergency Response Plan for the period 2022-24 (CERP2) and seek agreement for its adoption.
- 3 To give formal consideration to the introduction of new targets in CERP2, net zero.
 - (a) achieve net zero by 2030 by retaining the CERP1 80% actual carbon reduction target for Council emissions by 2030 whilst offsetting or further reducing remaining emissions;
 - (b) net zero by 2045 for countywide emissions (improved from 2050).

Executive summary

- 4 Following the declaration of a climate emergency, Cabinet required the production of a Climate Emergency Response Plan, which was adopted in February 2020. Also referred to as CERP1, this was a costed two year plan which set out over 100 projects that the Council, with partners, would need to take towards achieving ambitious targets of

reducing Council CO₂ reductions of 80% by 2030 (2008/9 baseline) and for meeting the countywide target of being totally carbon neutral by 2050. It was developed from extensive consultation across Council staff, stakeholders, community groups, residents, and schools.

- 5 The declaration and subsequent Climate Emergency Response Plan (CERP1) required a report to be produced every year detailing the actions that are being undertaken to achieve our targets and setting at its expiry a further two-year programme of action.
- 6 Whilst the Covid pandemic had a key influence during the CERP1, significant progress was nevertheless made for instance with low carbon solutions to Abbey Leisure Centre and £8m Annfield Plain Zero Carbon Depot project commenced. Furthermore, countywide work with partners continued, for instance, the planting of 44,000 trees during 2021/22 and On Street Charging Initiative (SOSCI) project has installed 153 EV charge points sockets. Projects such as these have contributed to 58% Council reduction in tCO₂e from 2008/9 and countywide a 54% reduction (2019) in tCO₂e from 1990 levels.
- 7 This second Action Plan, CERP2, is proposed for adoption by this report. The CERP 2 action plan for the period 2022-2024 is fully costed and funding identified for the agreed programmes of work, including external sources, where appropriate. MTFP12 made provision for investment in the Low Carbon Team, mainstreaming the funding of the team and significant capital investments in low carbon schemes. This, allied with earmarked reserves held, is sufficient to cover initiatives or provide match funding set out in the CERP2 Plan up to 2024.
- 8 To achieve the climate change targets set out in CERP2 in their entirety, it will require a combination of access to external funding and also advances in technology in some areas. Without these the Council will not be able to achieve its targets.
- 9 It is recognised that the actions outside of those contained in the CERP2 action plan and actions / interventions beyond 2024 will be heavily dependent on access to funding. Given national strategies aimed at achieving net zero by 2050, this is a reasonable assumption, however it cannot be guaranteed, especially from the perspective of the current financial climate.
- 10 In this climate of tight resources, it is essential that our work at both a Council level and as a countywide influencer, is targeted to those areas where the biggest impact can be had. Future work and investment to achieve our ambitions in this area will therefore be built in to established Council processes including the annual MTFP planning cycle where capital and revenue expenditure will be considered alongside the needs

of other service projects and programmes. Resources will be allocated to maximise the benefits from the those available. Additionally, external funding will be sought wherever possible to supplement Council budgets. These opportunities will need to be subject to financial assessment, including the development of the appropriate business cases and affordability tests.

Recommendation(s)

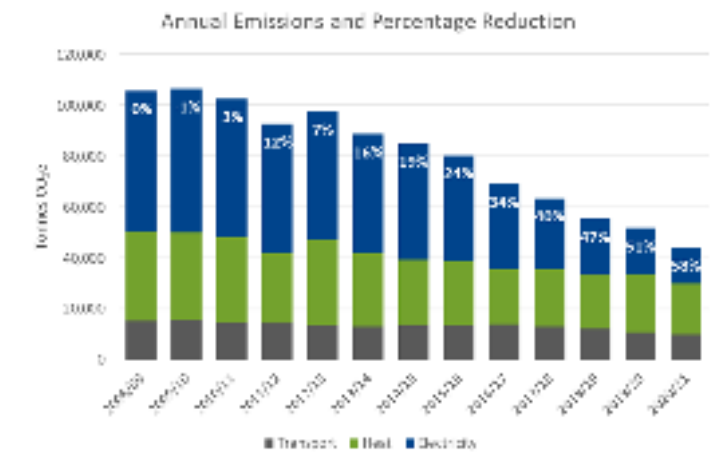
11 Cabinet is recommended to:

