

AUDIT COMMITTEE

MONDAY 26 JUNE 2017
7.00 PM

Bourges/Viersen Room - Town Hall

THE CHAIRMAN WILL ASSUME THAT MEMBERS HAVE READ THEIR PAPERS PRIOR TO THE MEETING TO AVOID UNNECESSARY INTRODUCTIONS TO REPORTS. IF ANY QUESTIONS ARE APPARENT FROM THE REPORTS THEY SHOULD BE PASSED TO THE REPORT AUTHOR PRIOR TO THE MEETING

AGENDA

Page No

1. **Apologies for Absence**

2. **Declarations of Interest**

At this point Members must declare whether they have a disclosable pecuniary interest, or other interest, in any of the items on the agenda, unless it is already entered in the register of members' interests or is a "pending notification " that has been disclosed to the Head of Legal Services.

3. **Minutes of the Meeting Held on 3 April 2017** 5 - 8

4. **Ernest & Young - Verbal update** 9 - 10

To receive and consider a verbal update from Ernest & Young.

5. **Capital and Treasury Outturn report 2016 / 2017** 11 - 22

To receive, consider and comment on the Capital Treasury Outturn report up to March 2017.

6. **Draft Statement of Accounts 2016 / 2017** 23 - 132

To receive, consider and comment on the draft Statement of Accounts for the year ended 31 March 2017.

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|------------|---|------------------|
| 7. | Audit Fees 2017 / 2018 | 133 - 138 |
| | To receive and consider the proposed audit fees for auditing the 2017/18 accounts. | |
| 8. | Fraud and Investigations Team Annual Report 2016 / 2017 | 139 - 150 |
| | To receive, consider and endorse the annual report on the investigation of fraud and irregularities for the year ended 31 March 2017. | |
| 9. | Internal Audit: Annual Audit Opinion | 151 - 182 |
| | To receive, consider and endorse the annual Audit Opinion of Internal Audit for the year ended 31 March 2017. | |
| 10. | Draft Annual Governance Statement | 183 - 220 |
| | To receive, consider and endorse the draft Annual Governance Statement for the year ended 31 March 2017. | |
| 11. | Updates on the Constitution | 221 - 312 |
| | To receive, consider and comment on updates to the Constitution. | |

INFORMATION AND OTHER ITEMS

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|------------|--|------------------|
| 12. | Use of Regulation of Investigatory Powers Act 2000 (RIPA) | |
| | The Committee is asked to NOTE that there have been no RIPA authorisations in this quarter. | |
| 13. | Approved Write-Offs Exceeding £10,000 | |
| | The Committee is asked to NOTE that there have been no approved write-off amounts to report since 3 April 2017, which exceed the Council's Financial Regulation threshold of £10,000. | |
| 14. | Feedback Report | 313 - 316 |
| 15. | Work Programme | 317 - 328 |



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Committee Members:

Councillors: Aitken (Chairman), D Over (Vice-Chairman), Bull, M Cereste, E Murphy, K Sharp and A Shaheed

Substitutes: Councillors D King, Hussain, B Saltmarsh and Lillis

Further information about this meeting can be obtained from Dan Kalley on telephone 01733 296334 or by email – daniel.kalley@peterborough.gov.uk

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**MINUTES OF A MEETING OF THE AUDIT COMMITTEE
HELD AT THE TOWN HALL, PETERBOROUGH ON 3 APRIL 2017**

Present: Councillors Fuller (Chairman), Aitken, Over, King, Murphy, Saltmarsh and Shaheed.

Officers in Attendance: Marion Kelly, Interim Service Director Financial Services
Keith Dawson, Head of Resilience
Steve Crabtree, Chief Internal Auditor
Pippa Turvey, Democratic and Constitutional Services Manager
Jenny Harris, Legal Services
Jane Webb, Senior Democratic Services Officer

Also in Attendance: Suresh Patel, Audit Director, Ernst & Young

The Chairman announced that this meeting was a reconvened meeting following the adjourned meeting held on 27 March 2017. The adjournment had been agreed on 27 March 2017, following a request from the Leader of the Council and subsequent agreement from the Chairman and Group Representatives, due to the sudden loss of Councillor Sims.

1. APOLOGIES FOR ABSENCE

A minute's silence was held to pay respects to Councillor Sims who sadly passed away on 25 March 2017.

Apologies for absence were received from Councillors Sharp. Councillor Saltmarsh was in attendance as a substitute.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF THE MEETING HELD ON MONDAY, 13 February 2017

The minutes of the meeting held on Monday, 13 February 2017 were approved as an accurate and true record.

4. EXTERNAL AUDIT: AUDIT PLAN 2016

Suresh Patel introduced the report to Audit Committee Members, which requested the Committee consider and respond to the Audit Plan for 2016/17 from Ernst and Young (EY), the Council's external auditors, in accordance with the Committee's Terms of Reference.

Discussions held included:

- Members were pleased to see a reduction in fees from the previous year.

- A progress report would be submitted to Committee in September; if any issues were identified prior to this, these would be reported to management depending on the timing of the Committee.
- With regard to arrangements the Council put in place to ensure all factors were considered on the setting up of any companies by the Council; Suresh Patel explained that EY would not carry out a detailed assessment on how the Council had set up a company but would want to understand the process the Council had taken and any independent advice that had been received. If EY became aware of any weaknesses in the proposed arrangements then this would be followed through, but this level of detail would not normally be looked into.
- EY explained that any type of arrangement the Council would enter into with regard to group boundaries and joint working, the Council would be expected to have considered factors that would include size, associated risks and if they met the requirement for consolidating the entity within the Council's boundaries. The Code of Practice and Accounting Standards lay out criteria that would need to be considered; EY would assess the Council's assessment.

The Chairman proposed the recommendations within the report, to which all Councillors were in agreement.

AGREED ACTION

The Committee:

- **Considered the External Audit Plan for 2016/17 and considered the points raised by EY in the document.**
- **Noted the propose scope, comfortable with the audit risks and approach.**
- **Considered and responded to matters relating to fraud.**
- **Considered and responded to the EY view on the value of misstatements.**
- **Noted the audit fees for the year.**
- **Provided comment on any amendments necessary.**

5. INTERNAL AUDIT PLAN 17/18

The Chief Internal Auditor introduced the report to Audit Committee in line with its agreed Work Programme for 2016/17.

The Chief Internal Auditor responded to comments and questions raised by Members. A summary of responses included:

- After each audit, the whole plan would be reassessed. A progress report would return to committee after six months. There would be an opportunity to inform Committee of a changed plan at the meeting in June and this would be followed by the Annual report at the end of the year.

AGREED ACTION

The Committee agreed:

- **Identified areas for further consideration.**
- **Approved the draft Audit Plan and Audit Strategy.**
- **Noted the contents of the Internal Audit Charter.**
- **Noted the contents of the Code of Ethics.**

6. CAMBRIDGESHIRE AND PETERBOROUGH CITY COUNCIL COMBINED AUTHORITY QUESTIONING PROCESS

The Committee considered a report from the Member Officer Working Group with regard to Cambridgeshire and Peterborough City Council Combined Authority Questioning Process.

Members agreed in principle to the amendment of Standing Orders and the following discussions took place:

- It was agreed that the area around amendments within Standing orders was cumbersome.
- Members discussed extending the time allowed for questions; it was noted that all questions raised were entered into a draw to clarify the sequence and therefore this could lead to a situation where time did not allow for any questions to be dealt with on the CA.
- Members agreed there should be some protection for the Combined Authority as significant decisions would be made by them for the future. In order for this clarity to be given there would be a need for a separate process.
- Members agreed these should be separated due to the importance of what would be discussed. Fifteen minutes was proposed with the possibility that this could be reviewed in the future if necessary.

AGREED ACTION

The Committee recommended to Council:

- **The Cambridgeshire and Peterborough City Council Combined Authority Questioning Process Protocol be approved for inclusion within the Council's Constitution.**
- **The amendment to Council Standing Orders be approved to allow for a report to be received by Council on the actions and decisions of the Cambridgeshire and Peterborough Combined Authority and to allow Members the opportunity to submit questions on notice to the Combined Authority Council representatives (with the recommendation of 15 minutes being allocated).**

7. RISK MANAGEMENT AND BUSINESS CONTINUITY

The Head of Resilience introduced the report to Audit Committee to provide an update on Risk Management under its Terms of Reference 2.2.12 to monitor the effective development and operation of risk management and corporate governance in the Council.

The Head of Resilience responded to comments and questions raised by Members. A summary of responses included:

- With regard to the aging population, its risks and the Council's intention, the Head of Resilience explained he was reliant on the feedback from Executive

Directors as it would be only these outcomes that would be reported on. If measures were received regarding the age profile then these would then be incorporated into the risk registers. The next Risk Group meeting was scheduled on 20 May 2017 where this issue would be raised.

- Members felt that the Council were reacting rather than forecasting. The Head of Resilience confirmed this was correct with some actions changing regularly but this would be a long term, national issue. Once a risk was identified and measures were deemed appropriate then Directors would put these forward therefore there was the reliance on the information being received in order for them to be included in the Registers.
- The Chairman stated the Committee would like to see more evidence of “what does this mean”, rather than highlighting the issue; evidence should be shown that more was being done to anticipate and deal with issues in a proactive rather than reactive manner.
- The overall financial position had moved into amber as the budget was balanced for 2017/18 but once into 2018/19 then the risk would become greater and therefore it should be fed back that the Committee were aware of the financial issue for 2018/19.
- Members requested that the wording be changed on Crime and ASB Reduction/Cohesion; Action 4 – Continue to develop the relationship between Mosques and between the Muslim community and the Council to include others groups in order that one particular group was not targeted within the report.

AGREED ACTION

The Committee commented on and noted the latest Risk Management Report.

8. DRAFT ANNUAL AUDIT COMMITTEE REPORT

The Committee considered the report submitted in line with the agreed Work Programme for the Municipal Year 2016/17.

AGREED ACTION

The Committee agreed to approve the draft Annual Audit Committee report for submission to Council.

INFORMATION AND OTHER ITEMS

9. USE OF REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA)

The Committee noted that there had been no RIPA authorisations in this quarter.

10. APPROVED WRITE-OFFS EXCEEDING £10,000

The Committee noted that there had been no write-offs for the Council exceeding £10,000.

7:00pm – 8.00pm
Chairman

AUDIT COMMITTEE	AGENDA ITEM No. 4
26 JUNE 2017	PUBLIC REPORT

Report of:	John Harrison, Corporate Director: Resources		
Cabinet Member(s) responsible:	Cllr Seaton Portfolio Holder for Resources		
Contact Officer(s):	Paul Cook Head of Corporate Finance	Tel. 454433	

ERNST YOUNG LLP VERBAL UPDATE

RECOMMENDATIONS	
FROM: Corporate Director : Resources	Deadline date: N/A
<p>It is recommended that Audit Committee:</p> <p>1. Receives the verbal update</p>	

1. ORIGIN OF REPORT

1.1 External Auditors report regularly to Audit Committee

2. PURPOSE AND REASON FOR REPORT

2.1 To introduce the external auditor’s verbal update

2.2 This report is for the Audit Committee to consider under its Terms of Reference No. 2.2.1.5 *To consider the external auditors annual letter, relevant reports, and the report to those charged with governance* and 2.2.1.7 *To comment on the scope and depth of external audit work and to ensure it gives value for money.*

2.4 *How does this report link to the Children in care Pledge?*
There is no link

3. TIMESCALES *[If this is not a Major Policy item, answer NO and delete the second line of boxes.]*

Is this a Major Policy Item/Statutory Plan?	/NO	If yes, date for Cabinet meeting	
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4. BACKGROUND AND KEY ISSUES

4.1 These will be identified by Ernst Young in their update.

5. CONSULTATION

5.1 There has been no consultation in respect of this report

6. ANTICIPATED OUTCOMES OR IMPACT

6.1 To continue to progress external audit work.

7. REASON FOR THE RECOMMENDATION

7.1 To receive the report

8. ALTERNATIVE OPTIONS CONSIDERED

8.1 None

9. IMPLICATIONS

Financial Implications

9.1 None.

Legal Implications

9.2 None

Equalities Implications

9.3 None specific

10. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

10.1 The Accounts & Audit Regulations 2015

11. APPENDICES

11.1 None

AUDIT COMMITTEE	AGENDA ITEM No. 5
26 JUNE 2017	PUBLIC REPORT

Report of:	John Harrison, Corporate Director: Resources	
Cabinet Member(s) responsible:	Cllr Seaton Portfolio Holder for Resources	
Contact Officer(s):	Sian Warren, Capital and Treasury Accounting Manager	Tel. 863924

CAPITAL AND TREASURY OUTTURN 2016/17

R E C O M M E N D A T I O N S	
FROM: Corporate Director : Resources	Deadline date: N/A
<p>It is recommended that Audit Committee:</p> <ol style="list-style-type: none"> 1. Note the 2016/17 Capital Outturn; and 2. Note the compliance with Prudential Indicators achieved. 	

1. ORIGIN OF REPORT

1.1 This report is submitted to the Audit Committee as part of the annual financial reporting cycle

2. PURPOSE AND REASON FOR REPORT

2.1 The purpose of this report is to enable consideration of 2016/17 capital outturn and to monitor adherence to Prudential Indicators.

2.2 This report is for Audit Committee to consider under its Terms of Reference No. 2.2.1.1 "To consider the annual report and opinion of the Corporate Director Resources and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements.

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO
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4. CAPITAL

4.1 The planned capital programme for the financial year was £156.7m. Slippage of expenditure from 2015/16 of £81.6m increased the agreed budget at 1 April 2016 to £238.3m. Throughout the year the capital programme was regularly reviewed and finally reduced to £75.5m through slippage and savings. Much of the slippage has been built into future budgets as part of setting the 2017/18 budget.

4.2 Capital expenditure during 2016/17 totalled £76.8m as shown in the summary table below:

Capital Programme 2016/17 by Directorate	Budget 01/04/2016 £000	Revised Budget £000	Actual £000
Governance	49	-	-
Growth & Regeneration	37,560	23,803	23,918
People & Communities	49,624	26,024	27,632
Resources	24,368	6,581	6,179
Invest to Save	126,661	19,048	19,107
Total	238,262	75,457	76,835
Financed by:			
External Sources	44,715	34,810	35,904
Capital Receipts	1,000	-	1,000
Prudential Borrowing	192,547	40,646	39,931
Total	238,262	75,457	76,835

4.3 The Council and CMT have agreed to reduce and re-phase some projects in the programme during the year to reduce the impact on financial resources or to reflect changing demographic needs. Other projects have been subject to delays which have led to budgets being slipped to 2017/18. Listed below are the significant projects that have been slipped into 2017/18 that has contributed to the variance between the revised budget reported in December 2016 and the reported capital programme outturn of £76.8m.

Growth & Regeneration

- £ 2.6m Street Lighting projects
- £ 2.m Housing Joint Venture
- £ 6.2m Roads & Bridges/Transport projects
- £ 2.1m Public Realm Projects

Resources

- £ 7.4m ICT Projects
- £ 0.7m Renewable Energy projects
- £ £5.2m Fletton Quays Fit Out
- £3.4m Householders Recycling Centre
- £1m London Road Fit Out

People & Communities

- £6.9m Jack Hunt Expansion
- £7.2m Hampton Leys (Gardens)
- £3.7m Paston Reserve Primary
- £3.7m Clare Lodge Phase 6
- £0.5m Adult Social Care Transformation

Invest to Save

- £2.8m Axiom Loan
- £66.1m Empower Loan
- £2.1m Invest To Save

4.4 The Invest to Save outturn of £19.1m in 2016/17 includes expenditure on delivering energy efficiency measures across the council's buildings portfolio including schools. The schemes are self-funding in two ways:

- a. Firstly, introducing energy efficiency measures through the replacement of plant inside the buildings driving down energy costs (for example in our swimming pools through new filters and a combined heat and power unit for the regional pool, more efficient lighting in car parks and replacing school boilers).
- b. Secondly, putting solar panels on roofs to provide a cheaper source of energy for the buildings and an income stream by selling surplus energy to the grid (including schools).

4.5 The Invest to Save outturn also includes the investment the Council has made in its strategic partnership with Empower Community Management LLP (EC), a social enterprise company that has, as its primary purpose, the installation of solar panels on residential properties. This scheme is the first scheme of its type in the UK and in particular the first of its kind that involves a Council. The major benefits of the scheme are:

- No cost to the owner for installation
- Free energy generated to the occupier
- A fee for installation paid to the owner
- Creation of a local community fund out of profits
- A fee to the Council out of profits generated
- Investment returns generated by the Council

4.6 The capital programme is financed through borrowing, capital receipts, grants and contributions. Although the amount of borrowing required has reduced due to slippage in the capital programme since the MTFs was approved, the Council would need to borrow £39.9m to fund 2016/17 capital expenditure although the actual Council borrowing was £32.4m as reported in paragraph 5.3b.

5. TREASURY MANAGEMENT ACTIVITY FOR 2016/17

5.1 The Council is required to operate a balanced budget, which means that cash raised through the year will meet cash expenditure. The role of treasury management is to ensure cash flow is adequately planned so that cash is available when it is needed. Surplus monies are invested in low risk counterparties commensurate with the Council's low risk appetite ensuring that security and liquidity are achieved before considering investment return.

5.2 Another role of treasury management is to fund the Council's capital programme. The programme provides a guide to the borrowing needs of the Council and the planning of a longer term cash flow to ensure capital obligations are met. The management of long term cash may involve arranging short or long term loans or using longer term cash flow surpluses.

5.3 The treasury activity for the Council during 2016/17 is compliant with the Treasury Management Strategy approved in March 2016. Investment and borrowing activities include:

- Investment – The Council aims to achieve the optimum return (yield) on investments commensurate with the proper levels of security and liquidity. In the current economic climate it is considered appropriate to keep investments short term and only invest with Barclays (the Council's current banking provider), the Debt Management Office and Local Authorities. As at 31 March 2017 the Council's external investments totalled £13.6m and have yielded interest at an average rate of 0.25% in the financial year 2016/17. Investments were placed for short periods to cover daily cash flow fluctuations but longer term investments in Solar Bonds are being considered.
- Borrowing – In 2016/17 the Council increased its borrowing by £32.4m. Although £39.9m was required to fund the capital programme, due to timing issues surplus cash balances were utilised to off-set the actual borrowing requirement in the year. The borrowing has been taken out over a range of periods to best fit the Council's maturity profile of debt. Also the best possible interest rate has been sought in line with the budget for borrowing, including the continuation of the council benefitting from reduced interest rates on long term PWLB loans by 20 basis points (0.2%) due to it submitting borrowing plans to government.
- Consideration has been made to rescheduling debt however there have been no suitable opportunities to do this. The difference between the repayment rate and the rate of a new loan has not resulted in a net discount to the Council and no savings were to be made.

5.4 The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow money in the long term for capital purposes. In accordance with the 2016/17 Code the liability for the Private Finance Initiative (PFI) agreement and finance leases also impact on the CFR.

5.6 In 2016/17 the CFR was:

Capital Financing Requirement	£000
Opening Capital Financing Requirement 1 April 2016	480,939
New Capital Expenditure Financed by Borrowing	39,931
Minimum Revenue Provision for Debt Repayment	(10,087)
Minimum Revenue Provision for PFI	(376)
Minimum Revenue Provision for Leases	(636)
Closing Capital Financing Requirement 31 March 2017	509,771

5.7 As part of the setting of the treasury strategy, the Council sets annual prudential indicators to measure effectiveness of treasury management and reports against these indicators during the financial year. The Council has operated within its indicators during 2016/17.

5.8 Further information on the Council's capital financing arrangements can be found in the Prudential Indicators performance found in **Appendix A** along with an update on treasury management activity and other financial performance indicators in **Appendix B**.

6. CONSULTATION

6.1 Detailed reports have been discussed in Departmental Management Teams and this report with the Corporate Management Team.

7. ANTICIPATED OUTCOMES OR IMPACT

7.1 That the outturn position for 2016/17 is noted.

8. REASON FOR THE RECOMMENDATION

8.1 This monitoring report forms part of the 2016/17 closure of accounts and informs the draft Statement of Accounts on this Agenda.

9. ALTERNATIVE OPTIONS CONSIDERED

9.1 None, this is an annual financial report, that has to be presented to Committee.

10. IMPLICATIONS

Financial Implications

10.1 These are set out in the body of the report.

Legal Implications

10.2 This report adheres to the principles of good governance and the Local Government Finance Act 2012 would apply.

Equalities Implications

10.3 There are none.

11. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

11.1 The 2016/17 Medium Term Financial Strategy

12. APPENDICES

A- Treasury Management Strategy – Prudential Indicators – 2016/17

B - Treasury Management Update – March 2017

Appendix A – Treasury Management Strategy – Prudential Indicators – 2016/17

1. The Prudential Code for Capital Finance in Local Authorities provides a framework for local authority capital finance to ensure that:
 - (a) capital expenditure plans are affordable,
 - (b) all external borrowing and other long term liabilities are within prudent and sustainable levels;
 - (c) treasury management decisions are taken in accordance with professional good practice.
2. In taking decisions in relation to (a) and (c) above, the local authority is accountable by providing a clear and transparent framework.
3. The Code requires the Council to set a range of Prudential Indicators for the next financial year and at least the following two financial years. The Council has set out indicators for the next 10 financial years in line with setting a 10 year budget. The indicators include the Invest to Save scheme however the costs of borrowing associated with the scheme will be offset by the income generated by these projects.
4. During 2016/17 the Council has operated within the treasury limits and Prudential Indicators set out in the Council's Annual Treasury Management Strategy.
5. The Council's outturn performance position against the 2016/17 Prudential Indicators are shown below.

Indicator 1: Capital Expenditure

This indicator is the actual capital expenditure for the year based on the Capital Programme in 2016/17.

Capital Expenditure	2016/17 Indicator £m	2016/17 Actual £m
Capital Expenditure	100.0	57.7
Invest to Save	56.6	19.1
Total	156.6	76.8

Indicator 2: Capital Financing Requirement (CFR)

The CFR measures the Council's underlying need to borrow money in the long term for capital purposes. Any capital expenditure which has not immediately been paid for will increase the CFR.

Capital Financing Requirement	2016/17 Indicator £m	2016/17 Actual £m
CFR brought forward	546.0	480.9
Underlying Need to Borrow	52.3	9.8
Underlying Need to Borrow - Invest to Save	60.0	19.1
Total CFR carried forward	658.3	509.8

Indicator 3: Estimates and Actuals for the ratio of financing costs to net revenue budget

The Council must estimate the proportion of the revenue budget, which is taken up in financing capital expenditure. This is the proportion of the budget allocated to net interest cost and to make provision to repay debt.

Ratio of net financing costs to net revenue stream	2016/17 Indicator	2016/17 Actual
Total Ratio	6.1%	6.1%

Indicator 4: Estimates and Actuals of the incremental impact of capital investment on Council Tax

This indicator is intended to show the impact of the Council's decisions about capital investment on the level of Council Tax required to support those decisions over the medium term.

The calculation of this indicator has been done on the basis of the amount of the capital programme that is financed from borrowing and the interest assumption for borrowing that was included in the capital financing budget for the MTFS. The revenue costs are divided by the estimated Council Tax base for the year, and the actual performance is shown in the table below.

Incremental impact on capital investment decisions on Council Tax	2016/17 Indicator £m	2016/17 Actual £m
A – Cap Fin Budget -Previous MTFS	28,889	28,889
B – Cap Fin Budget - Current	18,193	17,551
C - Incremental change (B-A)	(10,695)	(11,338)
D - Council Tax Base (1,000's)	54.10	54.10
Total Incremental Impact (C/D)	(197.70)	(209.75)

The incremental change of £15.5m shown in the table is largely the result of the 2016/17 MTFS where the Council agreed to revise the 2015/16 MRP policy.

Indicator 5: Proportion of Gross Debt to the CFR

This indicator shows the proportion of the Council's external borrowings (Gross Debt) against the CFR.

Proportion of Gross Debt to the CFR	2016/17 Indicator £m	2016/17 Actual £m
CFR	658.4	509.8
Gross Debt	584.1	430.9
% of Gross Debt to CFR	88.7%	84.5%

Indicator 6: The Operational Boundary

The Operational Boundary is a measure of the day to day likely borrowing for the Council. The code recognises that circumstances might arise when the boundary might be exceeded temporarily, but if this continues for a lengthy period then it ought to be investigated.

This indicator takes into consideration the capital programme over the life of the MTFS and the ability to phase the borrowing over this period. The indicator provides flexibility for the Council to take advantage of favourable interest rates in advance of the timing of the actual capital expenditure.

Operational Boundary	2016/17 Indicator £m	2016/17 Actual £m
Borrowing	690.9	395.3
Other Long Term Liabilities	38.6	35.6
Total Operational Boundary	729.5	430.9

Indicator 7: The Authorised Limit

The Authorised Limit represents the maximum amount the Council may borrow at any point in time in the year. It is set at a level the Council considers is "prudent".