- (a) note progress against CERP1 projects which have helped to achieving 58% Council reduction in tCO₂e from 2008/9 and countywide a 54% reduction (2019) in tCO₂e from 1990 levels;
- (b) agree to the adoption of CERP2 and assist with the delivery of targets as set out in the report;
- (c) to give formal consideration to the introduction of new targets in CERP2, net zero:
 - (i) achieve net zero by 2030 (against 2008/09 levels) by retaining the CERP1 80% actual carbon reduction target for Council emissions by 2030 whilst offsetting or further reducing remaining emissions;
 - (ii) net zero by 2045 (against 1990 levels) for countywide emissions (improved from 2050).
- (d) note that the CERP2 targets will require access to funding from external areas and advances in technology in some areas in order to be fully delivered;
- (e) note that any resources required to achieve the climate change targets outside of those costed plans included in the CERP2 action plan will be considered in future MTFP planning cycles with a value for money outcome-based focus alongside other projects and programmes.

BACKGROUND

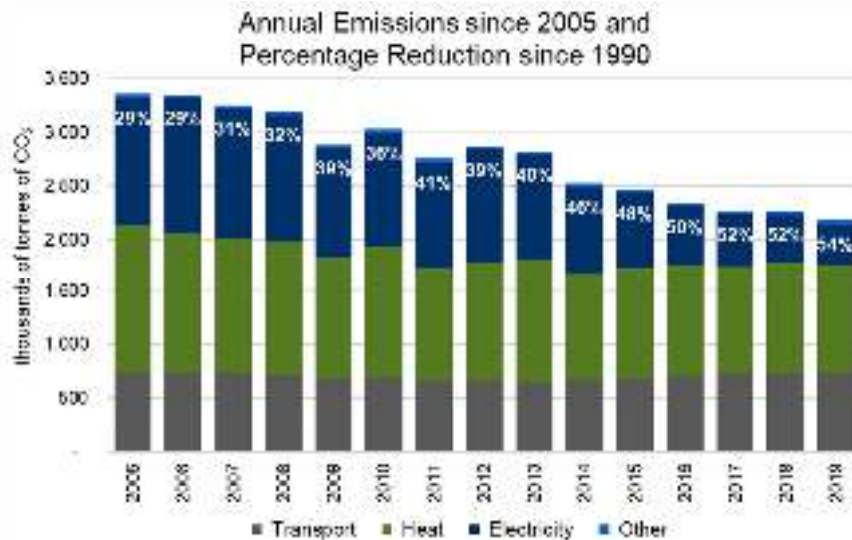
CERP1 Update

- 12 The Council's carbon emissions during 2020/21 were 44,319 tonnes of carbon dioxide equivalent (tCO₂e), marking a reduction of 58% compared with the baseline year of 2008/9. The graph below shows this as a year-on-year progression with the figures for each year being separated into the priority areas of electricity, heat, and transport.



Graph 1: Council Emissions for Period 2009 - 2021

- 13 In the baseline year of 2008/09, most of the Council's carbon emissions were from electricity use, shown in blue in the graph above. More recently, the biggest portion of the footprint is from heat, shown in green. The Council has made significant progress in reducing the amount of electricity that is consumed from the national grid over recent years and, at the same time, electricity has become less carbon intensive as the UK moves away from coal and toward more renewable electricity generation. The Council continues to report Scope 1 & 2 emissions (Direct emissions from using gas, oil or petrol and indirect emissions from electricity). Some Scope 3 emissions we also calculate, like business travel, but much of this is beyond the control of the Local Authority. Further information can be found on the Council's website and in the first CERP, however we are actively investigating ways in which to more proactively measure Scope 3 emissions, through procurement and software.
- 14 In relation to countywide emissions, the latest available carbon footprint figures are for the year 2019. The baseline year for these emissions is 1990, in keeping with the Government's measurement period for national targets. The chart below shows how the county's carbon footprint has been in decline since 2005 and gives the reduction in each year as a percentage from the 1990 baseline.