The indicator takes account of the capital financing requirement estimated at the start of each year, plus the expected net borrowing requirement for the year. This makes allowance for the possibility that the optimum time to do all borrowing may be early in the year.

The limits also incorporated margins to allow for exceptional short-term movements in the Council's cash flow, bids from service departments to finance efficiencies, changes to the timing of capital payments and fluctuations in the realisation of capital receipts.

Authorised Limit	2016/17 Indicator £m	2016/17 Actual £m
Borrowing	796.6	395.3
Other Long Term Liabilities	38.6	35.6
Total Authorised Limit	835.2	430.9

It is ultra vires to exceed the Authorised Limit so this should be set to avoid circumstances in which the Council would need to borrow more money than this limit. However, the Council can revise the limit during the course of the year. The actual outturn is lower than the indicator as the Council did not need to borrow in advance of need during 2015/16.

Indicator 8: Fixed Interest rate exposure

This indicator places an upper limit on the total amount of net borrowing which is at fixed rates secured against future interest rate movements. The upper limit allows flexibility in applying a proportion of the investment portfolio to finance new capital expenditure. It also reflects a position where the majority of borrowing is at fixed rate which provides budget certainty with 100% of borrowing being at fixed rate. The upper limit for fixed interest rate exposure was set to allow for flexibility in applying a proportion of the investment portfolio to finance new capital expenditure. It also reflected a position where the majority of borrowing was at fixed rates to provide budget certainty.

Upper limit for fixed rate exposure	2016/17 Indicator £m	2016/17 Actual £m
Upper Limit - Borrowing	796.6	430.9
% of fixed interest rate exposure	100%	100%

Indicator 9: Variable interest rate exposure

This indicator places an upper limit on the total amount of net borrowing (borrowing less investment) which is at variable rates subject to interest rate movements. The intention is to keep the variable rate borrowing below 25% of the total gross borrowing (CFR).

The limit is expressed as the value of total borrowing less investments

Upper limit for variable rate exposure	2016/17 Indicator £m	2016/17 Actual £m
Upper Limit	199.2	-
% of variable interest rate exposure	25%	25%

The indicator for actual outturn is zero due to the current borrowing strategy of borrowing only at a fixed interest rate in the current economic climate of volatile interest rates and also provides budget certainty for the Council.

Indicator 10: Maturity structure of borrowing

The prudential limits have been set with regard to the maturity structure of the Council's borrowing, and reflects the beneficial long term rates that are available to the Council.

Period	Upper Limit Indicator	Actual Borrowing	Actual Borrowing £m
Under 12 months*	40%	4.8%	18.8
1 – 2 years	40%	2.2%	8.9
2 – 5 years	80%	6.3%	25.0
5 – 10 years	80%	4.1%	16.1
Over 10 years	100%	82.6%	326.4
Total 'Market' Borrowing			395.3

* The borrowing for under 12 months includes £17.5m of Lenders Option Borrowers Option (LOBO) loans. Although the loans are due to mature in 30-40 years' time, they are classified as loans repayable within the financial year due to LOBO's having a call-in date every 6 months.

Although this table is not a Prudential Indicator it gives a breakdown of the types of borrowing held by the Council and the average interest rates for each:

Borrowing	31 March 2016		31 March 2017	
	Amount £m	Average Interest Rate	Amount £m	Average Interest Rate
Long Term:				
Public Works Loan Board	282.4	3.90%	329.5	3.68%
Market Loans	17.5	4.53%	17.5	4.53%
Short Term:				
Local Authorities	59.5	1.44%	44.5	1.63%
Other Borrowing:				
Local Enterprise Partnership	3.8	0.00%	3.8	0.00%
Total 'Market' Borrowing	363.2		395.3	
Public Finance Initiative & Leases	38.9		35.6	
Total Borrowing	402.1		430.9	

Indicator 11: Total Investments for periods longer than 364 days

Authorities are able to invest for longer than 364 days; this can be advantageous if higher rates are available. However it would be unwise to lend a disproportionate amount of cash for too long a period particularly as the Council must maintain sufficient working capital for its operational needs.

Interest Rate Exposure (Upper Limits)	2016/17 Indicator £m	2016/17 Actual £m
Principal sums invested >364 days	10.0	-

This indicator reflects the Council's current lending policy of keeping investments short term for liquidity purposes. Also the Council has run down its cash balances over the last three financial years as an alternative to new borrowing and does not have the available cash balances to invest for long periods.

The indicator was set at £6m to allow for the accounting treatment of the Local Authority Mortgage Scheme (LAMS). At present the Council has £2m deposited in the LAMS scheme with Lloyds TSB and this is treated as capital expenditure, as a loan to a third party, (see section 3.5 of the TMS). There is currently no plan to extend this initiative. The Council's external auditors highlighted in a previous Statement of Accounts report that there was some debate about the accounting treatment

for LAMS. Whilst the Council is confident of its accounting treatment as a capital loan, if the accounting treatment changed for this deposit for to be classed as an investment then this indicator would cover this investment.

Appendix B – Performance Monitoring

1. Treasury Management Update – March 2017

1.1 Economic Update

The following paragraphs are based on information from the Council's Treasury Advisors (Capita Asset Services)

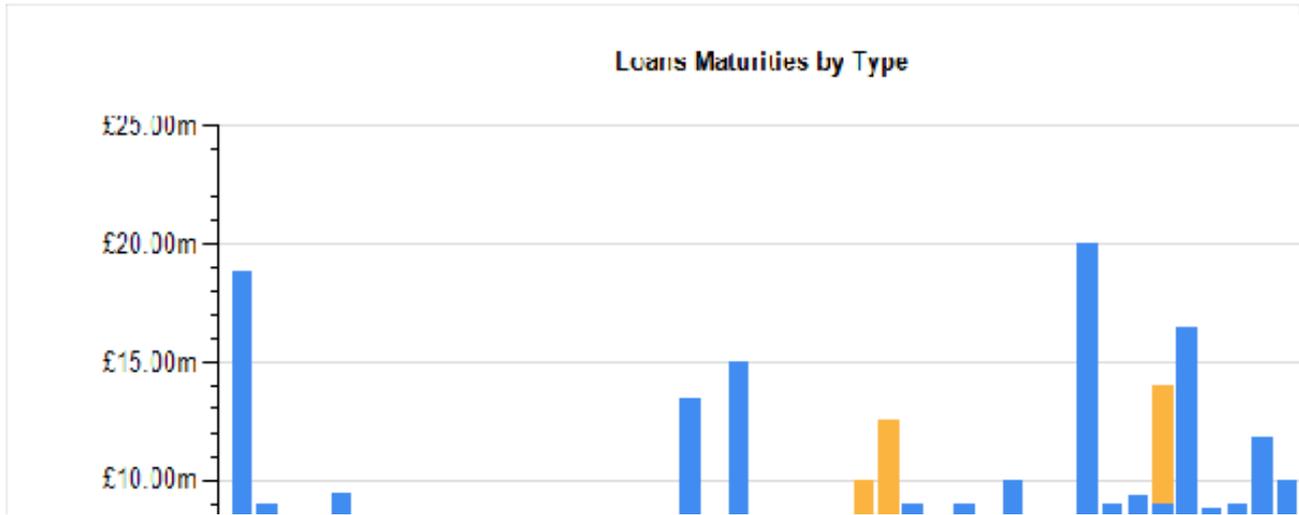
The two major landmark events that had a significant influence on financial markets in the 2016-17 financial year were the UK EU referendum on 23 June and the election of President Trump in the USA on 9 November. The first event had an immediate impact in terms of market expectations of when the first increase in Bank Rate would happen, pushing it back from quarter 3 2018 to quarter 4 2019. At its 4 August meeting, the Monetary Policy Committee (MPC) cut Bank Rate from 0.5% to 0.25% and the Bank of England's Inflation Report produced forecasts warning of a major shock to economic activity in the UK, which would cause economic growth to fall almost to zero in the second half of 2016. The MPC also warned that it would be considering cutting Bank Rate again towards the end of 2016 in order to support growth. In addition, it restarted quantitative easing with purchases of £60bn of gilts and £10bn of corporate bonds, and also introduced the Term Funding Scheme whereby potentially £100bn of cheap financing was made available to banks.

In the second half of 2016, the UK economy confounded the Bank's pessimistic forecasts of August. After a disappointing quarter 1 of only +0.2% GDP growth, the three subsequent quarters of 2016 came in at +0.6%, +0.5% and +0.7% to produce an annual growth for 2016 overall, compared to 2015, of no less than 1.8%, which was very nearly the fastest rate of growth of any of the G7 countries. Needless to say, this meant that the MPC did not cut Bank Rate again after August but, since then, inflation has risen rapidly due to the effects of the sharp devaluation of sterling after the referendum. By the end of March 2017, sterling was 17% down against the dollar but had not fallen as far against the euro. In February 2017, the latest CPI inflation figure had risen to 2.3%, above the MPC's inflation target of 2%. However, the MPC's view was that it would look through near term supply side driven inflation, (i.e. not raise Bank Rate), caused by sterling's devaluation, despite forecasting that inflation would reach nearly 3% during 2017 and 2018. This outlook, however, is dependent on domestically generated inflation, (i.e. wage inflation), continuing to remain subdued despite the fact that unemployment is at historically very low levels and is on a downward trend. Market expectations for the first increase in Bank Rate moved forward to quarter 3 2018 by the end of March 2017 in response to increasing concerns around inflation.

The result of the referendum, and the consequent devaluation of sterling, boosted the shares of many FTSE 100 companies which had major earnings which were not denominated in sterling. The overall trend since then has been steeply upwards and received further momentum after Donald Trump was elected President as he had promised a major fiscal stimulus to boost the US economy and growth rate.

2. Borrowing

- 2.1. It is a statutory duty for the Council to determine and keep under review the "Affordable Borrowing Limits". The Council's approved Prudential Indicators (affordability limits) are outlined in the approved Treasury Management Strategy.
- 2.2. The Council's borrowing as at 31 March 2017 was £430.9m. The actual total external debt is measured against the Council's Authorised Limit for borrowing of £835.2m, which must not be exceeded and the Operational Boundary (maximum working capital borrowing indicator) of £729.5m. The table in Appendix B, Indicator 10 shows a breakdown of the borrowing.
- 2.3. The following chart shows the maturity profile of the Council's debt as at 31 March 2017:



* 2016/17 includes £17.5m of market loans which are repayable in the long term but are classed as current year loans due to a callable option in the loan agreement.

3. Investments

3.1. The Council aims to achieve the optimum return (yield) on investments commensurate with the proper levels of security and liquidity. In the current economic climate it is considered appropriate to keep investments short term, and only invest with Barclays (the Council's banking provider), Bank of Scotland, the Debt Management Office and Local Authorities.

AUDIT COMMITTEE	AGENDA ITEM No. 6
26 JUNE 2017	PUBLIC REPORT

Report of:	John Harrison, Corporate Director: Resources	
Cabinet Member(s) responsible:	Cllr Aitken, Chair of Audit Committee	
Contact Officer(s):	Paul Cook Head of Corporate Finance	Tel. 454433

DRAFT STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

R E C O M M E N D A T I O N S	
FROM: Corporate Director : Resources	Deadline date: N/A
<p>1. For members to review and comment on the draft Statement of Accounts prior to the Chief Finance Officer's certification by the 30 June 2017.</p>	

1. ORIGIN OF REPORT

1.1 Part of the financial reporting cycle

2. PURPOSE AND REASON FOR REPORT

2.1 The Council is required to prepare a Statement of Accounts each financial year, and it must be prepared in accordance with statutory timelines and accounting practices. Since 2010/11 those accounting practices have been based on International Financial Reporting Standards (IFRS) which facilitate the production of accounts in a standardised and consistent format across all industries, public and private sectors, providing greater transparency to all stakeholders.

2.2 The Chartered Institute of Public Finance and Accountancy (CIPFA) set out the accounting practices in the 2016/17 Code of Practice (the Code) and are followed in the preparation of the 2016/17 Statement of Accounts.

2.3 Legislation requires the Council to consider and approve its Accounts at a meeting of either full Council or a Committee of the Council. The Council's Constitution delegates this matter to the Audit Committee.

2.4 This is in accordance with the Committees Terms of Reference – 2.2.1.18 to review the annual statement of accounts, specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.

2.5 The Accounts must be signed and certified by 30 June 2017 by the Council's Section 151 officer / Chief Finance Officer (Corporate Director Resources), in accordance with the Accounts and Audit Regulations 2015. The Council's Section 151 officer has responsibility for certifying that the Accounts present fairly, the financial position of the Council at 31 March 2017.

- 2.6 The Audit Committee is required to approve the Accounts no later than 30 September 2017 following, and in the knowledge of, the audit findings.
- 2.7 The Finance team will continue to review the accounts after Committee agenda despatch, working towards the CFO certification. If any substantial changes are needed to the Accounts, then an update will be provided to Committee at the meeting.
- 2.8 2017/18 accounts must be produced under a faster timetable with the draft accounts ready for audit 31 May and published with opinion 31 July. Using 2016/17 as a trial considerable progress has been made on trimming timescales and has demonstrated the timetable next year is deliverable.
- 2.9 *How does this report link to the Children in care Pledge?*
There is no link

3. TIMESCALES *[If this is not a Major Policy item, answer **NO** and delete the second line of boxes.]*

Is this a Major Policy Item/Statutory Plan?	/NO	If yes, date for Cabinet meeting	
---	------------	----------------------------------	--

4. BACKGROUND AND KEY ISSUES

- 4.1 The 2016/17 draft Statement of Accounts is shown in **Appendix 1**.
- 4.2 The presentation of the draft Statement of Accounts provides Audit Committee the opportunity to review the accounts and ask relevant questions so that they are better informed before being asked to formally approve the audited accounts at the September Audit Committee meeting.
- 4.3 Whilst under the 2015 Accounts and Audit Regulations the Council's Audit Committee is no longer required to approve the accounts prior to audit, the Council considers it is good practice for Members to review and comment on the accounts prior to the Chief Financial Officer's (CFO) certification.

5. FORMAT OF THE ACCOUNTS

- 5.1 The standard format has improved since 2015/16 accounts as the accounts now reflect the Council's budget control report structure.
- 5.2 *Narrative Report* - provides a fair, balanced and understandable guide.
- 5.3 *Statement of Responsibilities* – sets out the responsibilities of the Council and the chief financial officer in respect of the Statement of Accounts.
- 5.4 *Expenditure and Funding Analysis* - This demonstrates how the funding available to the Council for the year has been used in providing services, in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's directorates.
- 5.5 *Comprehensive Income and Expenditure Statement* – shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.
- 5.6 *Movement in Reserves Statement* – this statement shows the movement in the year on the different reserves held by the Council.

- 5.7 *Balance Sheet* – shows the value of the assets and liabilities recognised by the Council as at 31 March 2017.
- 5.8 *Cash Flow Statement* – summarises the inflows and outflows of cash, and cash equivalents, arising from transactions with third parties for both revenue and capital purposes in 2016/17.
- 5.9 *Notes to the Financial Statements* - the various statements are supported by technical *Notes* and by the *Statement of Accounting Policies*.
- 5.10 *The Collection Fund & Notes* – shows the transactions of the Council in relation to Council Tax and Non-Domestic Rates.
- 5.11 *Statement of Accounting Policies* – outlines the accounting policies adopted by the Council.
- 5.12 *Annual Governance Statement* – identifies the systems that the Council has in place to ensure that its business is conducted in accordance with the law and proper standards and that public money is safeguarded. This statement is an item on this meeting agenda and therefore subject to change, consequently it will be included in the audited accounts, published by 30 September 2017, following its approval.
- 5.13 The Statement of Accounts also includes a glossary of technical terms and a summary of the main acronyms used.

6. **BALANCE SHEET AT 31 MARCH 2017**

- 6.1 The Statement of Accounts includes a Balance Sheet that sets out the net worth of the Council at 31 March 2017 with the comparative figures for 31 March 2016. The Balance Sheet shows the assets and liabilities of the Council which are matched by the reserves held by the Council.
- 6.2 Current assets have increased by £6m, the majority of this movement is the increase in Short Term Debtors (money owed to the Council) by £3.4m and Cash and Cash Equivalents of £4.8m.
- 6.3 Long Term Liabilities have increased by £72.2m. This has resulted mainly from additional borrowing undertaken to support the Council's capital investment programme, and to cover short term cash flow fluctuations. The Pensions Liability has increased by £32.9m due mainly to changed actuarial assumptions.

7 **RESERVES AND BALANCES**

- 7.1 The Corporate Director Resources is charged with considering the level of Reserves and Balances required by the Council and making recommendations as to the adequacy of the amounts held. The closing balance for the General Fund for 2016/17 remains at £6.0m which is consistent with Medium Term Financial Strategy (MTFS).
- 7.2 Reserves are split into two categories; unusable and useable reserves. Unusable reserves are those reserves that absorb the timing differences arising from different accounting arrangements eg Pensions Fund reserve. Useable reserves are those reserves that can be applied to fund expenditure or reduce local taxation. However, the Council is restricted in the use of some of the useable reserves such as school balances that can only be spent by schools and capital grants unapplied account which can only be used to finance the Capital Programme.
- 7.3 Total reserves have increased by £28.1m. This reflects significant changes in the (unusable) reserves for revaluation, capital adjustment and pensions.

8 REVENUE AND CAPITAL OUTTURN 2016/17

- 8.1 The Council approved a balanced budget for 2016/17 that supported its key priorities. The budget included £23.2m of savings; a further reduction in grant of £9.8m and £7m of demand-related pressures and investment.
- 8.2 CMT and the Cabinet have monitored the budget rigorously during 2016/17.
1. Departmental management teams have reviewed the budget position monthly and have taken appropriate action
 2. Regular reports to CMT on savings proposals, additional pressures and risks
 3. Review of the capital programme during the year, deferring projects into future financial years or removing projects that are no longer required
 4. Utilising all opportunities to capitalise expenditure where appropriate
 5. Reviewing reserves and provisions, and managing risk.
- 8.3 Financial reporting in December 2016 indicated a £1.0m overspend for the year. The Council can now report an underspend of £1.3m, which will be added to the Grant Equalisation Reserve for future use, stabilising the budget position for the Council. This reflects the continuing focus on containing expenditure and improving efficiency. Further detail will be provided in the full outturn report to Cabinet on 10 July 2017. The final outturn position for 2016/17 is explained in the Narrative Report on page 5 of the Statement of Accounts.
- 8.4 **Chief Executive**
- Following a successful trial starting in October 2015, Peterborough City Council (PCC) and Cambridgeshire County Council have shared a Chief Executive, saving PCC £110k per year. This saving has now been built into the budget on an ongoing basis.
 - Savings have also been made in supplies and services budgets.
- 8.5 **Governance**
- The costs of providing legal services to council departments and partner organisations has increased and this was previously being reported as a pressure. The charges to partners are being reviewed to redress this, and costs incurred for other parties have been recovered.
 - Land charges income is higher than budgeted and additional one off budget to meet the extra cost of an all-out election in 2016 has not been required in full, due to administrative savings and economies of scale, both of these combined generate an underspend of £102k.
 - The central performance management and business intelligence function has seen cost pressures as the Council invests in new technology to support the transformation agenda and to meet the needs of improved information governance, this equated to £162k .
 - The human resources function has delivered savings totalling £114k from staffing and training costs
 - An improvement in income in the final quarter of the year has been achieved following the remedial action. Some provisions have been released after clarification of costs chargeable to other parties.
- 8.6 **Growth and Regeneration**
- The Directorate has significant partnership arrangements across each service in an effort to drive out savings and efficiencies.
 - Peterborough Highway Services has delivered savings through its efficiency roadmap of £363k.
 - Planning policy and development control expertise have been sold to other local authorities generating additional income. Planning fee income itself was £316k higher than expected, particularly towards the end of the financial year.
 - A reduction in the expected demand for concessionary fares has provided savings, now factored into future budgets. In the final quarter of the year, concessionary fare costs have reduced further compared with forecast, overall there is a surplus of £636k reported within the final outturn position.

- Additional highways development income has been achieved before year end, and the planned efficiency savings have increased; some of these will be ongoing.

8.7 People and Communities

- There has been considerable pressures throughout the year from the Independent Sector Placements for adult social care.
- Within the Therapy, Reablement and Community Equipment service area there is a £367k adverse position at outturn.
- Children's Social Care placements overspent by £247k due to 356 looked after children. It should be noted that Peterborough is within the national range for children looked after per rate of population and the cost depends upon the type of accommodation and support package required.
- There is a favourable position of £170k being reported within the outturn position within children's social care agency and staffing costs.
- There is a £1.445m overspend reflecting the pressure of housing homeless families. This has increased due to higher numbers approaching PCC and less available housing to place the families in.
- There is an adverse position of £619k for home to school transport.

8.8 Resources

- The Directorate seeks to contain costs through exploiting commercial opportunities as far as possible. Savings and additional income have been delivered across the commercial group, comprising renewable energy; cultural services partnership with Vivacity; Amey strategic partnership; waste management and waste disposal including the energy recovery facility, and Westcombe Engineering.
- The income earned through cremation fees has been higher than anticipated, especially in the final quarter of the year, this has generated a £260k surplus.
- Additional waste treatment costs have been offset by a credit for business rates in respect of recycling, and a saving in refuse collection costs. Repairs and Maintenance costs have reduced in the final quarter.
- The Serco Strategic Partnership and ICT partnership have seen cost pressures arising from increased volumes of activity and the costs of supporting the technology strategy and transformation agenda.
- Savings have been made in financial services, insurance, inflation and in capital financing costs
- Market income has been lower than forecast. Additional income has been earned through Trading Standards activity. The Great Eastern Run proved a successful event, and achieved a surplus.

8.9 The outturn has enabled a net contribution of £3.714m to the Grant Equalisation Reserve as set out in Note 17 of the Statement of Accounts.

8.10 It has not been necessary to make any increased general bad debt provision in 2016/17 due to tight management and control of outstanding debtors. The figures shown in Note 32 of the Statement of Accounts are net of provisions made.

8.11 The original planned capital programme for 2016/17 was £156.7m. The capital programme was regularly reviewed and reduced to £107.3m through slippage and savings. Capital expenditure is summarised in section 6 of the Narrative Report and Note 25 of the Statement of Accounts. The schemes most affect by slippage were:

Jack Hunt School Extension	£ 6.9m (Due to planning delays)
Hampton Gardens School	£ 7.2m (Scheme reprofiled)
Axiom Housing Loan	£22.8m (Borrower discretion on drawdown of the facility)
Empower Contract	£66.1m (Projects not achieved at the planned rate)
Housing Joint Venture	£ 6.0m (Projects not achieved at the planned rate)

9 NEXT STEPS

- 9.1 The Accounts and Audit Regulations 2015, include the following for the approval and publication of the annual accounts:
- the responsible financial officer must certify the presentation of the annual accounts no later than the 30 June 2017;
 - the annual accounts must be published with the audit opinion and certificate, and before that must have been approved by members no later than 30 September 2017; and
 - the responsible financial officer must re-certify the presentation of the annual accounts before member approval is given.
- 9.2 The Accounts and Audit Regulations 2015 also require all Councils to have a common 30 day public inspection period which includes the first 10 working days in July. The period of public inspection runs concurrently with the period whereby a local government elector may raise questions or objections to the External Auditor.
- 9.3 At the conclusion of the Audit, the Auditor will issue a report on the Financial Statements and will issue the Audit Certificate for 2016/17. This will be considered at the Audit Committee meeting on 25 September 2017.

10. CONSULTATION

- 10.1 There has been no consultation in respect of this report

11. ANTICIPATED OUTCOMES OR IMPACT

- 11.1 As set out in the report.

12. REASON FOR THE RECOMMENDATION

- 12.1 To progress the 2016/17 Statement of Accounts

13. ALTERNATIVE OPTIONS CONSIDERED

- 13.1 None.

14. IMPLICATIONS

Financial Implications

- 14.1 See main report.

Legal Implications

- 14.2 *Summarise here any legal implications related to this item and seek input from legal service.*

Equalities Implications

- 14.3 None specific

15. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

- 15.1 The Accounts & Audit Regulations 2015

16. APPENDICES

- 16.1 Draft 2016/17 statement of accounts

PETERBOROUGH



CITY COUNCIL

Statement of Accounts

2016/17



For further copies of this document or questions about it please contact:

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Peterborough City Council

Statement of Accounts 2016/17

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Narrative Report

1 The Council's Vision and Strategic Priorities

The Council's vision is for a bigger and better Peterborough that grows the right way through truly sustainable development and growth.

The Council's priorities within the Medium Term Financial Strategy to deliver this vision are:

- Growth, regeneration and economic development of the City to bring new investment and jobs. Supporting people into work and off benefits is vital to the City's economy and to the wellbeing of the people concerned
- Improving educational attainment and skills for all children and young people, allowing them to seize the opportunities offered by new jobs and our university provision, thereby keeping their talent and skills in the City
- Safeguarding vulnerable children and adults
- Pursuing the Environmental Capital agenda to position Peterborough as a leading city in environmental matters, including reducing the City's carbon footprint
- Supporting Peterborough's culture and leisure trust, Vivacity, to continue to deliver arts and culture in the City
- Keeping our communities safe, cohesive and healthy
- To achieve the best health and wellbeing for the City

2 The Statement of Accounts

The Statement of Accounts has been prepared in accordance with statutory requirements, detailed in:

- The Local Government Act 2003
- Accounts and Audit Regulations 2015
- Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the Code).

It brings together the major financial statements for the financial year 2016/17. The statements and the notes that accompany them give a full and clear picture of the financial position of Peterborough City Council.

The sections are:

- *Narrative Report* – A user-friendly guide to the Statement.
- *Statement of Responsibilities* – The responsibilities of the Council and its Chief Financial Officer in respect of the Statement of Accounts.
- *Expenditure and Funding Analysis Statement* - This demonstrates how the funding available to the Council for the year has been used in providing services, in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's directorates.

- *Comprehensive Income and Expenditure Statement* – This shows the accounting cost in the year of providing services. It is prepared in accordance with generally accepted accounting practices. This is different from the amount to be funded from taxation.
- *Movement in Reserves Statement* – The movement in the year on the different reserves held by the Council.
- *Balance Sheet* – The value of the assets and liabilities recognised by the Council at 31 March 2017.
- *Cash Flow Statement* – Inflows and outflows of cash or cash equivalents. The flows are revenue and capital transactions with third parties.
- *Notes to the Financial Accounts* - Statements are supported by technical notes.
- *The Collection Fund and Notes* – Council tax and business rates.
- *Statement of Accounting Policies* – Outlines the accounting policies adopted by the Council.

3 National and Local Context

Peterborough is the third fastest growing city in the UK. This growth brings with it substantial demands for Council services.

Peterborough City Council is working in the context of the most challenging financial times that local government has ever faced.

Local government is experiencing increasing demands for services, whilst at the same time facing severe reductions to its funding. According to the Local Government Association local government is expected to face real terms funding cuts of 40%

between 2015/16 and 2019/20. £20bn of savings must be found to meet this gap. When taken together with cuts experienced since 2010, the total reduction to Local Government funding by 2020 will be 64%.

The Government, prior to the General Election of June 2017, was intending to make changes to the way local government will be funded. A system of 100% business rates retention and a different grant distribution methodology will be introduced. This is a huge challenge, and the Council must find new and innovative ways to deliver its services to ensure it has a sustainable financial future.

4 Managing Organisational Performance

The Council's priorities are embedded within the budget-setting process. Alongside these the Council's strategy to deal with the financial and organisational challenges it faces are to:

- Vigorously pursue efficiency savings
- Seek out new forms of service delivery to reduce cost and generate income
- Seek to be increasingly entrepreneurial in the way it is managed and run
- Act in a measured way when examining options to balance future budgets
- Ensure the significant risks, that the Council is likely to face, are proactively managed

A copy of the Council's Medium Term Financial Strategy for 2017/18 – 2026/27 can be found via the following link: <https://www.peterborough.gov.uk/council/budgets-spending-and-performance/our-finances/>.

A summary of the financial challenges that remain ahead is the additional savings row at the bottom of the table. This is the level of new savings that must be identified in each financial year after 2017/18.

Summary Budget Position	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Opening Budget Gap (2016/17 Strategy)	4,101	24,347	31,170	33,807	34,285
Grant Equalisation Reserve add back	11,188	-	-	-	-
Grant Adjustments	2,836	2,167	2,540	3,175	2,908
Pressures	8,990	7,443	7,884	8,249	8,541
Investments	835	1,888	2,378	2,462	2,594
Overall Budget Gap	27,950	35,845	43,972	47,693	48,328
Efficiencies	(3,794)	(5,726)	(6,158)	(6,098)	(6,858)
Income	(16,962)	(11,082)	(16,568)	(12,742)	(15,007)
Use of Grant Equalisation Reserve	(7,194)	(4,250)	-	-	-
Final Budget Position	-	14,787	21,246	28,853	26,463
Additional Savings	-	14,787	6,459	7,608	(2,390)

The Council continues to have robust arrangements in place to ensure that it achieves economy, efficiency and effectiveness. It monitors its spending against budget regularly throughout the financial year and reports the forecast outturn position to

Cabinet. These reports are based on the Council's organisational structure.

Budget managers receive detailed budgetary control information each month. A monthly budget control report is reviewed by each Departmental Management Team.

Budget risks are reported to the Corporate Management Team (CMT) to ensure swift management action is taken to mitigate them. Monitoring enables CMT to make informed decisions. This ensures planned, sustainable outcomes.

Pressures identified in 2016/17 monitoring have been considered in the development of budget proposals for 2017/18 and beyond. Budget proposals are scrutinised by CMT, the Cabinet Policy Forum and a Cross-Party Budget Working Group. A focus on pursuing value for money has been embedded in the Council's approach to setting future budgets and financial plans.

The Council has a robust risk management framework which is embedded within the Council's budget monitoring process. Further details on the Council's risk management arrangements are contained within the Annual Governance Statement.

The Council's Treasury Management Strategy (TMS) sets Prudential Indicators. Capital programme and treasury activities are monitored through the year. Achievement against the indicators is reported to members twice a year. The Indicators are included in the Council's outturn report to Cabinet

The Council also sets performance indicators for

- The time taken to pay suppliers
- Speed of collecting debtor accounts

- The collection of council tax; business rates, and any housing benefit overpayments.

Further information on progress against Key Performance Indicators and other organisational objectives can be found in the outturn report.

5 Revenue Position

The final outturn is a surplus of £1.3m. This is primarily a result of underspends within Growth and Regeneration and Resources directorates. This reflects the continuing focus on containing expenditure and improving efficiency. The following table shows how departments performed against budget in 2016/17. Further detail will be provided in the outturn report to be presented to Cabinet on 10 July 2017.

The 2016/17 surplus has been added to the Grant Equalisation Reserve. The changes to the reserves are incorporated within the transfer to and from reserves within Earmarked General Fund Reserves in the Movement in Reserves Statement (MIRS) (see page 16, and Note 17, page 47).

The revenue cost of financing the Council's prudential borrowing totalled £16.6m in the year ending 31 March 2017, compared to £15.1m in the year ending 31 March 2016 (see Note 10, page 29 and Note 28, page 57). The Council continues to be able to finance its borrowing requirements at advantageous rates.

Net Revenue Expenditure	Revised Budget	Actual	Variance
	£000	£000	£000
Chief Executive	285	234	(51)
Governance	6,772	6,664	(108)
Growth & Regeneration	13,794	11,608	(2,186)
People & Communities	71,315	75,396	4,081
Public Health	42	43	1
Resources	55,511	52,445	(3,066)
Total Council Expenditure	147,719	146,390	(1,329)
Financing Adjustment			52
Revised Underspend			(1,277)
Transfer to Grant Equalisation Reserve			1,277
Contribution to General Fund Balance			-
General Fund Balance Brought Forward			6,000
General Fund Balance Carried Forward			6,000

Balances

As at 31 March 2017, the balance on the General Fund was £6.0m. This is a prudent and robust level in line with the approved Medium Term Financial Strategy.

Schools balances totalled £5.4m at 31 March 2017, compared with £6.2m at 31 March 2016. These are local school decisions and none have been identified as excessive.

During the year, the Council transferred a total of £4.7m to the Grant Equalisation Reserve. Its purpose is to manage the timing of the impact of transformational change required to mitigate future grant reductions.

The new Expenditure and Funding Analysis (EFA) shows revenue expenditure; income; and net expenditure for 2016/17. It shows the impact on the General Fund balance after statutory adjustments between accounting and funding bases (see page 14).

The Comprehensive Income and Expenditure Statement (CIES), shows revenue expenditure; income; and net expenditure for 2016/17 under proper accounting practices (see page 15).

Both EFA and CIES include comparative figures for 2015/16. They use the Council's management structure for reporting net expenditure.

The Council's in-year budget monitoring reports do not correlate directly with the EFA. This is due to the way movements in earmarked reserves and schools balances are reported.

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6 Capital and Treasury Position

The revised Capital Programme was £107.3m which included £30.9m for invest to save schemes. The lesser outturn of £76.8m results from efficiency decisions removing, reducing or delaying projects. The main elements of capital expenditure are shown in the following table:

Capital Expenditure	2016/17 MTFS Budget £000	Revised Budget £000	Actual £000
Governance	-	49	-
Growth & Regeneration	31,642	25,402	23,917
People & Communities	37,477	37,045	27,632
Resources	17,177	13,862	6,179
Invest to Save	70,400	30,926	19,107
Total	156,696	107,284	76,835
Financed by:			
Grants & Contributions	33,768	38,668	35,904
Capital Receipts	1,000	1,000	1,000
Prudential Borrowing	121,928	67,616	39,931
Total	156,696	107,284	76,835

Major projects which progressed during 2016/17 and included in the expenditure figures in the previous table are:

- £12.3m - Construction of a new Free School - Hampton Leys (Gardens)
- £7.2m - Borrowing facilities for local investment by Axiom Housing Association
- £5.7m - Major improvements to Junction between A47 and A15 providing better access to key routes
- £5.3m - Investing with Empower to provide Photo Voltaic (PV) energy savings
- £4.0m - Major regeneration of Bourges Boulevard to improve the city centre public realm
- £3.2m - Expansion of St Michaels Primary School

Capital expenditure has been financed by grants, third party contributions and prudential borrowing. Further information on capital financing can be found in the Borrowing and Investments section below and Notes 10 and 25 pages 29 and 53.

The Council has a proactive approach to investing and regenerated the City:

- The process to regenerate large areas of the city centre through the Peterborough Investment Partnership (PIP) have continued to progress during 2016/17, and a PIP profit distribution from has been made in this financial year.
- In October 2016, the Council announced that it will play the lead role in the comprehensive redevelopment of North Westgate. The Council will invest up to £15m of funding over the next three years to buy land and property in the area.
- The Council entered in to a Partnership with CKH Developments Limited to create Medesham Homes LLP. This partnership was incorporated in November 2016, with the purpose of delivering a housing strategy for the City.
- Peterborough Highway Services completed a major project, ahead of time and on budget, at the Junction 20 roundabout of the Paston Parkway to help to increase capacity, improve traffic flow and reduce congestion. The project improves journey times for road users, particularly as the junction provides interchange links to the A1, A47, A15 and A16. With further housing planned at the nearby Norwood and Paston Reserve development sites, these improvements will also help alleviate any future traffic congestion resulting

from these developments. The scheme was fully funded by the Greater Cambridge Greater Peterborough Local Enterprise Partnership (LEP).

Borrowing and Investments

The Capital and Treasury Management Strategy (TMS), approved as part of the Council's MTFs in March 2017, details the framework within which the Council's capital investment plans are to be delivered. Prudential borrowing is the primary source of financing for capital projects.

The following table shows that at 31 March 2017 the Council had net borrowings including cash and outstanding interest of £385.0m (£354.7m in 2015/16).

2015/16		2016/17
£m		£m
43.5	Short Term Borrowing	39.6
322.7	Long Term Borrowing	359.0
(11.5)	Investments	(13.6)
354.7	Net Borrowing	385.0

The Council's TMS outlines the Council's approach to borrowing. The main sources of borrowing for the Council are:

- the Public Works Loan Board (PLWB)
- other Local Authorities

The Council invested in money market funds in 2016/17. This has helped to diversify the investment portfolio.

The Council's cash flow position is closely monitored on a daily basis to ensure sufficient funding is available to meet its obligations and to maximise return on surplus balances.

Although the Capital Programme required borrowing of £39.9m, actual gross borrowing increased by only £32.4m (net £30.3m) during the year due to use of internal reserves replacing borrowing.

7 Council Performance 2016/17

Key achievements over the past 12 months include:

- Unemployment is currently at its lowest level in Peterborough at 4.6%, below the national average for Britain (4.8%).
- Peterborough was listed by the 2016 Centres for Cities report 'Cities Outlook 2016' as the third-fastest growing city in the UK.
- 6,000 potholes repaired.
- More than 90% of schools in Peterborough are rated as Good or Outstanding, above the national average and the highest ever achieved in the City.
- All of Peterborough's libraries remain open, and through the use of self- service technology the Council has extended opening hours.
- 6,000 homes have taken up the Peterborough Energy Tariff, saving £1.4m.
- The Empower Peterborough free residential solar Photo Voltaic (PV) scheme has installed free PV on 350 private homes in the city, with each occupant benefiting from an energy saving of about £200 every year.

- The Council announced its lead role in the regeneration of North Westgate. The Council will invest up to £15m of funding over the next three years to buy land and property in the area.
- Net business creation is 43% above the UK average and Gross Value Added is growing by 8% a year, with an additional 1,570 jobs created.
- Local Government Chronicle awards won in the areas of Efficiency, Environment, Innovation and Rising Star.
- Peterborough has five Green-Flag award winning parks and green spaces. Central Park has now received the award for 14 consecutive years.
- The 2016 Perkins Great Eastern Run, arranged by Peterborough City Council, had the highest turnout of runners in its 34 year history.

8 Changes to Service Delivery and Operations

The Council is continuing to build on closer working partnerships with neighbouring councils. The role of Corporate Director of People and Communities has been shared with Cambridgeshire County Council from October 2016. This adds to the existing shared Chief Executive arrangement between the Councils. In addition the Council has recently agreed plans to share Trading Standards services with Cambridgeshire County Council. The partnership will see a more efficient use of services and a better intelligence-led deployment of pooled resources leading to an enhanced service for residents across the county. These new arrangements demonstrate the continued approach by both Councils to find ways to save money in the face of austerity.

October 2016 saw the launch of the new Safer Peterborough Prevention and Enforcement Service (PES) - a combined team of Council, Police, Fire Service and Prison staff in order to make the City's streets safer. The PES team will tackle littering, graffiti, fly-tipping as well as housing and parking enforcement.

The Adolescent and Children's Trust (TACT) took over the management of the Council's fostering and adoption services from April 2017. TACT is the UK's largest dedicated fostering and adoption charity. The new TACT Peterborough Permanency service will reduce reliance on higher cost independent fostering and residential placements. It will provide improved training and 24/7 support for Peterborough foster carers.

The City's Energy Recovery Facility (ERF), managed by Viridor opened in March 2016. The ERF gives Peterborough a much needed alternative to landfill. Black bin waste is turned into energy rather than being sent to landfill saving the City £1million a year for the next three decades.

The Council has now completed the second year of the business rates retention pilot with Central Government. This scheme enables the Council to retain 100% of any business rates growth beyond a target level. Additional income to the Council from this scheme in 2016/17 totalled £0.4m (2015/16 £1.4).

A Combined Authority for Peterborough and Cambridgeshire was established in March 2017. Its programmes include:

- A new £20m per annum fund for the next 30 years to support economic growth, development of local infrastructure and jobs.

- A new £170m housing fund to be invested over the next five years to build more and a wider mix of homes.
- Work with government to secure a Peterborough Enterprise Zone.
- Investment in a Peterborough University

The Council will benefit from the Combined Authority's investment in Peterborough and efficiencies will be achieved more strategic joint working across the region.

9 Changes to Accounting Policy

There are no major changes to accounting policies for 2016/17 accounts.

10 Pension Fund

The main statements include entries to show the financial position of the Council's share of the Cambridgeshire Local Government Pension Fund. This information is calculated by the Actuary under the relevant accounting standard. The deficit on the Fund has increased by £32.9m from £239.4m in 2015/16 to £272.3m.

There has been a significant decrease in the net discount rate used by the actuary. This places a higher value on benefits that will be paid in the future and increases the scheme's liabilities. The impact of this rate change has in part been offset by an increase in the expected return on assets held by the fund. (See Note 44, page 70, for further details on assumptions).

The Council's contribution to the fund is independently determined by the fund Actuary. The Actuary undertook the triennial valuation of the fund as at 31 March 2016. The Actuary's recommendations have been implemented from 1 April 2017.

The Actuary has recommended a higher employer contribution percentage (from 16.3% to 17.4% of pensionable pay) for current service. The annual lump sum contribution to the Scheme's deficit has been reduced. These contributions have been provided for in the Council's MTFS. Changes to Council employer contributions at future triennial actuarial valuations will depend on demographic factors, investment returns, and changes in the legislation which governs the scheme. Further details can be found in Note 7, page 22.

11 External Auditors

The 2016/17 Statement of Accounts is the second year to be audited by Ernst & Young LLP. See Note 3, page 20, for further information on external audit fees

12 Related Parties

The Council is required to disclose material transactions with related parties; bodies or individuals that have the potential to control or influence the Council or be controlled or influenced by the Council. These disclosures can be found in Notes 13 and 14, pages 30 and 35, and also on the Council's website in the Register of Interests for each Councillor.

13 Challenges Ahead

The Council continues to face significant challenges in the amount of funding available and increased demand for services. The Council's MTFS for 2017/18 was balanced by an additional £20.8m of efficiencies and income generation.

As with many other Councils, Peterborough needed to levy a 3% Adult Social Care precept for 2017/18 in order to relieve pressure on Adult Social Care budgets and to protect vulnerable adults in the community. The Council will also receive £3.5m of adult social care support grant in 2017/18

Thanks to these efficiency improvements and increased Adult Social Care funding the Council made no reduction to service levels in 2017/18. This was possible through sound strategic financial planning and the hard work of Council staff, who are committed to work more efficiently and generate additional income as an alternative to reducing levels of service for the City's residents.

Careful financial and performance monitoring will be needed throughout 2017/18 to ensure this demanding level of efficiency is achieved. Work has already commenced a similar level of budget challenge for 2018/19 onwards.

Officers are focused on ensuring that demand for Adult Social Care services is monitored and that management action is taken where necessary to remain within budget. The additional resources that have been made available will be directed to achieve long term cost savings and manage peak demand.

Subject to the new government from June 2017, by 2020 it is expected that a system of 100% Business Rates retention will replace partial retention and Revenue Support Grant. It is not currently known what the financial impact will be on Peterborough. However it is anticipated that there will be increased volatility as the Council will be the sole owner of Business Rate cash flows and the impact of valuation appeals.

Concurrent with this the Government is reviewing how it assesses local spending need under the fair funding consultation. It will be essential for the Council to monitor this development and ensure that its particular spending needs are recognised in any new formulae.

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14 Summary

The Council continues to provide services that matter to the residents of Peterborough against the challenges of reduced funding and growing population. This is being achieved through finding innovative ways of working, and adopting an 'invest to save' approach. Services will be improved and drastic cuts avoided. The Council is becoming a self-sufficient council through greater levels of commercialisation being applied to all activities it undertakes.

The Council approved the revenue and capital budget requirement for 2017/18 in its MTFS. The budget supported the Council's key priorities and included £20.8m of savings, and the use of £7.2m from the Grant Equalisation reserve, to mitigate the impact of grant reductions and service pressures, creating the £28.0m budget gap.

The Council has successfully managed the financial challenges during 2016/17 by being proactive in balancing the demands of local circumstances with the financial constraints of the national economic climate.

The Council remains committed to its strategy of delivering service efficiencies and improvements using a proactive approach to managing council finances and through the continued delivery of a longer term financial plan covering a rolling ten year cycle.

I am extremely grateful to all the finance staff across the Council for the support and enthusiasm which they have brought to the many and challenging tasks they have faced.

I hope readers will find the following pages helpful and interesting in providing an insight into the finances and performance of the Council.

John Harrison

Corporate Director: Resources

Independent Auditors' Report to the Members of Peterborough City Council

This page will be updated with the External Audit report following the completion of the audit – Sept 2017

Signed:

Date:

Suresh Patel
for and on behalf of Ernst & Young LLP, Appointed Auditor
London

Statement of Responsibilities

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Corporate Director: Resources;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

Chairman's Certificate

I certify that the Statement of Accounts for the year ended 31 March 2017 was approved at the meeting of the Audit Committee on 25 September 2017.

Signed on behalf of Peterborough City Council:

Chairperson of meeting
approving the accounts:

*Not to be signed until September
2017*

Kim Aitken

Date:

September 2017

The Chief Financial Officer's Responsibilities

The Chief Financial Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Chief Financial Officer has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the local authority Code

The Chief Financial Officer has also:

- kept proper accounting records which were up to date
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Chief Financial Officer's Certificate

I certify that the accounts set out on pages 14 to 91 present a true and fair view of the financial position of the Council at 31 March 2017 and its income and expenditure for the year ended 31 March 2017.

Corporate Director:
Resources:

John Harrison

Date:

June 2017

Expenditure and Funding Analysis

The Expenditure and Funding Analysis:

- demonstrates to council tax payers how the funding available to the authority (ie government grants, council tax and business rates) for the year has been used in providing services
- shows the resources consumed or earned by authorities in accordance with generally accepted accounting practices. This is

presented more fully in the Comprehensive Income and Expenditure Statement (CIES).

- shows how expenditure is allocated for decision making purposes between the council's directorates.

<i>Expenditure Chargeable to the General Fund</i>	<i>2015/16 Adjustments between the Funding and Accounting Basis (note 15)</i>	<i>Net Expenditure in the CIES</i>	Expenditure and Funding Analysis (EFA)	<i>Notes (From Page 19)</i>	Expenditure Chargeable to the General Fund	2016/17 Adjustments between the Funding and Accounting Basis (note 15)	Net Expenditure in the CIES
£000	£000	£000			£000	£000	£000
260	15	275	Chief Executives		184	3	187
5,556	227	5,783	Governance	4	6,595	140	6,735
67,707	24,370	92,077	People & Communities	1,2, 6	74,143	19,541	93,684
52,099	(11,544)	40,555	Resources	3	48,881	(14,160)	34,721
11,063	14,838	25,901	Growth & Regeneration		11,136	14,170	25,306
(669)	9	(660)	Public Health	6	43	2	45
136,016	27,915	163,931	Cost of Services	15	140,982	19,696	160,678
(142,919)	14,855	(128,064)	Other Income & Expenditure	9,10,11,12	(142,973)	31,469	(111,504)
(6,903)	42,770	35,867	(Surplus) / Deficit on Provision of Services	15	(1,991)	51,165	49,174
(35,487)			Opening General Fund Balance	16	(42,390)		
(6,903)			Less/Plus (Surplus) or Deficit on General Fund Balance in Year		(1,991)		
(42,390)			Closing General Fund Balance*	16	(44,381)		

* This balance represents three usable reserves, the General Fund Balance, School's Balances and Specific Earmarked Reserves, see Note 16 for more detailed information.

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations; this

may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

<i>Restated 2015/16*</i>						2016/17	
<i>Gross Expenditure</i>	<i>Gross Income</i>	<i>Net Expenditure</i>	Comprehensive Income & Expenditure Statement (CIES)	Notes (From Page 19)	Gross Expenditure	Gross Income	Net Expenditure
<i>£000</i>	<i>£000</i>	<i>£000</i>			£000	£000	£000
323	(48)	275	Chief Executives		298	(111)	187
7,604	(1,821)	5,783	Governance	4	8,725	(1,990)	6,735
282,562	(190,485)	92,077	People & Communities	1,2, 6	312,105	(218,421)	93,684
141,660	(101,105)	40,555	Resources	3	129,369	(94,648)	34,721
32,317	(6,416)	25,901	Growth & Regeneration		32,065	(6,759)	25,306
9,558	(10,218)	(660)	Public Health	6	11,658	(11,613)	45
474,024	(310,093)	163,931	Cost of Services		494,220	(333,542)	160,678
5,820	(3,718)	2,102	Other Operating Income & Expenditure	9	3,540	(4,892)	(1,352)
33,153	(6,211)	26,942	Financing & Investment Income & Expenditure	10,11	58,667	(7,481)	51,186
7,126	(164,234)	(157,108)	Taxation & Non-Specific Grant Income & Expenditure	12	7,155	(168,493)	(161,338)
520,123	(484,256)	35,867	(Surplus) / Deficit on Provision of Services	15	563,582	(514,408)	49,174
		3,320	(Surplus) / Deficit on Revaluation of Non-Current Assets	16,18			(45,908)
		(50,758)	Actuarial (Gains) / Losses on Pension Assets / Liabilities	7			24,828
		(47,438)	Other Comprehensive Income & Expenditure				(21,080)
		(11,571)	Total Comprehensive Income & Expenditure				28,094

* Restated to show Cost of Services analysed by Directorates as used for internal management reporting rather than SERCOP headings, in line with new CIES reporting requirements

Movement in Reserves Statement

- This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (ie. those that can be applied to fund expenditure or reduce local taxation) and other reserves.
- The Surplus or Deficit on the Provision of Services line shows the true cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement, page 15. These are different from the statutory

amounts required to be charged to the General Fund Balance for council tax setting purposes.