Graph 2: Countywide Emissions for period 2005 – 2019

- 15 In 2019, 47% of the county’s carbon footprint came from heat, 33% from transport, and 18% from electricity. The carbon footprint of the county as a whole is much larger than that of the Council as it incorporates everything that happens within the county with the exception of traffic passing through on the A1 motorway, trains on the East Coast Mainline and large industrial sites.
- 16 As we proceed towards a re-opening of services and buildings, after Covid, the continued implementation of the projects within the next iteration of the CERP and its newly identified projects, will be crucial if the momentum gained is to be sustained.
- 17 Initial estimates for 2021/22 suggest that energy use within Council buildings have increased over those in 2020/21. Data shows a 57% reduction in emissions in 2021/22 compared to 58% in 2020/21 (from 2008/09 levels). This 1% increase is in relation to a higher than usual reduction due to the national lockdown in 2020/21 and increased energy use in 2021/22 due to ventilation requirements. We are aiming for a 65% reduction by the 2022/23.
- 18 Because 2021 was a less windy year and because a number of nuclear power stations went offline, there is likely to be an increase in the carbon factor for national grid supplied electricity, which may slow improvement.
- 19 Some particular highlights against Council actions in CERP1 include:
 - (a) decarbonisation scheme at Abbey Leisure Centre with replacement of gas with air source heat pumps and solar panels, funded in part through government grant;

- (b) £492,000 secured to improve the energy efficiency of Meadowfield Depot;
- (c) £114,000 secured to replace oil heating with an air source heat pump aligned to solar power at Woodland School, Teesdale;
- (d) the £8 million Annfield Plain Zero Carbon Depot project is continuing at pace, and is due for completion in July 2022;
- (e) the procurement team is leading the way in embedding social value and wider environmental concerns into major procurements.

20 Some particular highlights against countywide targets include:

- (a) the Scaling On Street Charging Initiative (SOSCI) project has installed 153 EV charge points sockets, 10 of which are rapid charge, the other 143 being 7-22 kWh fast charging, in towns, libraries, leisure centres and community centres;
- (b) the County Durham fuel poverty partnership has enabled residents in County Durham to have the 4th highest uptake of energy efficiency grants nationally, working with landlords to improve quality and energy efficiency of buildings and supporting low carbon retrofit for off-gas homes;
- (c) Seaham Garden Village development proposals for using minewater heating are now being worked up at an inception phase.
- (d) the Low;Carbon Economy Team has supported over 400 SMEs with energy efficiency advice and grants since 2016 and continues to do so through its Business Energy Efficiency (BEEP) project;
- (e) the County Durham Food Partnership (Food Durham) has achieved national recognition with a bronze Sustainable Food Places award;
- (f) 16,000 hectares of blanket bog have been restored in County Durham, avoiding 192,000 tonnes of carbon from being emitted each year.

21 In 2020 the CERP1 won the national Association for Public Sector Excellence (APSE) award in its Best Climate Initiative category. It was also commended by the national sustainable food charity, SUSTAIN, for the inclusion of actions relating to food and agriculture and was a finalist in the 2021 LGC awards.

22 Whilst the actions in the CERP have provided real and substantial carbon reductions, public concern and pressure for climate action has increased against the background of extreme weather events and the UK presidency of COP26 in Glasgow in November focussed even more attention on climate change.

23 As part of its local contribution to the COP 26 event, the Council convened a County Durham meeting of Partners, held on 1 November and attended by nearly 70 chief execs and senior decision makers. Over 40 partner organisations signed a Partnership Agreement (below) with further signatories added since then. The Agreement aims to develop a stronger, cross sectoral net zero partnership for the County over the coming years. It states:

‘We agree to work together as a partnership of organisations across County Durham to tackle climate change.’

24 The County Durham Environment and Climate Change Partnership is also assisting with the delivery of the CERP and has a Climate Emergency sub group which helps to focus on strategic issues and projects across partners.

CERP2 and Climate Change Strategy

25 As the successor to the original CERP, CERP2 has further developed both Council and community-based actions to take forward the carbon reduction commitments over the period of 2022-25, including the production of a high-level strategy containing overarching themes in which to frame the actions. CERP2 reviews the progress made since 2020 and highlights current emissions against our stated targets. The emphasis is on actions that we, as a partnership of organisations, communities, and business, need to take going forward as presented under ten thematic areas within four overarching principles.