- The Net Increase or Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council, for more detailed movements, see Note 16, page 39.

Movement in Reserves during 2015/16 and 2016/17	Note	General Fund Balance	Schools' Balances	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Council Reserves
		£000	£000	£000	£000	£000	£000	£000	£000
<i>Balance at 1 April 2015</i>	16	(6,000)	(6,289)	(23,198)	-	(1,446)	(36,933)	89,995	53,062
<i>Total Comprehensive Income & Expenditure</i>		35,761	106	-	-	-	35,867	(47,438)	(11,571)
<i>Adjustments between accounting basis & funding basis under regulations</i>		(42,770)	-	-	(1,251)	440	(43,581)	43,581	-
<i>Net Increase / Decrease before Transfers to Earmarked Reserves</i>		(7,009)	106	-	(1,251)	440	(7,714)	(3,857)	(11,571)
<i>Transfers to / (from) Earmarked Reserves</i>		7,009	-	(7,009)	-	-	-	-	-
<i>Increase / (Decrease) in 2015/16</i>		-	106	(7,009)	(1,251)	440	(7,714)	(3,857)	(11,571)
<i>Restated Balance at 31 March 2016 Carried Forward</i>		(6,000)	(6,183)	(30,207)	(1,251)	(1,006)	(44,647)	86,138	41,491
Balance at 1 April 2016		(6,000)	(6,183)	(30,207)	(1,251)	(1,006)	(44,647)	86,138	41,491
<i>Total Comprehensive Income & Expenditure</i>		48,397	777	-	-	-	49,174	(21,080)	28,094
<i>Adjustments between accounting basis & funding basis under regulations</i>		(51,165)	-	-	1,251	(204)	(50,118)	50,118	-
<i>Net Increase before Transfers to Earmarked Reserves</i>		(2,768)	777	-	1,251	(204)	(944)	29,038	28,094
<i>Transfers to / (from) Reserves</i>		2,768	-	(2,768)	-	-	-	-	-
Increase / (Decrease) in 2016/17		-	777	(2,768)	1,251	(204)	(944)	29,038	28,094
Balance at 31 March 2017 Carried Forward		(6,000)	(5,406)	(32,975)	-	(1,210)	(45,591)	115,176	69,585

Balance Sheet

The Balance Sheet shows the value of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories.

- The first category of reserve are usable reserves, ie those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt).
- The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes the reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement, page 16, line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2016 £000	Balance Sheet	Notes	31 March 2017 £000
584,428	Property, Plant & Equipment	18	607,938
31,770	Investment Property	19	30,413
10,989	Intangible Assets	20	10,141
-	Long Term Investments	28, 29	-
1,780	Long term Debtors	28, 29	8,927
628,967	Long Term Assets		657,419
2,030	Short Term Investments	28	30
301	Inventories	31	356
65,018	Short Term Debtors	32	68,494
11,634	Cash & Cash Equivalents	29, 40	16,427
218	Current Intangible Asset	33	244
298	Assets Held for Sale	21	-
79,499	Current Assets		85,551
(43,482)	Short Term Borrowing	28	(39,629)
(76,036)	Short Term Creditors	35	(72,492)
(7,761)	Provisions	34	(5,621)
(127,279)	Current Liabilities		(117,742)
(239,364)	Long Term Creditors	7	(272,287)
(303)	Provisions	34	(203)
(322,717)	Long Term Borrowing	28	(358,976)
(36,664)	Other Long Term Liabilities	26, 27, 28, 29	(35,559)
(23,630)	Capital Grants Receipts in Advance	36	(27,788)
(622,678)	Long Term Liabilities		(694,813)
(41,491)	Net (Liabilities) / Assets		(69,585)
(44,647)	Usable Reserves	16	(45,591)
86,138	Unusable Reserves	16	115,176
41,491	Total Reserves		69,585

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows between operating, investing and financing activities. Investing activities represent the extent to which cash outflows have been made for resources which are

intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

2015/16 £000	Cash Flow Statement	Notes	2016/17 £000
35,867	Net (Surplus) / Deficit on the Provision of Services		49,174
(35,069)	Adjust net (Surplus) / Deficit on the Provision of Services for Non Cash Movements		(41,641)
(17,837)	Adjust for Items Included in the Net (Surplus) / Deficit on the Provision of Services that are Investing & Financing Activities		(53,053)
(17,039)	Net Cash Flows from Operating Activities		(45,520)
76,091	Investing Activities	38	72,377
(62,816)	Financing Activities	39	(31,650)
(3,764)	Net (Increase) / Decrease in Cash & Cash Equivalents		(4,793)
7,870	Cash & Cash Equivalents at the Beginning of the Reporting Period		11,634
3,764	Increase / (Decrease) in Cash and Cash Equivalents		4,793
11,634	Cash & Cash Equivalents at the end of the Reporting Period	40	16,427

Notes to the Accounts

1 Dedicated Schools Grant (DSG)

Details of the deployment of DSG receivable for 2016/17 and for the previous financial year 2015/16 are as follows:

Schools Budget Funded by Dedicated Schools Grant	Central Expenditure £000	ISB £000	Total £000
Final DSG for 2016/17 before Academy recoupment			(185,760)
Academy figure recouped for 2016/17			66,987
Total DSG after Academy recoupment for 2016/17			(118,773)
Brought forward from 2015/16			(5,747)
Carry forward to 2017/18 agreed in advance			-
Agreed initial budgeted distribution in 2016/17	(39,309)	(85,211)	(124,520)
In year adjustments	(371)	-	(371)
Final budgeted distribution for 2016/17	(39,680)	(85,211)	(124,891)
Less actual central expenditure	34,270	-	34,270
Less actual ISB deployed to schools	-	85,211	85,211
Plus Council contribution for 2016/17	-	-	-
Carry Forward to 2017/18	(5,410)	-	(5,410)
Total amount carried forward			(5,410)

The Council's expenditure on running schools is funded primarily by DSG provided by the Education Funding Agency. An element of DSG is recouped by the Department for Education to fund academy schools in the Council's area. DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance and Early

Years (England) Regulations 2015. The Schools Budget includes elements for a range of educational services provided on a Council-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school.

<i>Schools Budget Funded by Dedicated Schools Grant</i>	<i>Central Expenditure £000</i>	<i>ISB £000</i>	<i>Total £000</i>
<i>Final DSG for 2015/16 before Academy recoupment</i>			<i>(180,606)</i>
<i>Academy figure recouped for 2015/16</i>			<i>63,681</i>
<i>Total DSG after Academy recoupment for 2015/16</i>			<i>(116,925)</i>
<i>Brought forward from 2014/15</i>			<i>(5,511)</i>
<i>Carry forward to 2016/17 agreed in advance</i>			<i>1,801</i>
<i>Agreed initial budgeted distribution in 2015/16</i>	<i>(37,432)</i>	<i>(83,203)</i>	<i>(120,635)</i>
<i>In year adjustments</i>	<i>59</i>	<i>-</i>	<i>59</i>
<i>Final budgeted distribution for 2015/16</i>	<i>(37,373)</i>	<i>(83,203)</i>	<i>(120,576)</i>
<i>Less actual central expenditure</i>	<i>33,427</i>	<i>-</i>	<i>33,427</i>
<i>Less actual ISB deployed to schools</i>	<i>-</i>	<i>83,203</i>	<i>83,203</i>
<i>Plus Council contribution for 2015/16</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Carry Forward to 2016/17</i>	<i>(3,946)</i>	<i>-</i>	<i>(3,946)</i>
<i>Total amount carried forward</i>			<i>(5,747)</i>

2 Pooled Funds

The Council has four Section 75 (S75) agreements with health partners. Three of the agreements, Better Care Fund, Learning Disability Services and Integrated Community Equipment

Services are with Cambridgeshire and Peterborough Clinical Commissioning Group (CPCCG). The fourth agreement, for Mental Health Services, is with Cambridgeshire and Peterborough NHS Foundation Trust (CPFT).

Better Care Fund (BCF)

Local Better Care Funds have been established by the Government to provide funds to local areas to support the integration of health and social care. It is a requirement of the BCF that the CCG and the Council establish a pooled fund for this purpose. The annual S75 agreement with CPCCG sets out contribution levels and performance measurements.

The BCF value for 2016/17 was £12.6m (2015/16 £12.0m) of which £6.4m (2015/16 £6.4m) is a pooled fund shown within the People & Communities line in the Comprehensive Income and Expenditure Statement (CIES). The remaining, non-pooled fund element, is made up of £1.5m (2015/16 £1.3m) directly received capital funding and £4.7m (2015/16 £4.3m) retained by CPCCG.

Learning Disability Services

The Council has a S75 agreement with CPCCG for commissioning and providing specialist health related learning disability services. The annual agreement for 2016/17 sets out the Council's contribution to the Pool, the level of performance that the Council aimed to deliver across a range of performance indicators and key service developments that the Council would take forward. Activity for this partnership is shown in the People & Communities line in the CIES of £0.9m (2015/16 £0.9m).

Integrated Community Equipment Services (ICES)

The annual S75 agreement for 2016/17 agreed a pooled budget and monitoring process for the provision of a joint ICES store and associated expenditure in relation to Social Care. The Council's contribution of £0.3m (2015/16 £0.3m) to this pooled

partnership is shown in the People & Communities line in the CIES.

Mental Health Services

The Council has a S75 agreement with CPFT which provides for the cost of staff and associated overheads providing mental health services. The Council's contribution to this pooled partnership of £1.2m (2015/16 £1.2m) is shown in the People & Communities line in the CIES.

3 External Audit Costs

The Council has incurred the following cost on the audit of the Statement of Accounts, certification of grant claims and for non-audit services provided by the Council's external auditors, Ernst and Young LLP (EY).

<i>Restated</i> 2015/16*	External Audit Costs	2016/17
£000		£000
131	Fees payable with regard to external audit services carried out by the appointed auditor	123
-	Other services provided by the appointed auditor	-
<u>131</u>	Total	<u>123</u>

* 15/16 figures have been restated to reflect final payments in relation to that year.

4 Member's Allowances

The following amounts were paid to members of the Council.

2015/16	Member's Allowances	2016/17
£000		£000
664	Allowances	693
2	Expenses	2
<u>666</u>	Total	<u>695</u>

5 Termination Benefits and Exit Packages

The Council terminated the contracts of a number of employees in 2016/17, incurring liabilities of £0.6m (£0.4m 2015/16). These costs include voluntary and compulsory redundancy costs, pension strain and other departure costs.

The costs include those paid and those provided for in the year (see Note 34 for details of the redundancy provision for 2015/16 only). The costs were charged to the Comprehensive Income and Expenditure Statement as shown in the following table:

<i>Restated 2015/16*</i>		2016/17
	Termination Benefits	£000
£000	Governance	74
86	People & Communities	470
313	Resources	6
27	Total	550
426		

* Restated to show updated headings as a result of changes in CIES reporting requirements

The number of packages agreed and the value of those packages are analysed in the following tables, in bands of £20k up to £80k.

Termination and Exit Packages 2016/17							
Compulsory No.	Voluntary No.	Total No.	Bands	Compulsory	Voluntary	Total	Pension Strain inc. in total *
				£000	£000	£000	
16	12	28	£0 - £19,999	69	71	140	9
3	8	11	£20,000 - £39,999	72	206	278	88
-	3	3	£40,000 - £59,999	-	132	132	22
-	-	-	£60,000 - £79,999	-	-	-	-
19	23	42	Total	141	409	550	119

Termination and Exit Packages 2015/16							
Compulsory No.	Voluntary No.	Total No.	Bands	Compulsory	Voluntary	Total	Pension Strain inc. in total *
				£000	£000	£000	
1	8	9	£0 - £19,999	1	58	59	2
-	9	9	£20,000 - £39,999	-	260	260	24
-	1	1	£40,000 - £59,999	-	44	44	15
-	1	1	£60,000 - £79,999	-	63	63	-
1	19	20	Total	11	425	426	41

* Pension Strain included in total is the amount paid to the Local Government Pension Scheme, see Note 7 for further information

6 Pension Schemes Accounted for as Defined Contribution Schemes

Teachers' Pension Scheme

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE). The Scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the cost by making contributions based on a percentage of members' pensionable salaries through the DSG allocation (Note 1).

The Scheme is a multi-employer defined benefit scheme. The Scheme is unfunded and the DfE uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. Valuations of the notional fund are undertaken every four years.

The Scheme has in excess of 3,700 participating employers and consequently the Council is not able to identify its share of underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2016/17 the Council paid £6.4m to the Teachers' Pension Scheme in respect of teachers' retirement benefits, representing 16.5% of pensionable pay. The figures for 2015/16 were £6.0m and 14.1% to the end of August and 16.5% thereafter. There were no contributions remaining payable at the year-end.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and included in Note 7. The Council is not liable to the Scheme for any other entities' obligations under the plan.

NHS Pension Scheme

This scheme applies to some of the former employees of the Pooled Partnership with NHS Peterborough for the delivery of Adult Social Care and the employees of the Public Health Service. Details of the benefits payable under these provisions can be found on the NHS Pensions website at www.nhsbsa.nhs/pensions.

The scheme is an unfunded, defined benefit scheme that covers NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable participating bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the Council of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

In 2016/17 the Council paid £0.2m to NHS Pensions in respect of employee's retirement benefits, representing 14.3% of pensionable pay. The figures for 2015/16 were £0.3m and 14.0%.

7 Defined Benefit Pension Schemes

Participation in pension schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the costs of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme (LGPS), administered by Cambridgeshire County Council. This is a funded defined benefit final salary scheme. The Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets. Employee contribution rates are tiered according to an employee's pay band. Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no fund assets built up to meet these pension liabilities.

Transactions Relating to Post-Employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against council tax is based on the cash payable in the year, so the real cost of post-employment / retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The following table outlines the transactions that have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

2015/16 £000	Comprehensive Income & Expenditure Statement	2016/17 £000
	Cost of Services:	
17,319	Current service cost	14,755
1	Past service cost	113
(1,728)	Effect of settlements	-
	Financing & Investment Income & Expenditure	
(11,316)	Interest Income on Scheme Assets	(12,252)
20,287	Interest Cost on Defined Benefit Obligation	20,616
<u>24,563</u>	Total post-employment benefit charged to the Deficit on the Provision of Services	23,232
	Other employment benefit charged to the CIES	
16,953	Return on plan assets (excluding the amount included in the net interest expense)	(82,622)
-	Actuarial gains and losses arising on changes in demographic assumptions	(5,571)
(61,133)	Actuarial gains and losses arising on changes in financial assumptions	108,777
(6,467)	Other Experience	4,388
(111)	Adjustment to actuarial estimate contribution	(144)
<u>(50,758)</u>	Total Remeasurements Recognised in CIES	24,828
<u>(26,195)</u>	Total post-employment benefit charged to the CIES	48,060
	Movement in Reserves Statement	
	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(48,060)
	Actual amount charged against the General Fund Balance for pensions in the year:	
13,463	Employer's contributions payable to scheme	15,137
<u>39,658</u>	Total Movement in Reserves Statement	(32,923)

31 March 2016 £000	Pensions Assets and Liabilities Recognised in the Balance Sheet	31 March 2017 £000
349,105	Fair Value of Employer Assets	446,376
(566,520)	Present Value of Funded Liabilities	(695,448)
(21,949)	Present Value of Unfunded Liabilities	(23,215)
(239,364)	Total	(272,287)

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total liability of £272.3m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, see Note 16, page 45. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy.

31 March 2016 £000	Reconciliation of the Fair Value of the Scheme Assets	31 March 2017 £000
352,521	Opening fair value of Scheme Assets	349,105
11,316	Interest Income	12,252
	Remeasurement gain / (loss)	
(16,953)	Return on plan assets, excluding the amount included in the net interest expense	82,622
(203)	Effect of Settlements	-
13,463	Contributions from Employer	15,137
111	Adjustment for Actuarial estimated Employer Contributions	144
3,617	Contributions from Employees	3,798
(14,767)	Benefits Paid	(16,682)
349,105	Closing Fair Value of Scheme Assets	446,376

The deficit on the local government scheme will be made good by contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary.

31 March 2016 £000	Reconciliation of Present Value of Scheme Liabilities (defined benefit obligation)	31 March 2017 £000
631,543	Opening Liability at 1 April	588,469
17,319	Current Service Cost	14,755
20,287	Interest Cost	20,616
3,617	Contributions from Scheme Participants	3,798
(61,133)	Actuarial gains/losses arising from changes in financial assumptions	108,777
-	Actuarial gains/losses arising from changes in demographic assumptions	(5,571)
(6,467)	Other experience	4,388
(1,931)	Liabilities Extinguished on Settlements	-
1	Past Service Costs including curtailments	113
(14,767)	Benefits Paid	(16,682)
588,469	Closing Liability at 31 March	718,663

The following table details the composition of the Scheme Assets into classes that distinguish the nature and risks of those assets. All of the assets have quoted prices in active markets apart from the asset categories Private Equity, Investment Funds and Unit Trusts.

31 March 2016 £000	Local Government Pension Scheme Assets comprised	31 March 2017 £000
	Equity Securities	
8,154	Consumer	11,980
6,822	Manufacturing	7,763
5,953	Energy and Utilities	10,304
12,923	Financial Institutions	18,090
5,562	Health and Care	4,739
2,802	Information Technology	1,971
42,216	Sub-total equity	54,847
-	Debt Securities – Government Bonds	12,029
27,141	Private Equity	38,831
	Investment Funds and Unit Trusts	
189,720	Equities	251,164
52,826	Bonds	47,088
30,051	Other	29,665
272,597	Sub-total Investment Funds and Unit Trusts	327,917
7,151	Cash and Cash Equivalents	12,752
349,105	Total Assets	446,376

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

The Local Government Pension Scheme liabilities have been assessed by Hymans Robertson, the independent actuaries to the Cambridgeshire County Council Pension Fund. The assessment was based on the latest full valuation of the scheme as at the 31 March 2016.

The significant assumptions used by the actuary are shown in the following table.

31 March 2016	Long-term expected rate of return on assets in the scheme	31 March 2017
3.5%	Equity Investments	2.6%
3.5%	Bonds	2.6%
3.5%	Property	2.6%
3.5%	Cash	2.6%
	Mortality Assumptions	
	Longevity at 65 for Current Pensioners:	
22.5	Men (years)	22.4
24.5	Women (years)	24.0
	Longevity at 65 for Future Pensioners:	
24.4	Men (years)	24.0
26.9	Women (years)	26.3
	Financial Assumptions	
2.2%	Rate of inflation	3.4%
2.2%	Rate of increase in pensions	2.4%
4.2%	Rate of increase in salaries	2.7%
3.5%	Rate for discounting scheme liabilities	2.6%
25.0%	Take-up of option to convert annual pension into retirement lump sum-pre April 2008 service	25.0%
63.0%	Take-up of option to convert annual pension into retirement lump sum-post April 2008 service	63.0%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The impact of those assumptions are shown in Note 44.

Impact on the Council's Cash Flows

The Council's contribution to the fund is independently determined by the fund actuary. The actuary undertook the triennial valuation of the fund during 2016, and their recommendations have been implemented from April 2017. The actuary has recommended a combination of an increase to the employer contribution percentage (from 16.3% in 2014/15 to 17.4%) along with a cash lump sum into the fund of £1.88m for each of the next three years. The Council anticipates to pay £11.7m expected contributions to the scheme in 2017/18 in addition to the lump sum cash payment. This helps maintain contributions as payrolls decline. These contributions are provided for in the Council's Medium Term Financial Strategy (MTFS). Future contributions will depend on demographic factors, investment returns, and changes in the legislation which governs the scheme. The actuary will be carrying out the next triennial valuation of the fund during 2019 the results of which will be implemented in 2020/21 financial year.

The weighted average duration of the defined benefit obligation for active members is 24.7 years, deferred members 23.1 years and pensioner members 11.8 years.

8 Officers' Remuneration

The number of employees whose remuneration, including lump sum retirement payments but not any associated pension strain, was £50,000 or more in bands of £5,000 is shown in the following table.

Restated 2015/16*			2016/17			
No. of Employees			No. of Employees			
Non Schools	Schools	Total	Remuneration Band	Non Schools	Schools	Total
22	20	42	£50,000 - £54,999	20	21	41
11	19	30	£55,000 - £59,999	14	22	36
8	9	17	£60,000 - £64,999	6	18	24
10	12	22	£65,000 - £69,999	5	13	18
8	4	12	£70,000 - £74,999	7	6	13
4	5	9	£75,000 - £79,999	3	9	12
1	5	6	£80,000 - £84,999	3	-	3
2	4	6	£85,000 - £89,999	3	5	8
1	2	3	£90,000 - £94,999	2	2	4
3	1	4	£95,000 - £99,999	4	2	6
1	-	1	£100,000 - £104,999	1	-	1
-	-	-	£105,000 - £109,999	-	2	2
1	-	1	£120,000 - £124,999	-	-	-
1	-	1	£130,000 - £134,999	1	-	1
1	-	1	£140,000 - £144,999	1	-	1
-	-	-	£155,000 - £159,999	1	-	1
1	-	1	£170,000 - £174,999	-	-	-
-	-	-	£175,000 - £179,999	1	-	1
75	81	156-	Total	72	100-	172

*Restated to exclude staff from Voluntary Aided and Foundation schools where the Council does not formally hold the employment contract and to show remaining schools employees separately.

The disclosure is based on gross pay rather than taxable pay i.e. before employee contributions to pension funds. The table includes the Senior Employees disclosed in the following pages.

The bands include those employees who have received remuneration and lump sum payments during the year. This makes comparison between years difficult, but data showing the termination and exit packages is detailed in Note 5.

The Council has a Pay Policy Statement approved by Council for each financial year setting out the policies relating to the remuneration of its chief officer, the remuneration of its lowest paid employees and the relationship between the remuneration of its chief officers and the remuneration of its employees who are not chief officers. The Pay Policy Statement for 2016/17 was approved on 9 March 2016.

Shared Senior Officers

The Council has three shared senior officer posts with Cambridgeshire County Council (CCC), two with Cambridgeshire and Peterborough Combined Authority (CPCA), one with Peterborough Investment Partnership LLP (PIP) and a flexible arrangement with East Cambridgeshire District Council (ECDC). The associated costs and income to the Council are detailed below. These reflect transactions between the relevant councils, including fees, and do not reflect amounts received by the individuals themselves. As the employment contracts for all the shared officers except the Director of Public Health are with the Council, their full salary for the shared posts are disclosed in the Senior Employees Remuneration table on the next page.

- The Director of Public Health appointed on 1 March 2015 is a joint appointment with CCC and the Council pays a fixed contribution to CCC for the salary. The cost to the service in 2016/17 was £52,332 (2015/16 £52,332).
- The Chief Executive is a shared post with CCC, who contribute half the salary costs and on costs. This arrangement, originally for a year from 19 October 2015, has

now been made permanent. The income to the Council for 2016/17 was £111,246 (2015/16 £49,358 – part year).

- The Corporate Director People and Communities has been seconded part time to CCC for a year from 1 October 2016, and CCC contribute half the salary and on costs. The income to the Council for 2016/17 was £49,876 – part year (2015/16 nil).
- The Corporate Director: Resources and Director of Governance are both seconded part time to CPCA to fulfil the S151 Officer and Monitoring Officer roles respectively. The appointments cover the period where the Shadow CPCA was in place and last until May 2017 or until the appointment of a permanent appointment to those roles. The income to the Council for 2016/17 is a fixed contribution and was £30,000 for the Corporate Director: Resources and £47,000 for the Director of Governance (2015/16 nil & nil).
- A secondment arrangement has been in place from 3 March 2017 for the Corporate Director: Resources to be at the disposal of ECDC to act as S151 Officer. The income to the Council is based on a daily rate for chargeable days. There were no chargeable days in 2016/17 so income to the council is nil (2015/16 nil).
- The Corporate Director Growth and Regeneration is charged part time to Peterborough Investment Partnership as Managing Partner on an ongoing basis from 1 April 2015, who contribute half the salary and on costs. The income to the Council for 2016/17 was £84,010 (2015/16 £77,143).

Senior Employees Remuneration

The following table shows the remuneration paid to the Council's senior employees, the salary reflecting the actual amounts paid in the period and includes fees, allowances and basic arrears.

Post Holder	Year	Salary ¹	Arrears	Compensation for loss of Office	Election duties ²	Total Remuneration (exc. Pension contributions)	Pension Contributions (employers) ³	Total Remuneration (inc. Pension contributions)
Chief Executive G Beasley	2016/17	£170,808	-	-	£4,574	£175,382	£27,068	£202,450
	2015/16	£169,106	-	-	£4,447	£173,553	£27,514	£201,067
Corporate Director: Resources J Harrison	2016/17	£153,917	-	-	£6,000	£159,917	£24,655	£184,572
	2015/16	£140,058	-	-	£4,750	£144,808	£22,844	£167,652
Corporate Director: People & Communities	2016/17	£141,619	-	-	£900	£142,519	£23,084	£165,603
	2015/16	£134,081	-	-	-	£134,081	£21,868	£155,949
Corporate Director: Growth & Regeneration	2016/17	£130,006	-	-	£590	£130,596	£21,191	£151,787
	2015/16	£120,345	-	-	£200	£120,545	£19,616	£140,161
Director of Governance	2016/17	£96,686	-	-	£4,400	£101,086	£15,769	£116,855
	2015/16	£96,844	-	-	£3,450	£100,294	£15,795	£116,089

1. Salary reflects actual amounts paid in the relevant period, and includes fees & allowances plus basic arrears. It reflects any deductions from pay, eg car parking charges which are deducted directly from earnings

2. Payment for election duties depend on the elections overseen in the year. During 2015/16 there was a General Election as well as local elections, during 2016/17 there were local elections, the EU Referendum and a Police and Crime Commissioner election. The General Election and EU Referendum costs are funded by the Electoral Commission. The Police and Crime Commissioner election costs are funded by the Cabinet Office.

3. The Pension Contributions column reflects the employer's contribution only. Each employee makes their own contributions directly to the Pension Fund.

N.B There were no Bonuses, Expenses Allowances, or Benefits in Kind payable during 2016/17 or 2015/16.

9 Comprehensive Income and Expenditure Statement – Other Operating Income and Expenditure

2015/16	Other Operating Income & Expenditure	2016/17
£000		£000
514	Parish Council Precepts	576
601	Drainage & Flood Levies	609
3	Payments to the Government Housing Capital Receipts Pool (Note 16)	3
2,103	Net (Gains) / Losses on Disposal of Non-Current	(1,479)
(1,119)	Gains on Right To Buy Receipts	(1,061)
2,102	Total	(1,352)

10 Comprehensive Income and Expenditure Statement – Financing and Investment Income and Expenditure

Restated 2015/16*	Financing & Investment Income & Expenditure	2016/17
£000		£000
15,053	Interest Payable & Similar Charges (Note 28)	16,634
(234)	Interest Receivable & Similar Income (Note 28)*	(874)
(109)	Other Investment Income*	(1,391)
8,971	Pension Interest Cost & Expected Return on Pension Assets (Note 7)	8,364
(1,319)	(Gains) / Losses on Trading Operations - (Note 11)*	(1,120)
564	(Gains) / Losses in Fair Value of Investment Properties (Note 19)	1,512
873	Impairment of Current Assets and Long Term Debtors	(26)
3,143	De-recognition of Subsidiary Assets	28,087
26,942	Total	51,186

*Restated due to removal of support service charges to Trading Operations not shown in reporting used for resource allocation decisions and to show other investment income separately due to material amounts in 2016/17.

De-recognition of Subsidiary Assets represents the net Assets removed from the Council's balance sheet as a result of schools transferring to Academy status.

11 Trading Operations

The Council has established a number of trading units where the service manager is required to operate in a commercial environment and balance their budget by generating income from other parts of the Council or other organisations.

The Environment Capital line incorporates a range of schemes which are designed to both generate a profit for the Council and deliver aspects of the Council's Environment Capital vision.

Trading Operations 2016/17	Expenditure	Income	Deficit / (Surplus)
	£000	£000	£000
Industrial Properties	408	(1,614)	(1,206)
Commercial Properties	593	(1,650)	(1,057)
Market Properties	337	(221)	116
Total for Properties	1,338	(3,485)	(2,147)
Westcombe Industries	1,076	(987)	89
Environment Capital	1,206	(1,201)	5
Other Traded Services	2,282	(2,188)	94
Sub Total	3,620	(5,673)	(2,053)
Capital Charges Adjustment	933	-	933
Total for Trading Units	4,553	(5,673)	(1,120)

<i>Restated Trading Operations 2015/16*</i>	<i>Expenditure</i>	<i>Income</i>	<i>Deficit / (Surplus)</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
<i>Industrial Properties</i>	<i>369</i>	<i>(1,498)</i>	<i>(1,129)</i>
<i>Commercial Properties</i>	<i>654</i>	<i>(1,774)</i>	<i>(1,120)</i>
<i>Market Properties</i>	<i>311</i>	<i>(407)</i>	<i>(96)</i>
Total for Properties	1,334	(3,679)	(2,345)
Westcombe Industries	856	(644)	212
Environment Capital	1,656	(1,606)	50
Other Traded Services	2,512	(2,250)	262
Sub Total	3,846	(5,929)	(2,083)
Capital Charges Adjustment	764	-	764
Total for Trading Units	4,610	(5,929)	(1,319)

*Restated due to removal of support service charges to Trading Operations not shown in reporting used for resource allocation decisions and to show other investment income separately due to material amounts in 2016/17.

Westcombe Industries provides employment opportunities for disabled people. The remaining trading operations relate to the Council's property portfolio.

12 Comprehensive Income & Expenditure Statement – Taxation and Non Specific Grant Income

<i>Restated 2015/16*</i>	Taxation & Non-Specific Grant Income	2016/17
		£000
<i>£000</i>		
(60,204)	Council Tax Income	(64,144)
446	NDR Levy Payment	419
6,680	NDR Tariff Payment	6,736
(48,553)	NDR Income*	(48,436)
(101,631)	Total Taxation Income	(105,425)
	Non-Specific Government Grants	
(34,319)	Revenue Support Grant	(26,983)
(677)	Council Tax Freeze Grant	-
(6,458)	New Homes Bonus	(7,990)
(1,979)	Section 31 Grant	(1,493)
(41)	Local Services Support Grant	-
(43,474)	Total Non-Specific Grants	(36,466)
(12,003)	Capital Grants & Contributions (Note 25)	(19,447)
(157,108)	Total Income	(161,338)

*Restated to show NDR Additional Growth Pilot income in NDR Income, this was shown Non-Specific Government Grants in 2015/16 Statement of Accounts as regulations to include this in the Collection Fund had not been enacted at that time.

13 Related Parties

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council, or to be controlled or influenced by the Council. Disclosure of these transactions allows the readers to assess the extent to which the Council might have

been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

The UK Government has significant influence over the general operations of the Council, it is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in the table of Expenditure and Income Analysed by Nature in Note 15.

The current Register of Members' Interest is open to public inspection at the Town Hall during office hours (2016/17 Register of Members Interests is also available) and the details of Members Interests are disclosed in the Council area by Member on the Council's website.

Of the 60 Councillors one declaration of related party interests was not received by 14 June 2017.

Members of the Council have direct control over the Council's financial and operating policies. The total members' allowances paid in 2016/17 is shown in Note 4. Members have been consulted over potential related parties and eight Councillors, or their immediate family members, are directors of companies that have transacted with the Council in the last financial year. These are normal business transactions and the Councillors have not been involved in the decision to award the contracts. These companies include a day nursery, a community association, a police and crime commissioner, a construction company, a property company, two media companies, an entertainment company, a training company, a signmaker and Peterborough

Environmental City Trust. The transactions with all these companies are included in the following table.

Organisation	Member	Cost to / (Receipt to) the Council £000	Balance Outstanding £000
St Joseph's Day Nursery	Cllr M Cereste	289	-
Nadeem Construction Ltd	Cllr M Nadeem	113	-
Peterborough Environmental City Trust	Cllr N Sandford	53	42
Italian Community Assn.	Cllr M Cereste	14	1
Broadway Properties	Cllr J Peach	13	-
Worldwide Training Partnership	Cllr J Goodwin	12	-
Fastsigns Peterborough Ltd	Cllr J Goodwin	5	-
The Giant Screen Co. Ltd	Cllr D King	2	-
Cap Radio Production and Media Buying Services Ltd	Cllr W Fitzgerald	2	-
Cambridgeshire Police and Crime Commissioner	Cllr A Coles	(494)	-
Peterborough Community Radio Ltd	Cllr W Fitzgerald	(4)	(4)

As part of its normal business operations the Council has relationships with other local authorities, these include the provision of:

- legal and regulatory services to Rutland County Council,
- legal services to Fenland District Council and East Cambridgeshire District Council
- a shared internal audit service with Cambridge City Council and South Cambridgeshire District Council.

- planning policy services to Fenland District Council, North Kesteven District Council and East Cambridgeshire District Council,
- a neighbourhood planning service to North Kesteven District Council and West Lindsey District Council
- a strategic housing/development service to Huntingdonshire District Council.

The Council also has the joint school broadband regional consortia E2BN with other East of England Authorities and other services with Cambridgeshire County Council which include Flood and Water Services and a continuing joint area based broadband project.

These initiatives are designed to produce cost savings for the Council, but are not individually of a material nature.

The Council is the sole trustee for the charity Peterborough Museum and Art Gallery. The charity is responsible for the provision and maintenance of a Museum and Art Gallery for the City of Peterborough and neighbourhood: for the preservation and exhibition of specimens of natural history, geology, archaeology, social history and the fine arts and as a centre for promoting artistic and general knowledge, and providing access to collections for the purpose of knowledge, education, research and learning. From 1 May 2010 the delivery and operation of cultural services, including Peterborough Museum and Art Gallery, were transferred to Vivacity. However, the Council remains sole Trustee for the Peterborough Museum and Art Gallery Charity.

The Mayor of Peterborough's Charity Fund is registered with the Charity Commission as an unincorporated association. The charity has a long established tradition involving the Mayor and Mayor's charity committee in organising and participating in a

wide range of fundraising events during the Mayoral year. The proceeds are gifted to a charity or charities of the Mayor's choice. In 2016/17 the amount raised was £40k (2015/16 £35k). Where the Council has substantial interest in companies and relevant transactions and balances these are detailed in Note 14.

Members and officers are appointed by the council as representatives to various local and national bodies where related party transactions could arise. The complete List of Outside Bodies is in the Council area of the Council's website (<http://democracy.peterborough.gov.uk/mgListOutsideBodiesByCategory.aspx?bcr=1>) and is also available for public inspection at the Town Hall during office hours. The following tables detail the expenditure and income, included in the cost of services in the Comprehensive Income and Expenditure Statement, for transactions between the Council and those organisations.

Related Parties Expenditure - 2016/17

Organisation	Council Representative	Cost to the Council £000	Balance Outstanding £000
Local Government Association (LGA)	Cllr J Holdich Cllr M Jamil Cllr N Sandford Cllr J Peach	39	-
Eastern Shires Purchasing Organisation	Cllr J Holdich Cllr D Seaton	89	11
Cross Keys Homes	Cllr J Holdich Cllr D Lamb	413	33
Greater Cambridgeshire & Greater Peterborough LEP	Cllr J Holdich	33	-

Organisation	Council Representative	Cost to the Council £000	Balance Outstanding £000
Opportunity Peterborough	Cllr J Holdich Cllr W Fitzgerald Cllr P Hillier	959	20
P'boro and Stamford NHS Foundation Trust	Cllr W Fitzgerald	46	-
Vivacity	Cllr G Casey Cllr J Goodwin	2,336	71
North Level Drainage Board	Cllr J Holdich Cllr P Hillier Cllr J Okonkowski Cllr J Stokes Cllr R Brown	293	-
Peterborough Association for the Blind	Cllr I Walsh	6	-
Welland and Deeping Internal Drainage Board	Cllr J Holdich	156	-
Italian Community Assn.	Cllr B Rush M D'Andrea Cllr R Bisby	14	1
Youth Justice Board	Cllr I Walsh	45	35
London Stanstead Cambridge Consortium	Cllr J Holdich	10	-
Cambridgeshire and Peterborough Fire Authority	Cllr D Over Cllr J Peach Cllr M Jamil Cllr J Lillis	44	-
NPS Peterborough	Cllr D Seaton	1,417	82
Nene Park Trust	Cllr G Casey Cllr J Stokes Cllr S Barkham	5	5
Peterborough Investment Partnership	Cllr P Hillier Cllr J Holdich	1,083	-

Related Parties Expenditure - 2015/16 Comparators

Organisation	Council Representative	Cost to the Council £000	Balance Outstanding £000
<i>Local Government Association (LGA)</i>	<i>Cllr J Holdich Cllr W Fitzgerald Cllr G Eley Cllr M Jamil</i>	<i>44</i>	<i>-</i>
<i>Eastern Shires Purchasing Organisation</i>	<i>Cllr J Holdich Cllr D Seaton</i>	<i>184</i>	<i>-</i>
<i>Cross Keys Homes</i>	<i>Cllr W Fitzgerald Cllr J Holdich</i>	<i>472</i>	<i>89</i>
<i>Greater Cambridgeshire & Greater Peterborough LEP</i>	<i>Cllr J Holdich</i>	<i>33</i>	<i>-</i>
<i>Opportunity Peterborough</i>	<i>Cllr J Holdich Cllr W Fitzgerald Cllr P Hillier</i>	<i>991</i>	<i>87</i>
<i>P'boro and Stamford NHS Foundation Trust</i>	<i>Cllr W Fitzgerald</i>	<i>64</i>	<i>-</i>
<i>Vivacity</i>	<i>Cllr L Serluca Cllr G Casey</i>	<i>2,605</i>	<i>32</i>
<i>North Level Drainage Board</i>	<i>Cllr J Holdich Cllr P Hillier Cllr J Okonkowski Cllr J Stokes Cllr R Brown</i>	<i>286</i>	<i>-</i>
<i>Peterborough Association for the Blind</i>	<i>Cllr J Fox</i>	<i>6</i>	<i>-</i>
<i>Peterborough Investment Partnership</i>	<i>Cllr P Hillier Cllr J Holdich</i>	<i>2,000</i>	<i>-</i>
<i>Welland and Deeping Internal Drainage Board</i>	<i>Cllr J Holdich</i>	<i>156</i>	<i>-</i>
<i>Italian Community Assn.</i>	<i>Cllr B Rush M D'Andrea</i>	<i>14</i>	<i>-</i>

Organisation	Council Representative	Cost to the Council £000	Balance Outstanding £000
Youth Justice Board	No representative listed	18	1
London Stanstead Cambridge Consortium	Cllr J Holdich	8	-
Cambridgeshire and Peterborough Fire Authority	Cllr D Over Cllr J Peach Cllr M Jamil Cllr C Swift	5	-

Related Parties – Income – 2016/17

Organisation	Council Representative	Receipt to the Council £000	Balance Outstanding £000
Cross Keys Homes	Cllr J Holdich Cllr D Lamb	971	518
Opportunity Peterborough	Cllr J Holdich Cllr W Fitzgerald Cllr P Hillier	29	-
Eastern Shires Purchasing Organisation	Cllr J Holdich Cllr D Seaton	162	-
P'boro and Stamford NHS Foundation Trust	Cllr W Fitzgerald	235	136
Vivacity	Cllr G Casey Cllr J Goodwin	1,383	403
Safer Peterborough Partnership	Cllr I Walsh	15	-
Peterborough Investment Partnership	Cllr P Hillier Cllr J Holdich	4,650	4,644*
NPS Peterborough	Cllr D Seaton	44	-
Greater Cambridge and Greater P'boro LEP	Cllr J Holdich	4,318	4,318

Organisation	Council Representative	Receipt to the Council £000	Balance Outstanding £000
Nene Park Trust	Cllr G Casey Cllr J Stokes Cllr S Barkham	4	-
Cambridgeshire and Peterborough Fire Authority	Cllr D Over Cllr J Peach Cllr M Jamil Cllr J Lillis	12	-
Cambridgeshire and Peterborough Combined Authority	Cllr J Holdich Cllr W Fitzgerald	178	178

*Loan notes redeemed and distribution declared but cash payment not yet due to the Council, accounted for as a Debtor, see Note 32, page 63.

Related Parties – Income – 2015/16 Comparators

Organisation	Council Representative	Receipt to the Council £000	Balance Outstanding £000
Cross Keys Homes	Cllr W Fitzgerald Cllr J Holdich	1,372	816
Opportunity Peterborough	Cllr J Holdich Cllr W Fitzgerald Cllr P Hillier	9	-
Eastern Shires Purchasing Organisation	Cllr J Holdich Cllr D Seaton	109	-
P'boro and Stamford NHS Foundation Trust	Cllr W Fitzgerald	99	-
Vivacity	Cllr L Serluca Cllr G Casey	1,230	46
Safer Peterborough Partnership	No representative listed	13	-
Peterborough Investment Partnership	Cllr P Hillier Cllr J Holdich	1,700	-*

*Loan notes due to the Council, accounted for as Deferred Capital Receipts, see Note 16, page 39.

14 Interest in Companies and Partnerships

Opportunity Peterborough Limited

The registered name of the company is Opportunity Peterborough Limited and is a wholly owned subsidiary of Peterborough City Council.

The company exists to “assist, promote, encourage, develop and secure the regeneration in the social, physical, economic environment of the area of Peterborough”. The Council makes a funding contribution to the company and the cost of this for 2016/17 was £207,000 (£197,000 2015/16). These contributions are included within the Council’s Net Cost of

Services. During the year the Council provided office space with a rental value of nil (£12,089 2015/16) on a rent free basis.

The net assets of the Company at 31 March 2017 are £183,017 (31 March 2016, £221,363), and the Company made a net loss of £38,346 in 2016/17 (2015/16, surplus of £25,569). The accounts can be obtained from Opportunity Peterborough, Eco Innovation Centre, City Road, Peterborough, Cambridgeshire PE1 1SA

Blue Sky Peterborough Limited

The registered name of the company is Blue Sky Peterborough Limited, and the company is a wholly owned subsidiary of Peterborough City Council. The company was incorporated on 21 September 2011, and exists to “deliver renewable energy solutions and energy efficiency for Peterborough City Council”.

The company is limited by shares, and the share capital of the company is £1. As at 31 March 2017 there have been no transactions through the company.

Peterborough Investment Partnership LLP (PIP)

The registered name of the limited liability partnership is Peterborough Investment Partnership LLP and the members of the limited liability partnership are Peterborough City Council and Lucent Peterborough Partnership SARL. The Partnership is 50:50 controlled by the Council and Lucent Peterborough Partnership SARL and was incorporated on 24 December 2014. The Partnership exists to secure regeneration of key city centre sites with capital market investors. The net assets of the Partnership at 31 March 2017 are £2,659,779 (net liabilities of £305,037 2015/16) and the Partnership made a net profit in year of £5,070,978 (net loss in 2015/16 of £305,237) in accordance with its business plan. The accounts can be obtained from

Peterborough Investment Partnership LLP Eversheds House, 70 Great Bridgewater Street, Manchester, M1 5ES.

Empower Community Interest Company (CIC)

The registered name of the company is Empower Peterborough Community Interest Company and the members are Empower Community Management LLP and Peterborough City Council. The company is 50:50 controlled by the Council and Empower Community Management LLP and was incorporated on the 21 July 2015. The company was incorporated as part of the strategic partnership to deliver solar panel on residential properties and it acts as an agent to ECS Peterborough 1 LLP with the responsibility of marketing the solar panel programme. The net assets of the company are £45,517 (£11,658 in 2015/16) and it made a profit in year of £33,859 (£11,656 in 2015/16). The accounts can be obtained from Empower Peterborough Community Interest Company, c/o BWB Secretarial Services Ltd, 10 Queen Street Place, London, EC4R 1BE.

NPS Peterborough Ltd

The registered name of the company is NPS Peterborough Ltd and the members are NPS Property Consultants Ltd and Peterborough City Council. The company is 50:50 controlled by the Council and NPS Property Consultants Ltd, with NPS Property Consultants Ltd holding 8 A shares and the Council holding 2 B shares. It was incorporated on the 8 July 2016. NPS Peterborough Ltd was set up as an in-house company to assist the Council in property and estate management services. The net assets of the company are £36,127 and it made a profit in year of £36,117. The accounts can be obtained from NPS Peterborough Ltd, Lancaster House, 16 Central Avenue, St Andrews Business Park, Norwich, Norfolk, NR7 0HR. Agresso2

Medesham Homes LLP

The registered name of the limited liability partnership is Medesham Homes LLP and the members are CKH Developments Limited (A member), Medesham Limited (B member) and Peterborough City Council (A member). The partnership is controlled 50:50 by the A members, CKH Developments Limited and Peterborough City Council, and was incorporated on the 25 November 2016. The partnership was incorporated with the objectives to deliver affordable rented housing, and to investigate further opportunities for starter homes, shared equity, market sale, private rented, student accommodation and housing solutions for vulnerable groups. The net assets of the partnership at 31 March 2017 are £201 and apart from the capital contribution there have been no transactions in year. The first set of accounts will be prepared on the 31 March 2018.

Medesham Limited

The registered name of the company is Medesham Limited. CKH Developments Ltd holds one B share of £1 and Peterborough City Council holds one A share of £1 with both shares ranking equally. The Limited company was incorporated with the purpose of holding interests in corporate entities; in relation to or as subsidiaries of Medesham Homes LLP. The net assets of the company at 31 March 2017 are £2 and apart from the issue of share capital there have been no transactions in the year. The first set of accounts will be prepared on the 31 March 2018.

15 Note to the Expenditure and Funding Analysis and Subjective Analyses

2015/16				Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement (CIES) amounts	2016/17			
Adjustments for Capital Purposes ¹	Net change for the Pensions Adjustments ²	Other Differences ³	Total Adjustments		Adjustments for Capital Purposes ¹	Net change for the Pensions Adjustments ²	Other Differences ³	Total Adjustments
£000	£000	£000	£000		£000	£000	£000	£000
-	15	-	15	Chief Executives	-	3	-	3
16	197	14	227	Governance	107	38	(5)	140
21,620	3,373	(623)	24,370	People & Communities	18,355	319	867	19,541
12,686	(1,696)	(22,534)	(11,544)	Resources	29,129	(674)	(42,615)	(14,160)
12,720	232	1,886	14,838	Growth & Regeneration	12,464	42	1,664	14,170
-	8	1	9	Public Health	-	3	(1)	2
47,042	2,129	(21,256)	27,915	Cost of Services	60,055	(269)	(40,090)	19,696
(12,306)	8,971	18,190	14,855	Other income and expenditure from the Expenditure and Funding Analysis	(18,993)	8,364	42,098	31,469
34,736	11,100	(3,066)	42,770	Difference between General Fund (Surplus) or Deficit and CIES (Surplus) or Deficit on the Provision of Services	41,062	8,095	2,008	51,165

¹ Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line and deducts the statutory charges for capital financing ie Minimum Revenue Provision and other revenue contributions as these are not chargeable under generally accepted accounting practices, and for:

- Other Operating Income & Expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Financing and Investment Income and Expenditure – the gains and losses in Fair Value of Investment Properties are added in.
- Taxation and Non-Specific Grant Income and Expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

² Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- For Financing and Investment Income and Expenditure - the net interest on the defined benefit liability is charged to the CIES.

³ Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For Financing and Investment Income and Expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts
- The charge under Taxation and Non-Specific Grant Income and Expenditure represents the difference between what is chargeable under statutory regulations for Council Tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

A number of items which are reported against services in the management accounts but are shown as Other Income and Expenditure in the CIES are adjusted for here including the Net Gain / (Losses) on Disposal of Non-Current Assets, De-recognition of Subsidiary Assets, Interest Payments and Traded Services.

Revenues from External Customers	2015/16		Segmental analysis of certain Items of Income and Expenditure shown net in the EFA	Revenues from External Customers	2016/17	
	Interest Revenue	Interest Expense			£000	Interest Revenue
£000	£000	£000		£000	£000	£000
(48)	-	-	Chief Executives	(111)	-	-
(1,302)	-	-	Governance	(1,918)	-	-
(38,387)	-	-	People & Communities	(55,533)	-	-
(28,497)	(234)	15,053	Resources	(25,069)	(874)	16,615
(8,509)	-	-	Growth & Regeneration	(9,307)	-	19
(2)	-	-	Public Health	(134)	-	-
(76,745)	(234)	15,053	Total in Cost of Services	(92,072)	(874)	16,634

31 March 2016 £000	Expenditure and Income Analysed by Nature	31 March 2017 £000
	Expenditure	
134,174	Employee Expenses	139,645
20,712	Employee Expenses (Voluntary Aided and Foundation Schools) *	21,267
318,191	Other Service Expenses	354,141
30,875	Depreciation, Amortisation & Impairment	30,707
15,053	Interest Payments	16,634
1,115	Precepts & Levies	1,185
3	Payments to Housing Capital Receipts Pool	3
<u>520,123</u>	Total Expenditure	<u>563,582</u>
	Income	
(85,370)	Fees, Charges & Other Service Income	(113,624)
(343)	Interest & Investment Income	(2,265)
(60,204)	Income from Council Tax	(64,144)
(48,553)	NDR Income	(48,436)
(289,786)	Government Grants & Contributions	(285,939)
<u>(484,256)</u>	Total Income	<u>(514,408)</u>
<u>35,867</u>	Deficit / (Surplus) on the Provision of Services	<u>49,174</u>

*Following the reporting requirements stipulated by the Code on accounting for schools, the Council's Statement of Accounts includes an analysis of the income and expenditure of the authority's maintained schools as if it were the expenditure of the authority. However Voluntary Aided and Foundation schools employees are not in fact employees of the Council, so they are shown separately in this note.