26 The four principles are:

- A Fair and Just Transition;
- Achieving a Green Recovery;
- Being Community and People Centred;
- Applying Nature Based Solutions.

27 In relation to ‘Nature Based Solutions’, it is recognised that the county’s natural environment has a vital role to play in tackling climate change and key measures to help address the ecological emergency are included within the Natural Environment chapter.

28 The ten chapter themes of the document are:

- Heat Decarbonisation;
- New Development;
- Transport and Connectivity;
- Electricity;
- Business and Skills;
- Procurement and Waste;
- Land and Sustainable Food Production;
- Natural Environment;
- Adaptation;
- Engagement, Education and Behavioural Change.

29 Each chapter contains a summary page, which details the actions that the Council and other partners are planning or carrying out to help the county become carbon neutral by 2045. The chapters then include a section on how the Council is taking the issue forward, an Actions and Partnerships section which describes the actions and collaborations that are planned for this CERP period (2022 – 2024), and finally an ‘Ask of Government’ section, which summarises the actions that we need the government to drive forward. The document also includes a table of actions across all the themes.

30 The investment associated with the 127 climate change related actions, across the CERP2 period and with partners are estimated to be over £121 million. There is significant uncertainty in this figure as many of the projects are in design stage and some may not be developed. Full carbon emission reductions associated with actions are still being calculated and will be added into the CERP when known.

31 Some projects included within CERP2 (not in CERP1) include:

- (a) Heat Decarbonisation of DCC Buildings - £5 million over 2 years supported by significant bids for government grants;
- (b) NetPark Phase 3 – Design includes no connection to gas network and consideration of solar PV farm;

- (c) new DCC Council Housing – Being delivered to Future Homes Standard;
- (d) improvement of EV infrastructure at Park and Ride sites and further roll out of EV charging County-wide;
- (e) development of a business case for solar car ports across the public sector estate;
- (f) embed sustainability into major procurement exercises through the Themes, Outcomes and Measures (TOMS) methodology;
- (g) explore the impact of school food waste, including those that have collections and those that don't. Through auditing, connect with the 'Lets Go Zero' 2030 campaign through existing school programmes;
- (h) elimination of peat-based tree/shrub compost through use of recycled soil conditioner, contributing towards reducing emissions from the destruction of peatlands;
- (i) the Community Sustainable Drainage (SuDS) Innovation Accelerator is a multi-partner project, led by Durham County Council, exploring how SuDS can be used as a mechanism to create more resilient, greener urban spaces which are shaped by their residents;
- (j) work with BEIS, Northern PowerGrid and the Regional Energy Hub on Heat Zoning and Local Area Energy Planning (LAEP). A LAEP can provide sound foundations for effective and sustained local action to cut carbon emissions. The resulting plan can potentially underpin specific proposals to upgrade local energy networks to enable decarbonisation plans, including for example increased EV charging, district heating or to accelerate the move away from gas/oil heating;
- (k) introduction of Climate Change training for all Council staff;
- (l) investigating the extension of minewater heating to Horden and other suitable locations;
- (m) work to integrate the newly declared Ecological Emergency into the CERP.

32 Although climate change mitigation is detailed throughout the CERP, adaptation to a changing climate is a new topic area in the Plan. Successful partnerships already exist in relation to flood mitigation and it is anticipated that these would continue and grow. The importance of

ensuring resilient communities and infrastructure is vital, especially in the aftermath of Storm Arwen, when rural communities lost power for weeks.

- 33 Projects relating to both Council and countywide actions require significant resource investment across the Council, especially those dealing with heat decarbonisation. There is now a growing acknowledgement that it is in everyone's interests and responsibility to achieve the agreed targets. Increased funding for teams/projects that deal with climate related projects, such as Housing Solutions, Transport, etc. as well the Low Carbon Team, is one practical way to help reach targets. Working together is also essential to avoid duplication and to ensure quick and easy wins.
- 34 The Council will also continue to prepare building feasibility reports to support funding applications and work with partners to pursue Government and other external funding opportunities. On-going progress reporting and member support will also come through the Environment Overview and Scrutiny Committee which plays an overarching review role in the CERP process.