16 Movement in Reserves Statement – Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total Comprehensive Income and Expenditure Statement (CIES) recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by

statutory provisions as being available to the Council to meet future capital and revenue expenditure.

- **General Fund Balance** - is the statutory fund into which all the receipts of the Council are required to be paid in, and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.
- **Capital Receipts Reserve** – holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure.
- **Capital Grants Unapplied Account** – holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is not restricted by grant terms as to the capital expenditure against which it can be applied and / or the financial year in which this can take place.

Usable Reserves are those reserves that can be applied to fund expenditure or reduce local taxation, however the Council is restricted in the use of these as the schools balances are held by schools and can only be spent by schools. The Capital Grants Unapplied Account can only be used to finance the

Capital Programme and the General Fund is used by the Council to maintain a prudent level of reserves.

Unusable Reserves are those reserves that absorb the timing differences arising from different accounting arrangements.

Adjustments between Accounting Basis and Funding Basis under Regulations 2016/17	Usable Reserves			Movement in Unusable Reserves
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	
	£000	£000	£000	£000
Adjustments involving the Capital Adjustment Account:				
<u>Reversal of items debited or credited to the CIES:</u>				
Depreciation & impairment of non-current assets	(27,464)	-	-	27,464
Revaluation losses on Property Plant and Equipment	(4,734)	-	-	4,734
Movements in the fair value of Investment Properties	(1,512)	-	-	1,512
Amortisation of intangible assets	(3,243)	-	-	3,243
Capital grants and contributions	35,683	-	-	(35,683)
Revenue expenditure funded from capital under statute	(20,788)	-	-	20,788
Amounts of non-current assets written off on disposal or sale as part of the gain / loss on disposal to the CIES	(30,439)			30,439
<u>Insertion of items not debited or credited to the CIES:</u>				
Statutory provision for the financing of capital investment	6,121	-	-	(6,121)
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants & contributions unapplied from the CIES	425	-	(425)	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	221	(221)
Adjustments involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain / loss on disposal to the CIES	3,725	(3,725)	-	-
Redemption of Financial Assets (Loans)	-	(1,000)	-	1,000
Use of the reserve to finance capital expenditure	-	1,000	-	(1,000)
Capital Receipts used for the repayment of loans	-	4,979	-	(4,979)
Contribution from the reserve to finance the payments to the Government capital receipts pool.	(3)	3	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	(6)	-	6
Adjustments primarily involving the Deferred Capital Receipts Reserve:				
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Account	1,167	-	-	(1,167)
Adjustments involving the Financial Instruments Adjustment Account:				
Amounts by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements.	(59)	-	-	59
Adjustments involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the CIES	(23,232)	-	-	23,232
Employer's pensions contributions & direct payments to pensioners payable in the year	15,137	-	-	(15,137)
Adjustments involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	(1,388)	-	-	1,388
Amount by which NDR income credited to the CIES is different from NDR income calculated for the year in accordance with statutory requirements	306	-	-	(306)
Adjustment involving the Accumulating Compensated Absences Adjustment Account:				
Adjustments for short-term compensated absences	(867)	-	-	867
Total Adjustments	(51,165)	1,251	(204)	50,118

<i>Adjustments between Accounting Basis and Funding Basis under Regulations 2015/16</i>	<i>Usable Reserves</i>			<i>Movement</i>
	<i>General Fund Balance</i>	<i>Capital Receipts Reserve</i>	<i>Capital Grants Unapplied</i>	<i>in Unusable Reserves</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<i>Adjustments involving the Capital Adjustment Account:</i>				
<i>Reversal of items debited or credited to the CIES:</i>				
<i>Depreciation & impairment of non-current assets</i>	(26,400)	-	-	26,400
<i>Revaluation losses on Property Plant and Equipment</i>	(13,153)	-	-	13,153
<i>Movements in the fair value of Investment Properties</i>	(564)	-	-	564
<i>Amortisation of intangible assets</i>	(4,475)	-	-	4,475
<i>Capital grants and contributions</i>	16,656	-	-	(16,656)
<i>Revenue expenditure funded from capital under statute</i>	(7,969)	-	-	7,969
<i>Impairment of Financial Asset (Loans)</i>	(71)	-	-	71
<i>Amounts of non-current assets written off on disposal or sale as part of the gain / loss on disposal to the CIES</i>	(7,845)	-	-	7,845
<i>Insertion of items not debited or credited to the CIES:</i>				
<i>Statutory provision for the financing of capital investment</i>	5,378	-	-	(5,378)
<i>Adjustments primarily involving the Capital Grants Unapplied Account:</i>				
<i>Application of grants to capital financing transferred to the Capital Adjustment Account</i>	-	-	440	(440)
<i>Adjustments involving the Capital Receipts Reserve:</i>				
<i>Transfer of cash sale proceeds credited as part of the gain / loss on disposal to the CIES</i>	2,010	(2,010)	-	-
<i>Use of the reserve to finance capital expenditure</i>	-	1	-	(1)
<i>Capital Receipts used for the repayment of loans</i>	-	759	-	(759)
<i>Contribution from the reserve to finance the payments to the Government capital receipts pool.</i>	(3)	3	-	-
<i>Transfer from Deferred Capital Receipts Reserve upon receipt of cash</i>	-	(4)	-	4
<i>Adjustments involving the Deferred Capital Receipts Reserve</i>				
<i>Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the CIES</i>	1,700	-	-	(1,700)
<i>Adjustments involving the Financial Instruments Adjustment Account:</i>				
<i>Amounts by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements.</i>	193	-	-	(193)
<i>Adjustments involving the Pensions Reserve:</i>				
<i>Reversal of items relating to retirement benefits debited or credited to the CIES</i>	(24,563)	-	-	24,563
<i>Employer's pensions contributions & direct payments to pensioners payable in the year</i>	13,463	-	-	(13,463)
<i>Adjustments involving the Collection Fund Adjustment Account:</i>				
<i>Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements</i>	689	-	-	(689)
<i>Amount by which NDR income credited to the CIES is different from NDR income calculated for the year in accordance with statutory requirements</i>	1,494	-	-	(1,494)
<i>Adjustment involving the Accumulating Compensated Absences Adjustment Account:</i>				
<i>Adjustments for short-term compensated absences</i>	690	-	-	(690)
Total Adjustments	(42,770)	(1,251)	440	43,581

- **Summary of Usable and Unusable Reserves**

The table below shows the movement on each reserve to give total balances as at 31 March for usable and unusable reserves.

<i>1 April 2015</i>	<i>Movement</i>	<i>31 March 2016</i>	Summary of Usable and Unusable Reserves	1 April 2016	Movement	31 March 2017
<i>£000</i>	<i>£000</i>	<i>£000</i>		£000	£000	£000
			Usable Reserves			
(6,000)	-	(6,000)	General Fund Balance	(6,000)	-	(6,000)
(6,289)	106	(6,183)	School's Balances	(6,183)	777	(5,406)
(23,198)	(7,009)	(30,207)	Specific Earmarked Reserves (Note 17)	(30,207)	(2,768)	(32,975)
-	(1,251)	(1,251)	Capital Receipts Reserve	(1,251)	1,251	-
(1,446)	440	(1,006)	Capital Grants Unapplied Account	(1,006)	(204)	(1,210)
(36,933)	(7,714)	(44,647)	Total Usable Reserves	(44,647)	(944)	(45,591)
			Unusable Reserves			
(118,876)	6,487	(112,389)	Revaluation Reserve	(112,389)	(31,817)	(144,206)
(75,802)	34,076	(41,726)	Capital Adjustment Account	(41,726)	28,168	(13,558)
(19)	(1,696)	(1,715)	Deferred Capital Receipts Reserve	(1,715)	(2,244)	(3,959)
474	(193)	281	Financial Instruments Adjustment Account	281	59	340
279,022	(39,658)	239,364	Pension Reserve	239,364	32,923	272,287
1,960	(2,183)	(223)	Collection Fund Adjustment Account	(223)	1,082	859
3,236	(690)	2,546	Accumulating Compensated Absences Adjustment Account	2,546	867	3,413
89,995	(3,857)	86,138	Total Unusable Reserves	86,138	29,038	115,176
53,062	(11,571)	41,491	Total Usable and Unusable Reserves	41,491	28,094	69,585

- **Revaluation Reserve**

The Revaluation Reserve (RR) contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains realised

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account (CAA).

2015/16 £000	Revaluation Reserve:	2016/17 £000
(118,876)	Balance at start of year	(112,389)
(21,569)	Upward revaluation of assets	(51,129)
24,889	Downward revaluation of assets & impairment losses not charged to the (Surplus) / Deficit on the Provision of services	5,221
1,947	Difference between fair value depreciation & historical cost depreciation	2,927
1,220	Release of revaluation gains on disposal	11,164
<u>(112,389)</u>	Balance at end of the year	<u>(144,206)</u>

- **Capital Adjustment Account**

The CAA absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation,

impairment losses and amortisations are charged to the CIES. The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties.

2015/16 £000	Capital Adjustment Account:	2016/17 £000
(75,802)	Balance at start of year	(41,726)
26,400	Charges for depreciation & Impairment	27,464
13,153	Revaluation (gains) / losses on Property, Plant & Equipment	4,734
564	Movement in fair market value of Investment Properties	1,512
4,475	Amortisation of Intangible Assets	3,243
(16,656)	Capital Grants & Contributions that have been applied to Capital Financing	(35,683)
7,969	Revenue Expenditure Funded from Capital under Statue (REFCUS)	20,788
7,845	Amounts of non-current assets written off on disposal or sales as part of the Gains / Losses on Disposal in the CIES	30,439
(5,378)	Provision for the Repayment of Debt (MRP)	(6,121)
-	Redemption of Financial Assets (Loans & Loan Notes)	2,083
(1)	Transfer form Useable Capital Receipts	(1,000)
(759)	Use of Capital Receipts to Repay Loans	(4,979)
71	Impairment of Financial Asset (Loans)	-
(440)	Application of Grants to Capital Financing from the Capital Grants Unapplied Account	(221)
(1,947)	Depreciation & Impairment written down to RR	(2,927)
(1,220)	Transfer of Revaluation Reserve on disposal	(11,164)
<u>(41,726)</u>	Balance at end of the year	<u>(13,558)</u>

- **Deferred Capital Receipts Reserve**

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

2015/16 £000	Deferred Capital Receipts Reserve:	2016/17 £000
(19)	Balance at start of year	(1,715)
(1,700)	Transfer of Deferred Sale Proceeds Credited as part of the (Gains) / Losses on Disposals to the Comprehensive Income and Expenditure Statement – Fletton Quays Loan Notes	-
-	Contribution to Deferred Capital Receipts Reserve –Redemption of Fletton Quays Loan Notes not related to Disposals.	(1,083)
-	Transfer of Deferred Sale Proceeds Credited as part of the (Gains) / Losses on Disposals to the Comprehensive Income and Expenditure Statement	(1,167)
4	Transfer to the Capital Receipts Reserve upon receipt of cash	6
(1,715)	Balance at end of the year	(3,959)

- **Financial Instruments Adjustment Account**

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provisions.

2015/16 £000	Financial Instruments Adjustment Account:	2016/17 £000
474	Balance at start of year	281
(231)	Gains from Interest Not Paid on Loans Below Market Rate	-
38	Interest Paid on Short Term Loans	59
281	Balance at end of the year	340

- **Pensions Reserve**

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet costs. However, statutory arrangements require benefits earned to be financed as the Council makes employers' contributions to pension funds or eventually pay any pension for which it is directly responsible. The debit balance on the Pension Reserve therefore shows a shortfall in the resources the Council has set aside to meet benefits earned by past and current employees. The statutory arrangements will ensure

that funding will have been set aside by the time the benefits come to be paid. For further information see Note 7.

2015/16 £000	Pensions Reserve:	2016/17 £000
279,022	Balance at start of year	239,364
(50,758)	Actuarial gains / losses on pension assets & liabilities (Note 7)	24,828
24,563	Reversal of items relating to Post Employment Benefits Debited / Credited to the Surplus / Deficit on the provision of Services line in the CIES (Note 7)	23,232
(13,463)	Employer's Pension Contributions & Direct Payments to Pensioners Payable in Year (Note 7)	(15,137)
<u>239,364</u>	Balance at end of the Year	<u>272,287</u>

- **Collection Fund Adjustment Account**

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and NDR income in the Comprehensive Income and Expenditure Statement as it falls due compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund. For further details on the Collection Fund, see page 73.

2015/16 £000	Collection Fund Adjustment Account:	2016/17 £000
1,960	Balance at start of year	(223)
(689)	Amount by which Council Tax Income credited to the CIES is different from Council Tax Income calculated for the year in accordance with statutory requirements	1,388
(1,494)	Amount by which NDR income credited to the CIES is different from NDR income calculated for the year in accordance with statutory requirements	(306)
<u>(223)</u>	Balance at end of the Year	<u>859</u>

- **Accumulating Compensated Absences Adjustment Account**

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, eg annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the account.

2015/16 £000	Accumulating Compensated Absences Adjustment Account:	2016/17 £000
3,236	Balance at start of year	2,546
(690)	Amount by which officer remunerations charged to the CIES on an accruals basis is different from the remuneration chargeable in year	867
<u>2,546</u>	Balance at end of the Year (Note 35)	<u>3,413</u>

17 Movement in Reserves Statement – Transfers to / (from) Earmarked Reserves

This note sets out the amounts set aside from the General Fund Balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure.

General Fund Earmarked Reserves	31 March 2016 £000	Transfers Out £000	Transfers In £000	Movement between Reserves £000	31 March 2017 £000	Purpose of the Earmarked Reserve
Departmental Reserves	4,384	(702)	376	(203)	3,855	These have been identified by Cabinet or Corporate Management Team and are incorporated within the Medium Term Financial Strategy for Departmental use.
Insurance	3,947	-	478	-	4,425	To provide for future claims (self-insurance). A number of risks, contingencies and financial losses are held covered by the Council's Insurance Reserve. In general terms the Council self-insures against the risks of theft, subsidence and accidental damage to property. Additionally, the excess on external insurance arrangements, which range from £2,500 to £50,000 per loss, are also met by the Reserve.
Schools Capital	1,426	(520)	381	-	1,287	School revenue reserves put aside for funding future school capital schemes.
Future Cities	1,273	(704)	-	-	569	Grant funding from The Technology Strategy Board to support the 'Connected Peterborough' Future Cities Demonstrator project.
Capacity Building	6,109	(1,611)	272	224	4,994	The balance of the sums set aside which can be utilised to fund one-off type expenditure which will improve the longer term financial position of the council.
Public Health	524	(96)	-	-	428	The Public Health Grant received by the Council is ring-fenced for use on public health services only. This reserve is for any amounts of grant not spent in year due to timing difference in service delivery.
Grant Equalisation Reserve	11,925	(950)	4,664	-	15,639	A reserve created to defer the impact of Central Government funding reductions in order to allow a strategic approach to the realisation of savings.
Development Equalisation Reserve	-	-	1,233	-	1,233	This reserve is used to manage the cash flow from strategic development and smooth the impact on the revenue account.
Other	619	(232)	179	(21)	545	These include the Local Authority Mortgage Scheme, Lease Consolidation, Hackney Carriage Accounts, Salix Carbon Reduction and Parish Burial Reserves.
Total Reserves	30,207	(4,815)	7,583	-	32,975	

18 Property, Plant and Equipment

Property, Plant & Equipment (PPE) – 2016/17	Other Land & Buildings	Vehicles, Plant & Equipment	Infra-structure Assets	Community Assets	Heritage Assets	Surplus Assets	Assets under Construction	Total PPE
	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2016 Gross Book Value	441,283	40,915	237,434	901	688	2,710	8,718	732,649
Additions	6,869	4,607	12,242	25	-	-	18,258	42,001
Revaluation increase / (decrease) recognised in the Revaluation Reserve	36,368	16	-	-	-	(1)	-	36,383
Revaluation increase / (decrease) recognised in the (Surplus) / Deficit on Provision of Services	(5,018)	-	-	-	-	1	-	(5,017)
Derecognition - Disposals	(32,729)	(4,299)	-	-	-	(468)	-	(37,496)
Reclassified Assets	210	(16)	-	-	-	-	(368)	(174)
Assets Under Construction Completed In Year	3,501	874	12,085	-	-	29	(18,098)	(1,609)
At 31 March 2016	450,484	42,097	261,761	926	688	2,271	8,510	766,737
Accumulated Depreciation and Impairment								
At 01 April 2016	(32,793)	(20,725)	(94,695)	-	-	(8)	-	(148,221)
Depreciation Charge	(9,472)	(4,674)	(11,868)	-	-	-	-	(26,014)
Depreciation written out to the Revaluation Reserve	7,351	-	-	-	-	-	-	7,351
Depreciation written out to the (Surplus) / Deficit on Provision of Services	283	-	-	-	-	-	-	283
Impairment (losses) /reversals recognised in the Revaluation Reserve	2,167	-	-	-	-	7	-	2,174
Impairment (losses) /reversals recognised in the (Surplus) / Deficit on Provision of Services	(1,416)	(5)	-	(25)	-	(1)	-	(1,447)
Depreciation Movement on Transfers	-	9	-	-	-	-	(173)	(164)
Derecognition - Disposals	2,985	4,254	-	-	-	-	-	7,239
At 31 March 2017	(30,895)	(21,141)	(106,563)	(25)	-	(2)	(173)	(158,799)
Net Book Value - At 31 March 2017	419,589	20,956	155,198	901	688	2,269	8,337	607,938
<i>Net Book Value - At 31 March 2016</i>	<i>408,490</i>	<i>20,190</i>	<i>142,739</i>	<i>901</i>	<i>688</i>	<i>2,702</i>	<i>8,718</i>	<i>584,428</i>

Comparative Movements in 2015/16

<i>Property, Plant & Equipment (PPE) – 2015/16</i>	<i>Other Land & Buildings</i>	<i>Vehicles, Plant & Equipment</i>	<i>Infra-structure Assets</i>	<i>Community Assets</i>	<i>Heritage Assets</i>	<i>Surplus Assets</i>	<i>Assets under Construction</i>	<i>Total PPE</i>
<i>Cost or Valuation</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<i>At 1 April 2015 Gross Book Value</i>	357,852	34,780	216,964	4,304	653	21,529	82,409	718,491
<i>Historical Cost Adjustment</i>	-	-	-	(3,322)	-	-	(3,012)	(6,334)
<i>At 01 April 2015 Restated Gross Book Value</i>	357,852	34,780	216,964	982	653	21,529	79,397	712,157
<i>Additions</i>	9,720	6,389	11,270	294	-	1	36,854	64,528
<i>Revaluation increase / (decrease) recognised in the Revaluation Reserve</i>	6,807	-	-	(79)	35	(16,520)	-	(9,757)
<i>Revaluation increase / (decrease) recognised in the (Surplus) / Deficit on Provision of Services</i>	(11,223)	-	-	-	-	(2,206)	-	(13,429)
<i>Derecognition - Disposals</i>	(6,928)	(5,961)	-	-	-	(98)	-	(12,987)
<i>Reclassified Assets</i>	202	-	-	-	-	-	(127)	75
<i>Assets Under Construction Completed In Year</i>	84,853	5,707	9,200	2	-	4	(107,406)	(7,640)
<i>At 31 March 2016</i>	441,283	40,915	237,434	1,199	688	2,710	8,718	732,947
<i>Accumulated Depreciation and Impairment</i>								
<i>At 1 April 2015</i>	(30,479)	(21,668)	(83,326)	(3,322)	-	(1,556)	(3,012)	(143,363)
<i>Historical Cost Adjustment</i>	-	-	-	3,322	-	-	3,012	6,334
<i>At 01 April 2015 Restated</i>	(30,479)	(21,668)	(83,326)	-	-	(1,556)	-	(137,029)
<i>Depreciation Charge</i>	(6,982)	(4,958)	(11,369)	-	-	-	-	(23,309)
<i>Depreciation written out to the Revaluation Reserve</i>	4,145	-	-	-	-	-	-	4,145
<i>Depreciation written out to the (Surplus) / Deficit on Provision of Services</i>	276	-	-	-	-	-	-	276
<i>Impairment (losses) /reversals recognised in the Revaluation Reserve</i>	597	-	-	(10)	-	1,550	-	2,137
<i>Impairment (losses) /reversals recognised in the (Surplus) / Deficit on Provision of Services</i>	(2,801)	-	-	(288)	-	(2)	-	(3,091)
<i>Derecognition - Disposals</i>	2,451	5,901	-	-	-	-	-	8,352
<i>At 31 March 2016</i>	(32,793)	(20,725)	(94,695)	(298)	-	(8)	-	(148,519)
<i>Net Book Value - At 31 March 2016</i>	408,490	20,190	142,739	901	688	2,702	8,718	584,428
<i>Net Book Value - At 31 March 2015</i>	327,375	13,122	133,638	983	653	19,972	79,395	575,128

19 Investment Properties

The rental income and operating expenses from the Council's investment properties are disclosed within the Trading Operations Note 11. There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property.

The following table summarises the movement in the fair value of investment properties over the year:

2015/16 £000	Investment Properties	2016/17 £000
33,031	Balance at start of year	31,770
1,497	Subsequent Expenditure (Note 25)	143
846	Assets Under Construction Completed in Year	67
(3,040)	Disposals	-
(564)	Revaluations (Note 10)	(1,512)
-	To / from Property, Plant and Equipment	(55)
<u>31,770</u>	Balance at end of the Year	<u>30,413</u>

The fair value of the Council's investment properties is measured annually at each reporting date. All valuations are carried out by the Council's external valuers, Wilks Head & Eve, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. There have been no change in the valuation techniques used during the year for investment properties.

The Council's investment properties are valued in accordance with the 'Fair Value Hierarchy', as follows:

- Level One – quoted prices in active markets for identical assets
- Level Two – other significant observable inputs
- Level Three – significant unobservable inputs

The fair value for investment properties (commercial units) has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level Two in the fair value hierarchy.

There have been no transfers between Levels One and Two, and Levels Two and Three during the year.

20 Intangible Assets

There are four items of capitalised intangibles that are individually material to the financial statements in the last financial year. These are listed below:

31 March 2016	Intangible Assets	Remaining Amortisation Period Years	31 March 2017 £000
1,807	Energy Performance Contract	4	1,445
-	Customer Experience Programme	3	1,122
2,629	Lot 3 Waste & Environmental Services Contract	17	1,943
2,201	Lot 1 Viridor Contract	28	2,054
<u>6,637</u>	Total		<u>6,564</u>

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licenses and internally generated software.

The carrying amount of intangible assets is amortised on a straight-line basis. The movement on Intangible Assets balances during the year is shown in the following table:

31 March 2016	Intangible Assets	31 March 2017
		£000
	Balance at 1 April:	
12,383	Gross Carrying Amounts	20,910
(5,625)	Accumulated Amortisation	(9,921)
6,758	Net Carrying Amount at Start of the Year	10,989
	Additions	
2,172	Purchases (Note 25)	986
6,651	Assets Under Construction Completed in Year	1,503
-	Impairment Losses Recognised in the (Surplus) / Deficit on the Provision of Services	(3)
(4,475)	Amortisation for the period	(3,243)
	Disposals	
(296)	De-recognition - Disposals	-
179	De-recognition - Disposals (Accumulated Amortisation)	-
-	Other Changes – Gross Carrying Amount	(254)
-	Other Changes - Amortisation	163
10,989	Net Carrying Amount at the End of Year	10,141
20,910	Gross Carrying Amounts	23,142
(9,921)	Accumulated Amortisation	(13,001)
10,989	Net Carrying Amount at the End of Year	10,141

21 Assets Held for Sale

The following note details assets which are surplus to the Council's service needs and classified as 'Assets Held for Sale'. Qualifying assets are generally defined as 'held for sale' if their carrying amount is going to be recovered principally through a sales transaction rather than continued use and meet the strict 'Assets Held for Sale' criteria outlined in the Code of Practice on Local Authority Accounting.

2015/16 £000	Assets Held for Sale - Current Assets	2016/17 £000
221	Balance at 1 April:	298
155	Property, Plant and Equipment Newly Classified as Assets Held Sale - Current Asset	-
-	Revaluation Losses	-
-	Impairment Losses	-
(201)	Property, Plant and Equipment Declassified as Held for Sale	(155)
(53)	Assets Sold	(182)
	Other movements:	
33	Additions (Note 25)	-
143	Assets Under Construction Completed In Year	39
298	Balance Outstanding	-

22 Capital Commitments

As at 31 March 2017 the Council had entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment and Intangible Assets. These contracts, at a budgeted cost of £32.4m, are part of the approved capital programme within the MTFS. The major commitments are:

Description of Contract / Capital Scheme	Value of contract	Value outstanding at 31/3/17
	£000	£000
Customer Experience Programme	332	232
Clare Lodge	3,860	3,860
Orminston Bushfield Academy	285	285
Hampton Leys (Gardens) – Free School	21,844	6,722
Paston Reserve Primary	340	317
Nene Park Academy Expansion	335	335
<u>Infrastructure:</u>		
Street Column Replacement	236	141
Bourges Boulevard Phase 2	4,381	2,045
Primary Public Transport	151	151
Nene Bridge Bearings	121	121
Cycle ways	289	289
Surface Dressing	183	183
Total	32,357	14,681

23 Revaluations

The Council has a rolling programme that ensures that all Property, Plant and Equipment is measured at current value and is revalued at least every four years. The valuations in 2016/17 were carried out by NPS Peterborough Ltd and Wilks Head & Eve (WHE). Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. In addition to the rolling four year programme each year WHE also assess the whole of the Council's property portfolio to consider if there would be any valuation changes as a result of the current economic climate at the time. Valuations of vehicles, plant and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for condition of the asset.

The significant assumptions applied in estimating the current values are:

- Market Value – the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.
- Existing Use Value – as above but including an assumption that the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alternative uses and any other characteristics of the property that would cause its Market Value to differ from that needed to replace the remaining service potential at least cost.
- Depreciated Replacement Cost – has been used to arrive at Existing Use Value where specialised property is valued. It is

the least cost of purchasing the remaining service potential of the asset at the date of valuation.

The table below shows the movement on the Revaluation Reserve over the last five years split over the three asset types which may be revalued during the assets life.

Revaluation Reserve see Note 16	Other Land & Buildings	Vehicles, Plant & Equipment	Assets Held for Sale*	Total
	£000	£000	£000	£000
Valued at current value as at:				
31 March 2017	31,806	11	-	31,817
31 March 2016	8,100	(21)	(14,566)	(6,487)
31 March 2015	8,424	16	(30)	8,410
31 March 2014	10,037	(6)	(2,920)	7,111
Prior 31 March 2013	83,552	11	19,792	103,355
Total Valuation	141,919	11	2,276	144,206

* Assets Held for Sale includes values relating to Surplus Assets

24 Impairment Losses

Impairment losses and impairment reversals charged to the Surplus / Deficit on the Provision of Services and to Other Comprehensive Income and Expenditure are disclosed in Note 18 which reconcile the movement over the year for Property, Plant, and Equipment (PPE).

During 2016/17 £1.4m of impairment losses have been charged to the Cost of Services in the Comprehensive Income and Expenditure Statement. This capital expenditure has been spent on improving the Council's assets which has not significantly increased the value of each individual building, under the current valuation methodology.

25 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the following table (including the value of assets acquired under finance leases), together with the resources that have been used to finance the expenditure.

2015/16 £000		2016/17 £000
422,532	Opening Capital Financing Requirement	480,939
27,674	Property, Plant and Equipment (Note 18)	23,743
36,854	Assets Under Construction (AUC) (Note 18)	18,258
1,497	Investment Properties (Note 19)	143
33	Assets Held for Sale (Note 21)	-
2,172	Intangible Assets (Note 20)	986
7,969	Revenue Expenditure Funded from Capital under Statute (REFCUS)	20,788
-	Correction of REFCUS funded in 2015/16 as AUC	(638)
5,569	Loans to Third Parties (Notes 29, 32)	13,556
(127)	Abortive costs of Renewable Energy Projects	-
	Sources of Finance	
(17,096)	Capital Grants & Contributions	(35,904)
(5,378)	Sums set aside from revenue (inc.direct revenue financing & Minimum Revenue Provision (MRP))	(6,121)
(759)	Capital Receipts used to repay MRP	(4,979)
(1)	Capital Receipts	(1,000)
480,939	Closing Capital Financing Requirement	509,771
	Explanation of movements in year	
64,562	Increase in underlying need to borrow:	39,626
109	Assets acquired under finance leases	306
	Decrease in underlying need to borrow:	
(5,378)	MRP	(6,121)
(759)	Capital Receipts used to repay MRP	(4,979)
(127)	Abortive costs of Renewable Energy Projects	-
58,407	Increase in Capital Financing Requirement	28,832

Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

Revenue Expenditure Funded from Capital under Statute (REFCUS) is expenditure incurred during the year that may be classified as capital for funding purposes. As this expenditure does not form an asset to be carried on the Council's balance sheet it is charged to the relevant service line in the Comprehensive Income and Expenditure Statement. For 2016/17 this expenditure is £20.2m compared with £8.0m in 2015/16. £16.1m of this relates to an Academy and a Free School. Academies and Free Schools are the responsibility of Government and as such do not form part of the Council's asset base, and therefore expenditure is treated as 'REFCUS'.

2015/16 £000	Reconciliation of Grant Funding Applied to Capital Financing	2016/17 £000
12,003	Grants Received in year (Note 12)	19,447
(250)	Grants Received in year not applied in year	(425)
440	Grants Applied from Capital Grants Unapplied Account	221
	Grants used to Fund Revenue Expenditure Funded from Capital under Statute:	
4,903	In Year	16,661
<u>17,096</u>	Total Grants & Contributions applied	<u>35,904</u>

2015/16 £000	Body of Grant Funding Applied	2016/17 £000
1,099	Department for Communities & Local Government	1,536
4,513	Department for Transport	6,037
5,342	Department of Education	15,330
255	Department of Health	206
3,391	Greater Cambridge Greater Peterborough Partnership (GCCPP) Local Enterprise	9,689
<u>14,600</u>	Total Grants Applied	<u>32,798</u>
1,337	Section 106 Contributions	1,147
1,159	Third Party Contributions	1,959
<u>2,496</u>	Total Contributions applied	<u>3,106</u>
<u>17,096</u>	Total Grants & Contributions applied	<u>35,904</u>

26 Private Finance Initiatives (PFI) and Similar Contracts

On the 31 July 2006 the Council signed a PFI agreement with IIC BY Education (Peterborough Schools) Limited for the delivery of new and improved facilities and services for three secondary schools in Peterborough. This agreement required the contractor to construct the new Voyager secondary school, and to extend and refurbish two existing secondary schools (Jack Hunt and Ken Stimpson). The contractor will maintain these three schools and provide them with a range of other services such as caretaking, cleaning and catering for the next 30 years. The three schools and any plant and equipment installed in them at the end of the contract will be transferred to the Council for nil consideration. The Council only has rights to terminate the contract if it compensates the contractor in full for costs incurred.

Voyager School has transferred to Academy status therefore in line with CIPFA guidance the associated assets are not recognised on the Council's Balance Sheet. The value of the

two schools which are recognised on the Council's Balance Sheet is £28.2m (£29.9m 2015/16).

The Council makes an agreed payment each year which is increased each year by inflation and will be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2017 (excluding any estimation of inflation and availability/performance deductions) are shown in the following table:

Repayment of:	Finance Lease Liability	Interest	Service Charges	Total
	£000	£000	£000	£000
Payable:				
In 2017/18	1,114	2,381	4,714	8,209
Within two to five years	2,887	6,275	15,994	25,156
Within six to ten years	5,486	8,684	29,661	43,831
Within 11 to 15 years	9,011	7,662	29,805	46,478
Within 16 to 20 years	11,312	3,678	34,486	49,476
Within 21 to 25 years*	3,079	(455)	11,818	14,442
Total	32,889	28,225	126,478	187,592

*The positive interest in years 21 to 25 is a product of the calculation within the model of the contingent rents that are charged to interest. In practice the contingent rents are higher than calculated within the model and there will be a net payable for those years.

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability to the contractor for capital expenditure incurred is as follows:

31 March 2016		31 March 2017
£000		£000
(35,530)	Balance brought forward	(34,122)
1,408	Lease liability redemption in the year	1,233
(34,122)	Value of Total Liability carried forward	(32,889)
(1,233)	Short Term Liability	(1,114)
(32,889)	Long Term Liability	(31,775)
(34,122)	Value of Total Liability carried forward	(32,889)

27 Council Leasing Arrangements

Council as Lessee - Finance Leases

The Council has acquired land, buildings, vehicles and equipment under finance leases, shown in the table below.

31 March 2016		31 March 2017
£000	Council as Lessee - Finance Leases	£000
2,303	Other Land & Buildings	2,303
1,892	Vehicles, Plant Furniture & Equipment	1,571
4,195	Total	3,874

Two land leases held on 999 year leases, four school leases for 125 years, a retail property held on a 99 year lease, a pavilion and a bus shelter are at peppercorn rent, whilst the two industrial site units are carried on the Council's Balance Sheet as Investment Properties at the net book values shown above.

The vehicles and equipment acquired are carried as Property, Plant and Equipment in the Balance Sheet at the net amounts also shown in the table above.

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Council and the finance costs that will be payable by the Council in future years

while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

31 March 2016		31 March 2017	
£000	Finance Lease Liabilities (net present value of minimum lease payments)	£000	
526	Current	526	
3,627	Non-current	3,341	
19,850	Finance costs payable in future years*	19,530	
24,003	Minimum lease payments	23,397	

* Non-Peppercorn leases range from one to 104 years

The minimum lease payments will be payable over the following periods:

31 March 2016		31 March 2017	
Min. Lease Payment	Finance Lease Liabilities	Min. Lease Payment	Finance Lease Liabilities
£000	£000	£000	£000
887	526	880	526
2,329	1,107	2,017	821
20,787	2,520	20,500	2,520
24,003	4,153	23,397	3,867

* Non-Peppercorn leases range from one to 104 years

There are no contingent rents payable as all rents are adjusted after any rent amendments are made and the tables above reflect the current lease rental positions.

Of the investment properties held under these finance leases, the Council has sub-let individual units. At 31 March 2017 the minimum payments expected to be received under these sub-leases was £146k (£243k in 2015/16).

Council as Lessee - Operating Leases

The majority of the Council's operating leases are for land and buildings, however there are a small number of vehicles and equipment held under operating leases.

The future minimum lease payments due under non-cancellable leases in future years are:

31 March 2016		31 March 2017	
£000	Council as Lessee - Operating Leases	£000	
772	Not later than one year	633	
2,729	Later than one year & not later than five years	2,495	
7,589	Later than five years	7,840	
11,090	Total	10,968	

The amount charged to Cost of Services in the Comprehensive Income and Expenditure Statement during the year in relation to these leases is shown in the table below:

31 March 2016		31 March 2017	
£000	Council as Lessee - Operating Leases	£000	
895	Minimum lease payments	827	
-	Contingent rents	-	
(208)	Sublease payment receivable	(234)	
687	Total	593	

Council as Lessor - Finance Leases

The Council has leased land on long term leases, these include playing fields and Nene Park. The Council has also leased schools to various trusts as the schools transferred to Academy status. The leases are at peppercorn or minimal value rents only.

Council as Lessor – Operating Leases

The Council leases out property under operating leases for the following purposes:

- For the provision of community services, such as sports facilities and community centres
- For economic development purposes to provide suitable affordable accommodation for local businesses
- To generate an income from property owned as investment property
- To provide lower service costs eg Viridor – Energy for Waste

The future minimum lease payments receivable under non-cancellable leases in future years are:

31 March 2016		31 March 2017
£000	Council as Lessor - Operating Leases	£000
2,644	Not later than one year	3,776
11,082	Later than one year & not later than five years	13,004
49,363	Later than five years*	49,901
63,089	Total	66,681

* Above operating leases range from five to 112 years

There are no contingent rents payable as all rents are adjusted after any rent amendments are made and the tables above reflect the current lease rental positions.

28 Financial Instruments

Under accounting requirements the carrying value of the financial instrument value is shown in the balance sheet which includes the principal amount borrowed or lent and further adjustments for breakage costs or stepped interest loans (measured by an effective interest rate (EIR) calculation) including accrued interest. Accrued interest is shown separately in current assets / liabilities where the payments / receipts are due within one year. The effective interest rate is effectively accrued interest receivable under the instrument, adjusted for the amortisation of any premiums or discounts reflected in the purchase price.

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

Restated 2015/16*		2016/17
£000	Financial Assets	£000
(234)	Interest income*	(874)
(234)	Total for Financial Assets (Note 10)	(874)
	Financial Liabilities	
3,133	Interest payable relating to PFI	2,899
11,920	Interest payable on borrowings	13,735
15,053	Total for Financial Liabilities (Note 10)	16,634
14,819	Net expenditure for the year	15,760

* Restated to show other investment income separately from interest due to material amounts in 2016/17.

The borrowings and investments disclosed in the Balance Sheet include the following categories in the table below.

2016 Long Term £000	2016 Current £000	Financial Instruments Balances	2017 Long Term £000	2017 Current £000
-	30	Investments - Loans and receivables	-	30
-	2,000	Investments - Available for Sale Assets	-	-
1,000	1,000	Debtors – Local Authority Mortgage Scheme	1,000	-
-	5,569	Debtors – Empower CIC	-	10,842
-	-	Debtors - AXIOM	7,200	-
780	28,702	Debtors - Loans and receivables	727	30,707
(322,717)	(43,482)	Borrowings - Financial liabilities at amortised cost	(358,976)	(39,629)
(36,664)	-	Other Long Term liabilities - PFI and finance lease liabilities	(35,559)	-
-	(4,768)	Creditor - Financial liabilities at amortised cost	-	(3,543)

Note: Accrued interest is not required for instruments measured at EIR as this adjustment covers a full year's interest.

The Loan to Empower CIC is shown in the Debtors section of the table above, see Note 14.

29 Fair Value of Assets and Liabilities carried at Amortised Cost

Financial liabilities and financial assets represented by loans and receivables are carried in the balance sheet at amortised cost. Their fair value has been assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- PWLB interest rates for new loans at 31 March 2017 have been used for loans from the PWLB;
- the prevailing rate of a similar instrument with a published market rate has been used as the discount factor for other loans receivable and payable
- no early repayment is recognised;
- where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount.

The financial liabilities are held with PWLB and market lenders. All of these borrowings were not quoted on an active market and a Level 1 valuation is not available. To provide a fair value which provides a comparison to the carrying amount, the Council has used Level 2 valuations calculated using a financial model valuation provided by Capita Asset Services. This valuation applies the Net Present Value approach, which provides an estimate of the value of payments in the future in today's terms as at the balance sheet date. This is a widely accepted valuation technique commonly used by the private sector. Our accounting policy uses the effective rate of interest for the relevant instrument. The Council uses the new borrowing rates to discount the future cash flows.

The Loans and Receivables value includes trade debtors. The Fair Values calculated are as follows:

2015/16		Financial Liabilities	2016/17	
Carrying Amount £000	Fair Value £000		Carrying Amount £000	Fair Value £000
(282,388)	(335,042)	PWLB debt	(329,591)	(418,396)
(40,329)	(41,266)	Non-PWLB debt	(29,385)	(30,212)
(40,272)	(45,387)	Short term borrowing	(36,285)	(43,616)
(6,219)	(6,219)	Short term creditors	(5,248)	(5,248)
(1,759)	(1,759)	Short term finance lease liability	(1,640)	(1,640)
(3,774)	(3,774)	Long term creditors	(3,783)	(3,783)
(32,890)	(47,711)	Long term finance lease liability	(31,775)	(47,369)
(407,631)	(481,158)	Total	(437,707)	(550,264)

The fair value of the liabilities is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date. This shows a notional future loss arising from a commitment to pay interest to lenders above current market rates, see Note 30 for explanation of Market Risk.

The fair value of Public Works Loan Board (PWLB) loans of £418.4m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the Council will pay over the remaining terms of the loans under the agreements with

the PWLB, against what would be paid if the loans were at prevailing market rates.

In December 2011 the Council advanced £1m with a further £1m in July 2013 to Lloyds Banking Group as part of the Local Authority Mortgage Scheme (LAMS). LAMS is aimed at supporting first time buyers and the advance reflects the Council's share of financial assistance through the provision of an indemnity. The first of the £1m advances has now been returned to the Council. However the indemnity remains in place for a fixed five year period or until the individual mortgage advances have been repaid, interest is payable and received annually on the advance. As at 31 March 2017 the total mortgages approved against the £2m advance is £1,865,205 (£1,865,205 as at 31 March 2016).

2015/16		Financial Assets	2016/17	
Carrying Amount £000	Fair Value £000		Carrying Amount £000	Fair Value £000
30	30	Short Term Investments	30	30
2,000	2,000	Available for Sale Assets	-	-
1,000	1,000	Local Authority Mortgage Scheme - Short Term	-	-
5,569	5,569	Empower CIC Loan	10,842	10,842
11,634	11,634	Total Cash and bank	16,427	16,427
17,068	17,068	Trade Debtors	14,280	14,280
1,000	1,044	Local Authority Mortgage Scheme - Long Term	1,000	1,038
-	-	Long Term Investments	-	-
780	780	Other Long Term Loans & Receivables	7,927	7,927
39,081	39,125	Total	50,506	50,544

Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

30 Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council.
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments.
- Market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and money market movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the Capital and Treasury Team, under policies approved by the Council in the Annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

The risk is minimised through the Annual Investment Policy, which requires that investments are not made with financial institutions unless they meet minimum credit criteria in accordance with the Fitch Moody's and Standard & Poor's Credit

Ratings Services. This Policy also imposes a maximum sum to be invested with a financial institution located within each category.

The 2016/17 Annual Investment Policy sets out the credit criteria below although the Council actually minimised the risk further by only investing with the Debt Management Office, its banking provider (Barclays), Bank of Scotland (part of the Lloyds Banking Group) and the CCLA money market fund.

The credit criteria in respect of financial assets held by the Council are as follows:

- Deposits could be made with banks and other financial institutions that have been rated by recognised independent credit rating agencies with a minimum score of "A", with £100m of the total amount deposited in the highest rated category. The credit element of the methodology focuses solely on the Short and Long Term investment ratings, therefore no longer including the viability and financial strength of the institution.
- Deposits can be made with other institutions that have not found it necessary to maintain a credit rating e.g. local authorities, and these are subject to an assessment of risk that is carried out internally. Deposits to these bodies are limited to £50m in total.
- No more than £15m is held with any one banking institution, except for the Debt Management Office (DMO), regardless of standing or duration, and a range of counterparties that operate in different sectors in the UK is used to reduce risk exposure.
- All the counterparties used are licensed to accept deposits in the United Kingdom and are regulated by the Financial Conduct Authority.

- Creditworthiness advice and market intelligence is received from treasury advisors, Capita Asset Services.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

The Council had a total of £13.6m invested with the Debt Management Office (DMO), UK banks and CCLA at 31 March 2017. The full amount is potentially exposed to credit risk, although as the DMO is within the scope of HM Treasury it is less of a risk. There is a specific risk attached to amounts deposited with the individual institutions based on their ability to make interest payments and repay the principal outstanding, it is however more difficult to assess the risk in general terms. Recent experience has shown that it is rare for such entities to not meet their commitments. Whilst there is a risk of recoverability with regard to these deposits, there was no evidence that this was likely at 31 March 2017. The Council has had no experience of default over the last five years.

The Council continues to receive dividends relating to investments in two Icelandic institutions made in 2008/09. The expected recovery rate for the Kaupthing Singer & Friedlander (KSF) investment is 86p to 86.5p whilst the Heritable Bank (HB) recovery rate is expected to be 98p to 100p in the £. The total dividends received as at 31 March 2017 are £1.7m for KSF and £1.0m for HB. Further dividends are expected in 2017/18.

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counter parties in relation to deposits and bonds.

Council tax and business rates are statutory charges and the Council monitors total and individual arrears from taxpayers

taking effective action to minimise losses on collection. Other customers of the Council's goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council. The Council makes prudent financial provision for bad debts based on an assessment of the risks for each type of debt and the age of those debts.

The aged debtors balance can be analysed by age as follows:

2015/16 £000	Age of Trade Debt	2016/17 £000
10,202	Less than three months	4,760
986	Three to six months	1,135
1,189	Six months to one year	3,035
4,691	More than one year	5,350
17,068	Total	14,280

Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. In the unlikely event that unexpected movements happen, the Council has ready access to borrowings from the Public Works Loans Board (PWL) and the money market generally. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council will be bound to replenish a proportion of its borrowings at a time of unfavourable interest rates.

The Council's strategy to reduce this risk is to spread the profile of maturing loans across a period of 50 years, to ensure that a large number do not all mature in the same year. The Council's cashflow is forecast, in detail, for up to 12 months ahead and more broadly for the succeeding nine years.

The maturity analysis of financial liabilities is as follows:

2015/16 £000	Maturity analysis of financial liabilities	2016/17 £000
(48,250)	Less than one year	(25,672)
(17,566)	Between one and two years	(10,679)
(28,813)	Between two and five years	(29,044)
(313,002)	Between five and fifty years	(372,312)
<u>(407,631)</u>	Total	<u>(437,707)</u>

All trade and other payables are due to be paid in less than one year.

Market risk

Interest rate risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- borrowings at fixed rates – the fair value of the borrowings will fall
- investments at fixed rates – the fair value of the assets will fall
- borrowings at variable rates – the interest expense charged to the (Surplus) / Deficit on the Provision of Services will rise
- investments at variable rates – the interest income credited to the (Surplus) / Deficit on the Provision of Services will rise

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the (Surplus) / Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Comprehensive Income and Expenditure

Statement and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Council has a number of strategies for managing interest rate risk as follows:

- the borrowing preference is to negotiate fixed rate terms at acceptable rates for budget certainty
- depending upon economic conditions the Council may maintain variable rate short or long term borrowings to offset the risk of diminishing receipts from its investment portfolio or at times when current fixed interest rate levels are deemed to be too high
- variable interest rate borrowings should not exceed 25% of total gross borrowing
- during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans may be repaid early to exploit market conditions and further reduce the interest payable burden

The Capital and Treasury Team assesses interest rate exposure which feeds into the setting of the annual budget and is used to update the forecasts during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is at fixed or variable rate.

According to this assessment strategy, at 31 March 2017, if interest rates had been 1% higher with all other variables held constant, the financial effect would be a decrease in the Fair Value of Fixed Rate Borrowing Liabilities by £80.9m, see Note 28, but this would have no impact on the (Surplus) / Deficit on the Provision of Services or Other Comprehensive Income and Expenditure.

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Price Risk

The Council does not invest in equity shares and hence currently has no exposure to losses arising from movements in the prices of the shares.

The Council has £1 shares in its subsidiary company and Joint Ventures, see note 14. The Council is not exposed to price risk through these holdings.

Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

31 Inventories

31 March 2016	Inventories	31 March 2017
£000		£000
227	Westcombe Industries Stock	274
74	Other Stock Balances	82
301	Total	356

32 Debtors

31 March 2016	Debtors	31 March 2017
£000	(Each item is net of impairment)	£000
6,545	Central Government Departments	5,067
2,203	Cross Keys Homes	1,620
8,026	Council Tax Arrears	7,878
9,370	NNDR Arrears	8,016
4,751	Payments in Advance	4,720
2,377	Section 106 Debtors	607
25,169	General Debtors	29,744
58,441		57,652
5,569	Outstanding Balances on Loans Granted ECS Peterborough 1 LLP (Notes 14, 25)	10,842
1,000	Local Authority Mortgage Scheme Loan	-
8	Loans to Employees (Car Purchase)	-
65,018	Total Debtors	68,494

33 Current Intangible Assets

The Carbon Reduction Commitment (CRC) Energy Efficiency Scheme is a mandatory UK energy-saving and carbon emissions reduction scheme which commenced in April 2010. The Council is holding CRC allowances with a value of £244k as at 31 March 2017 (31 March 2016 £218k).

It is expected that £205k of the balance will be surrendered by 31 October 2017 to meet the Council's reported CO₂ emissions for 2016/17 in accordance with the requirements of the CRC Scheme. The Council has estimated its liability under the scheme to be £205k (2015/16 estimated at 31 March 2016 £218k, actual £181k) and has included a provision in the accounts for this, see Note 34.