Finance and resources

- 35 Whilst it is recognised that there are potentially significant costs involved in delivering upon objectives, DCC will take a proactive approach to financial planning to ensure that ambitions can be met along with other responsibilities of the Council. There are significant opportunities to create substantial cost savings from projects within the CERP, especially given energy price volatility seen over the past year, which is not expected to smooth out anytime soon. This demonstrates tackling carbon emissions is not just environmentally sound practice but that cost savings can be found from energy efficiency and energy generation projects.
- 36 The Council previously committed £3 million in funding over two years 2020 – 2022 and further commitments have now been confirmed:
 - capital allocation for buildings decarbonisation (£2.5m a year and targeting government grants);
 - fleet replacement with EV alternatives;
 - retention of staff on temporary posts made permanent (£194k total cost);
 - £1 million revolving loan fund to enable on-going energy retrofits for SMEs;

- £600,000 loan scheme for community and other public buildings;
- additional £150,000 grant scheme for community buildings;
- increase in installation of solar on council buildings and land.

37 Net Zero is a priority from Central Government, following COP26 in Glasgow and it is recognised that Government and local government cannot achieve these ambitions alone. As such there are opportunities to benefit from Government funding, including for example Public Sector Decarbonisation Funding (PSDS), for which we have had four successful projects funded and delivered through the first two rounds. We have also been successful in applying for £5.6 million of funding from round 3 of PSDS for decarbonisation projects including five leisure centres following a huge increase in survey work and applications and are working up significant bids for future PSDS rounds as well as other funding and investment opportunities, such as the Shared Prosperity Fund and Levelling Up.

Background papers

- Carbon Management Plan 2020-2025

Other useful documents

- DCC's Climate Emergency Response Plan.

Author(s)

Stephen McDonald

Tel: 03000 265537

Appendix 1: Implications

Legal Implications

The Climate Change Act 2008 established a UK commitment to reduce greenhouse gas emissions by 80% by 2050 from 1990 levels and the Paris Agreement (to which the UK is a signatory) which aims to keep the increase in global average temperature to well below 2°C above preindustrial levels; and to limit the increase to 1.5°C to prevent dangerous climate change. On 12 June Government announced plans to legislate to revise the Climate Change Act and adopt a target of net zero carbon emissions by 2050 which is now in law.

Finance

Previous funding committed £3 million over two years and further new commitments have been agreed as part of the MTFP, including:

- Capital allocation for buildings decarbonisation (£5 million over two years);
- Feet replacement with EV alternatives;
- Retention of staff on temporary posts made permanent (£194k total cost);
- £1 million revolving loan fund for to enable on-going energy retrofits to SMEs;
- £600,000 revolving loan fund for community buildings and a £150,000 grant scheme.

The costs associated with climate change related actions across the CERP2 period and across partners are estimated to be over £121 million. There is some uncertainty in this figure as many of the projects are in design stage and some may not get developed at all. Future work and investment to achieve our ambitions in this area will be built in to established Council processes including the annual MTFP planning cycle where capital and revenue expenditure will be considered alongside the needs of other service projects and programmes.

Likewise detailed estimates of carbon emissions reduction associated with actions are yet to be calculated but will be added into the CERP when known.

It should be noted that with rising energy prices the business case to deploying renewable energy for direct supply to Council facilities gets stronger; and the intention is to utilise Invest to Save funds where criteria are met.

Consultation

This forms part of the Climate Emergency Response Plan, which was widely consulted on in 2019.

Equality and Diversity / Public Sector Equality Duty

Climate Change will disproportionately affect the poorest populations. This CERP2 seeks to address that through reducing DCC's carbon emissions and working with partners to tackle issues including fuel poverty.

Climate Change

This plan is an integral part of the Authority's Climate Emergency Response.

Human Rights

The right to life is threatened by Climate Change.

Crime and Disorder

No direct implications.

Staffing

The delivery of the CERP has implications for all staff not just those from the LCE team; for example CCS and Buildings & Facilities Management all have significant roles to play in making sure projects can get delivered.

Accommodation

Some projects will result in operational/plant down time, however this will be managed appropriately

Risk

The risk of adverse effects of not acting is expected to be greater than the risk of financial loss through immediate action.

Procurement

Contractors, which could include B&FM will need to be appointed through competitive tender to undertake the work