34 Provisions

Provision Description	31 March 2016	Additional Provision	Payment from Provision	Released back to CIES	Transfer between long term & short term	31 March 2017
	£000	£000	£000	£000	£000	£000
Short Term Provisions						
<u>Insurance Claims</u> – this represents the current balance set aside to meet the expected total cost of uninsured losses arising from public liability, employer’s liability and property damage. The amount and timing of these payments are uncertain.	(798)	-	241	370	(564)	(751)
<u>Payroll</u> - redundancy related payments, regarding decisions made in 2015/16 but which were paid in 2016/17	(128)	-	128	-	-	-
<u>Charges from suppliers which are uncertain or in dispute</u> - these represent charges from suppliers that are of an uncertain amount and timing	(199)	(78)	80	119	-	(78)
<u>Legal</u> – compensation claims against the council which may become dependent on a court decision.	(200)	-	70	130	-	-
<u>Land Charges Litigation</u> – following the Information Commission Ruling, personal search agencies are now able to reclaim the amounts paid for additional information on the land charges register	(80)	-	23	57	-	-
<u>Carbon Reduction Commitment Scheme (CRC)</u> - the obligation of the Council for the purchase of CRC allowances for 2016/17	(218)	(205)	181	37	-	(205)
<u>Non Domestic Rate Appeals Provision</u> – see Collection Fund for further details	(6,138)	(1,433)	2,984	-	-	(4,587)
Total Short Term Provisions	(7,761)	(1,716)	3,707	713	(564)	(5,621)
Long Term Provisions						
<u>Insurance Claims</u> – see above comments	(303)	(464)	-	-	564	(203)
Total Short and Long Term Provisions	(8,064)	(2,180)	3,707	713	-	(5,824)

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35 Creditors

31 March 2016	Creditors	31 March 2017
£000		£000
(762)	Council Tax Overpaid	(901)
(818)	Council Tax Prepaid	(1,094)
(1,319)	NDR Overpaid	(2,398)
(796)	NDR Prepaid	(1,284)
(15,312)	NDR Preceptors	(12,336)
(12,316)	Deposits / Receipts in Advance	(10,846)
(2,546)	Accrual Accumulated Absences (Note 16)	(3,413)
(42,167)	General Creditors	(40,220)
<u>(76,036)</u>	Total Creditors	<u>(72,492)</u>

36 Capital Grants Receipts in Advance

The Council has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that may require the monies or property to be returned to the giver. The balances at the year-end are as follows:

31 March 2016	Capital Grants Receipts in Advance	31 March 2017
£000		£000
(540)	Department of Education	(2,768)
(1,437)	Department for Transport	(1,384)
(576)	Homes and Communities Agency (HCA)	(625)
(173)	Other Third Party Contributions	(413)
(241)	Department of Health	(149)
(1,500)	Third Party contributions for Hampton Leys (Gardens)	-
(19,163)	Section 106 Contributions	(22,449)
<u>(23,630)</u>	Total Capital Grants Receipts in Advance	<u>(27,788)</u>

37 Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2015/16 £000	Cash Flow Statement – Operating Activities	2016/17 £000
(250)	Interest Received	(505)
14,874	Interest Paid	16,114

38 Cash Flow Statement – Investing Activities

The cash flows for investing activities include the following items:

2015/16 £000	Cash Flow Statement – Investing Activities	2016/17 £000
70,635	Purchase of Property, Plant & Equipment, Investment Property & Intangible Assets	55,571
7,938	Other Payments for Investing Activities	20,494
(2,419)	Proceeds from the Sale of Property, Plant & Equipment, Investment Property	(3,669)
(63)	Proceeds from Short-Term Investments	(19)
<u>76,091</u>	Net cash flows from investing activities	<u>72,377</u>

39 Cash Flow Statement – Financing Activities

The cash flows for financing activities include the following items:

2015/16 £000	Cash Flow Statement – Financing Activities	2016/17 £000
(57,190)	Cash Receipts of Short & Long Term Borrowing	(30,204)
2,023	Cash Payments for the Reduction of the Outstanding Liabilities relating to Finance Leases and On-Balance Sheet PFI Contracts	1,826
(7,649)	Other Payments for Financing Activities	(3,272)
<u>(62,816)</u>	Net cash flows from financing activities	<u>(31,650)</u>

40 Cash Flow Statement – Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is shown in the following table. The 'Bank Current Accounts' line includes payments that have not yet cleared in the actual bank accounts.

2015/16	Cash Flow Statement – Cash and Cash Equivalents	2016/17
£000		£000
11,500	Short Term Cash Investments	13,600
72	Petty Cash & Imprest	43
62	Bank Current Accounts	2,784
11,634	Total Cash & Cash Equivalents	16,427

41 Trust Funds

The Council administers five trust funds for the benefit of children in specific schools or in care. The total value invested as at 31 March 2017 was £16,898 (£17,352 at 31 March 2016). Interest is allocated to the funds at bank base rate.

The Council acts for 12 Adults under Court of Protection administration orders. The total value of funds is £17,412 at 31 March 2017 (£17,368 at 31 March 2016) all invested internally.

The Council also has the role of Corporate Appointee for Clients' monies where it is responsible for managing the financial affairs of 196 adults and older people (176 at 31 March 2016). The total Client funds at 31 March 2017 was £1.5m (£1.4m at 31 March 2016).

The Council acts as the sole trustee for the Peterborough Museum and Art Gallery, a registered charity. From 1 May 2010 the delivery and operation of cultural services, including Peterborough Museum and art Gallery were transferred to Vivacity. However the Council remains sole Trustee.

These Trust Funds are not included in the Council's balance sheet. The individual funds have not been subject to a separate audit. However, they have been considered in overall terms, in the context of those materiality levels which apply to the Council's financial statements.

42 Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. These are identified as follows:

- There are a number of issues relating to decisions taken by the Council that might result in claims being made against the Council. Those relating to Planning may end up in Appeals or Judicial Review and those relating to dismissals of staff for disciplinary and redundancy reasons may end up at Employment Tribunals. At this stage, there is no certainty that costs will be awarded against the Council and, therefore, nothing has been included in the Accounts for any of these issues. Additionally, there are Adoption processes in progress at year end that, when completed, may result in future financial implications for the Council.
- There are potential unknown environmental issues relating to land and buildings that the Council owns, or has owned, such as contaminated land or asbestos in buildings, for which costs are difficult to estimate.
- The Council has a disposal programme which may include sale of assets that could be subject to a claw back agreement. This would mean that a proportion of the sale proceeds would require payment to the interested party. For example land transferred to the Council from the Homes and Communities Agency (formerly known as the Housing Corporation).

- Municipal Mutual Insurance (MMI) – In 1992/93 the Council's insurers, MMI ceased taking new business and are now being managed under a “scheme of arrangement”. The amount paid to the Council under this arrangement was £316,000. The Council has twice been asked to repay a proportion of the above amount which were accounted for in the 2012/13 and 2015/16 accounts, but further amounts which cannot be quantified at this stage may be demanded from the Council in the future. There is an element of coverage for this within the Insurance Reserve.
- As part of the delivery of services, expenditure is incurred by the Council which in turn may be funded directly from grants. Some grants are allocated to the Council for specific purposes, and as such may require an audit certification to be completed to ensure the grant had been correctly applied. Reimbursement of grants may be necessary if it is found that the Council has not met the terms and conditions of use of the grant. Amount and timings are dependent upon the results of any claim certification.
- Under a 1987 Bond Issue North Housing Association Ltd (now Home Housing) raised finance to carry out development in a number of local authority areas. The Peterborough Development Corporation entered into an agreement with North Housing Association Ltd to carry out development in the Peterborough area. This agreement was subsequently novated to Peterborough City Council. The Local Authorities agreed to indemnify bond holders against a fixed percentage of indebtedness under the bonds issued, against which North Housing Association Ltd gave a counter indemnity to the Local Authorities of the same amount. Peterborough City Council's share of the indemnity is 11.72% of the Issue which equates to £9.9m.

43 Critical Judgements in Applying Accounting Policies

In applying the accounting policies, set out from page 75, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in preparing the Statement of Accounts are:

- The Council continues to deal with severe reductions to its funding. Whilst the Council has been able to balance its 2016/17 budget, significant challenges remain and transformational change to service delivery is required. The Medium Term Financial Strategy to 2017/18 to 2026/27 has been developed to seek to address these issues, however, it is acknowledged that there is still a risk of further cuts to funding. In October 2016, the Council secured a Multi-Year Finance Settlement from Government, and has since then had confirmation of some funding allocations up to 2019/20. This will provide some stability and the ability to financially plan, however this does not eliminate the risk of reductions. There also continues to be growing demographic pressures, additional demand and increasing complexity of services required. These pressures are particularly relevant in the Council's adult social care department, the MTFS for 2017/18 to 2026/27 includes investment in this area, to help mitigate the financial impact. Considering the remaining level of uncertainty in these areas there is not sufficient indication of any additional impact on the accounts or accounting policies at this time.
- During 2010/11 the government invited all schools in England to become Academies and encouraged parents to set up their own 'free schools'. Within the Peterborough area some schools have Academy status, with a further school transferring status during 2016/17. Current government

aspirations are to convert all remaining maintained schools to Academy status in future years. Academies do not fall within the remit of the Local Education Authority. When a school attains Academy status, the Council is required to remove assets linked to the school from the Balance Sheet as a disposal at nil consideration, rather than impairment. The Council also no longer consolidates the income and expenditure of that school into the Comprehensive Income and Expenditure Statement. See table below for analysis of the type of schools in Peterborough and its surrounding area.

Type and number of Schools	Community	Controlled	Aided	Foundation Trust	Academies	Total
Nursery	1	-	-	-	-	1
Primary Schools	32	5	7	1	12	57
Secondary Schools	1	-	1	1	7	10
All through Schools	-	-	-	-	2	2
Special Schools	4	-	-	-	1	5
Total	38	5	8	2	22	75

Where the Council has entered into construction contracts for replacement schools on behalf of an Academy, the Council treats this expenditure as Revenue Expenditure Funded from Capital Under Statute (REFCUS). This results in the capital expenditure being shown in the Comprehensive Income and Expenditure Statement in the period in which it is incurred with a corresponding entry made from the Capital Adjustment Account, which is an unusable reserve, so there is no overall impact to the General Fund balance.

- The Council's accounting policy for the recognition of school-related assets is in line with the provisions of the Code, such

that schools are recognised on the Council's balance sheet only if the future economic benefits or service potential associated with the school will flow to the Council. There are five schools (net book value at 31 March 2015 of £9.5m) which are classed as either voluntary aided or voluntary controlled schools where it is not clear that legal ownership of elements of the land and buildings of these schools resided with the governing bodies at the 31 March 2017. However, in order to provide a faithful presentation of the accounts, the Code requires the Council to consider the substance of an economic phenomenon rather than merely representing its legal form. As legal ownership should reside with, and is in the process of transferring to the governing bodies, the Council has determined that in this case substance should take precedence over form. Therefore the assets (apart from undeveloped land for voluntary aided and controlled schools) have not been incorporated into the Council's Balance Sheet.

- The Council participates in the Local Authority Mortgage Scheme (LAMS). In 2011/12 £1m was deposited with Lloyds and a further £1m was deposited during 2013/14. During 2016/17 the first £1m deposit was returned to the Council. These deposits are treated as capital expenditure as a loan to a third party. This treatment has been determined by reference to the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003. The Council has also obtained legal advice from its own legal advisors and received Legal Counsel's advice via Capita, its Treasury Advisor, as to the validity of the accounting treatment. The Council recognises there are alternative accounting treatments and will keep its accounting treatment of LAMS under review to ensure that if statute or the CIPFA Code of Practice changes, its accounting treatment of the scheme will comply with those changes.

- The Council has a rolling programme that ensures that all Property, Plant and Equipment (PPE) is measured at current value and is revalued at least every four years by external valuers. In addition to this rolling programme each year the Council's external valuers assess the whole of the Council's property portfolio to consider if there would be any valuation changes as a result of the prevailing economic climate. Further information is detailed in Note 23, page 52.
- The Council has applied its judgement in the classification of investment properties. Investment properties are held to earn rentals or for capital appreciation or both. Some properties earn rentals but are held for regeneration purposes or wider socio-economic reasons. Where this is the case, these properties have been classed as Property, Plant and Equipment. Further information can be found in Note 19, page 50.
- The Council has applied its judgement in the classification of lease arrangements. Such arrangements are either classified as operational or finance leases following analysis of the transaction and judgement as to whether the arrangement transfers substantially all the risks and rewards incidental to ownership. Where a lease arrangement has been reassessed the Council has estimated the implied interest rate within the lease to calculate interest and principal payments. Further information on lease arrangements in place can be found in Notes 26 and 27, pages 54 and 55.
- The Council has eight arrangements which it has considered against the Group Accounting criteria. The Council has not included these arrangements as Group Accounts in the Statement for the following reasons and when consolidated in total, the eight entities are not material.

- Peterborough Museum and Art Gallery – the Council is sole trustee of the trust set up to provide the City with access to historic artefacts to promote artistic and general knowledge. Due to the nature of its activities and its small size, the consolidation of the figures would be immaterial and would not add any additional value to the reader of the accounts that a note would not provide. Further information can be found in Note 13.
- Opportunity Peterborough – the company exists to promote and secure regeneration activities within the Peterborough area. Due to the nature of its activities and its small size, the consolidation of the figures would be immaterial and would not add any additional value to the reader of the accounts that a note would not provide. Further information can be found in Note 14.
- Blue Sky Peterborough (BSP) – in 2011/12 the Council established an Energy Services Company, BSP. The aim of this ESCo is to pursue the provision of low and zero-carbon energy schemes with the energy produced available to the Peterborough area for both domestic and business users. As the company has not started trading yet there have been no transactions through the company. Further information can be found in Note 14.
- Peterborough Investment Partnership LLP – during 2014/15 the Council incorporated the Peterborough Investment Partnership LLP to secure the regeneration of key city centre sites with capital market investors. Due to the nature of its activities and its small size, the consolidation of the figures would be immaterial and would not add any additional value to the reader of the accounts that a note would not provide. Further information can be found in Note 14.

- Empower Peterborough Community Interest Company – was incorporated during 2015/16 to install solar panels on homes in Peterborough free of charge with occupants benefitting from energy savings. As it is a Community Interest Company a percentage of the money generated is shared equally between a Local Community Fund and the Council. Due to the nature of its activities and its small size, the consolidation of the figures would be immaterial and would not add any additional value to the reader of the accounts that a note would not provide. Further information can be found in Note 14.
- The Mayor of Peterborough’s Charity Fund – was registered with the Charity Commission during 2015/16 to facilitate the Mayor’s fundraising events during the Mayoral year. Due to the nature of its activities and its small size, the consolidation of the figures would be immaterial and would not add any additional value to the reader of the accounts that a note would not provide. Further information can be found in Note 14.
- Medesham Homes LLP – was incorporated during 2016/17 to facilitate the delivery of new housing, initially in Peterborough. It will seek to deliver affordable rented housing at first, but could deliver housing of other types and tenures in future. The LLP is a Joint venture between the Council and Cross Keys Homes and has only started to scope project plans at this point. As the company has not started trading yet there have been no transactions through the company. Further information can be found in Note 14.
- NPS Peterborough 1 Ltd – was incorporated in 2015/16 as a joint venture with NPS Property Consultants Ltd into

which the property services of the Council were transferred. The work transferred included estate management, arrangement of asset acquisition, disposals and rent collection for the Council. Due to the nature of its activities and its small size, the consolidation of the figures would be immaterial and would not add any additional value to the reader of the accounts that a note would not provide. Further information can be found in Note 14.

- In common with many local authorities the Council has received an application for mandatory business rate relief from a NHS trust. The Council has considered this against its accounting policies and the reporting requirements of the Code. Initial advice from the Local Government Association and subsequent opinion from leading counsel has determined that the claim has no basis and therefore no disclosure is required, elsewhere in the Statement of Accounts.

44 Assumptions made about the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council’s Balance Sheet at 31 March 2017 for which there is a risk of material adjustment in the forthcoming financial year are shown in the table overleaf.

Item	Uncertainties	Effect if Actual results Differ from Assumptions
Property, Plant and Equipment	Depreciation and amortisation is provided for Property, Plant and Equipment and Intangible assets respectively. This enables the assets to be written down to their residual value over their estimated useful lives and show an appropriate cost of the use of the asset in the Comprehensive Income and Expenditure Statement. Management judgement is used to determine the useful economic lives of the Plant and Equipment and the Council's valuers for lives of Property.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £609k for every year that useful life is reduced, which equates to a 2.39% increase in this year's depreciation charge.
Property, Plant and Equipment	Property, Plant and Equipment are reviewed for impairment if events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Each year the Council's valuers complete an impairment assessment. The recoverable amount is then estimated having regard to the application of the concept of materiality.	If an asset is impaired the carrying value of the asset is reduced. It is estimated that a 1% fall in market value would reduce the Council's Property, Plant and Equipment / Investment Properties balance by £503k, which is 0.07% of the Council's total asset base. 7% of the Council's asset base is valued at market value, so the impact of a change in market value is limited.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. These judgements are completed by the Cambridgeshire County Council Pension Fund actuaries. The sensitivity analysis has been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant.	The effects on net pensions liability of changes in individual assumptions can be measured. For instance, <ul style="list-style-type: none"> • a 0.5% decrease in discount rate assumption would result in an increase in pension liability of 10% or £72m • a 0.5% increase in the salary increase rate would result in an increase in pension liability of 1% or £9m • a 0.5% increase in the pension increase rate would result in an increase in pension liability of 9% or £63m • a 1 year increase in member life expectancy would result in an increase in pension liability of approximately 3-5%
Arrears	At 31 March 2017 the Council had a balance of £14.6m for sundry debtors. A review of balances suggested that an impairment of doubtful debts, based on age profile, of 26% or £3.8m was appropriate.	If collection rates were to deteriorate and sundry debt increased by 10% with the same age debt profile, an additional contribution of £378k would be set aside as allowance. If 10% of the debt portfolio was one year older, a contribution of £189k would be set aside as additional allowance.

Item	Uncertainties	Effect if Actual results Differ from Assumptions
Business Rates	The Business Rates Retention Scheme was introduced on 1 April 2013 and the Council is now liable for its proportionate share of successful business rate appeals. A provision has been recognised for an estimated amount that may be repaid as a result of successful appeals. The estimate has been calculated using the Valuation Office ratings list of appeals and an analysis of successful appeals to date.	There are different classes of business, each of which have had historically different success rates of appeal. If all appeals lead to an additional 1% reduction in the rateable value to the estimated amount then the provision would need to be increased by £735k. This equates to a 16% increase in the estimated provision held in the Council's Balance Sheet.

45 Authorisation of the Accounts

The Corporate Director: Resources authorises these accounts to be issued on 30 June 2017.

The Collection Fund and Notes

<i>Restated 31 March 2016* £000</i>	Collection Fund Statement	Notes	31 March 2017		
			Business Rates £000	Council Tax £000	Total £000
	Income				
(74,359)	Council Tax Receivable		-	(79,093)	(79,093)
(104,260)	Business Rates Receivable	3	(99,085)	-	(99,085)
	Contribution to Previous Year's Deficit:				
(1,522)	Peterborough City Council	4	(841)	-	(841)
(31)	Cambridgeshire & Peterborough Fire Authority		(17)	-	(17)
(1,553)	Central Government		(859)	-	(859)
(181,725)	Total Income		(100,802)	(79,093)	(179,895)
	Expenditure				
	Precepts:				
59,515	Peterborough City Council	4	-	64,038	64,038
3,361	Cambridgeshire & Peterborough Fire Authority		-	3,545	3,545
9,486	Cambridgeshire Police Authority		-	9,908	9,908
72,362	Total Precepts		-	77,491	77,491
	Business Rates Share:				
48,541	Peterborough City Council*	4	48,649	-	48,649
962	Cambridgeshire & Peterborough Fire Authority		985	-	985
46,679	Central Government*		48,849	-	48,849
96,182	Total Business Rates Shares		98,483	-	98,483
	Charges to Collection Fund:				
2,264	Increase / (Decrease) in Bad Debt Provision		2,356	1,475	3,831
1,830	Increase / (Decrease) in Provision for Appeals		(3,166)	-	(3,166)
275	Cost of Collection		275	-	275
4,838	Transitional Payment Protection		1,910	-	1,910
24	Interest on Overpayments		-	-	-
21	Renewable Energy Disregard	4	323	-	323
9,252	Total Charges to Collection Fund		1,698	1,475	3,173
	Contribution to Previous Year's Estimated Surplus:				
-	Peterborough City Council	4	-	1,494	1,494
-	Cambridgeshire & Peterborough Fire Authority		-	84	84
-	Cambridgeshire Police Authority		-	238	238
-	Total Contribution to Previous Year's Estimated Surplus		-	1,816	1,816
(3,929)	(Surplus) / Deficit Arising During the Year		(621)	1,689	1,068
	Collection Fund Balance				
4,821	(Surplus) / Deficit Brought Forward 1 April		2,932	(2,040)	892
(3,929)	(Surplus) / Deficit Arising During the Year		(621)	1,689	1,068
892	(Surplus) / Deficit Carried Forward 31 March		2,311	(351)	1,960
	Allocated to:				
(242)	Peterborough City Council		1,132	(291)	841
(65)	Cambridgeshire & Peterborough Fire Authority		23	(16)	7
(267)	Cambridgeshire Police Authority		-	(44)	(44)
1,466	Central Government		1,156	-	1,156
892	Total		2,311	(351)	1,960

*Restated to show NDR Additional Growth Pilot income in NDR Income, this was shown Non-Specific Government Grants in 2015/16 Statement of Accounts as regulations to include this in the Collection Fund had not been enacted at that time.

1 Collection Fund Overview

The Collection Fund is an agent's statement that reflects the Council's statutory obligation as a billing authority to maintain the Collection Fund as a separate account to the General Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and Non-Domestic Rates (NDR) and its distribution to local government bodies and the Government.

There is no requirement for a separate Collection Fund balance sheet. Instead Collection Fund balances are distributed across the balance sheet of the billing authority, the Government and precepting authorities.

2 Calculation of Council Tax Base

Council Tax Band	Ratio to Band D	No. of Dwellings	Band D Equivalent
A	6/9	34,418	22,945
B	7/9	20,244	15,745
C	8/9	13,451	11,956
D	9/9	7,577	7,577
E	11/9	4,318	5,278
F	13/9	1,847	2,668
G	15/9	932	1,553
H	18/9	69	138
Total		82,856	67,860

The Band D equivalent shown above is calculated by applying the relevant 'ratio to band D' to the number of dwellings but is before any adjustments for statutory discounts, exemption etc.; and the Council Tax Support Scheme and non-payment which are at the discretion of each council. The Council Tax base used for Council Tax setting purposes after taking account of these adjustments was 54,100 (52,749 for 2015/16).

3 Non-Domestic Rates

The Council collects Non-Domestic Rates (NDR) for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by the Government.

For 2016/17 the total non-domestic rateable value at the year-end is £231.2m (£233.3m in 2015/16). The national multipliers for 2016/17 were 48.4p for qualifying Small Businesses, with the standard multiplier being 49.7p for all other businesses (48.0p and 49.3p respectively in 2015/16).

4 Council Precept

Income from the Collection Fund reflected in Peterborough City Council Comprehensive Income and Expenditure Statement is shown below.

<i>Restated</i> 2015/16* £000	Council Precept	NDR £000	Council Tax £000	2016/17 Total £000
(108,056)	Precept / Share*	(48,649)	(64,038)	(112,687)
(40)	Estimated Renewable Energy Disregard (RED)	(340)	-	(340)
19	Difference between actual & estimated RED	17	-	17
1,522	Share of Prior Year Estimated Deficit / (Surplus)	841	(1,494)	(653)
(1,960)	Reverse actual share prior year Deficit / (Surplus)	(1,437)	1,679	242
(242)	Share of Deficit / (Surplus)	1,132	(291)	841
(108,757)	Total (Note 12)	(48,436)	(64,144)	(112,580)

*Restated to show NDR Additional Growth Pilot income in NDR Income, this was shown Non-Specific Government Grants in 2015/16 Statement of Accounts as regulations to include this in the Collection Fund had not been enacted at that time.

Statement of Accounting Policies

General Principles

The Statement of Accounts summarises the Council's transactions for the 2016/17 financial year and its position at the year-end 31 March 2017. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015.

The Statement of Accounts must be prepared in accordance with proper accounting practices. These practices are mainly the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost. However some non-current assets and financial instruments are revalued.

Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not when cash is paid or received.

Revenue from selling goods is recognised when the significant risks and rewards of ownership pass to the purchaser and economic benefits or service potential flow to the Council.

Service revenue is recognised when the percentage completion of the transaction can be measured and it is probable that the Council will receive economic benefits or service potential.

Supplies are recorded as expenditure when they are consumed. If there is a gap between supplies being received and their use, they are carried as inventories on the Balance Sheet.

Services (including by employees) are recorded as expenditure when the services are received, rather than when payments are made.

Interest on borrowing and investments is accounted for using the effective interest rate of the financial instrument, not contract payments.

A debtor is recorded in the Balance Sheet where revenue has been recognised but cash not received.

A creditor is recorded in the Balance Sheet where expenditure has been recognised but cash not paid.

The balance of debtors is written down and a charge made to revenue for any income that might not be collected.

Cash

Cash in hand and deposits with financial institutions repayable without penalty on 24 hours' notice or less.

Cash Equivalents

Cash equivalents are highly liquid investments. They mature within 3 months of acquisition. They are readily convertible to a known cash value. There is an insignificant risk the value on conversion will change.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts. These are any overdrafts that are repayable on demand and form an integral part of cash management.

Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error.

Changes in accounting policies are only made:

- when required by proper accounting practices
- to provide more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or performance.

Where a change in accounting policies is made, it is applied retrospectively (unless stated otherwise). This is done by adjusting opening balances and comparative amounts for the prior period as if the new policy had always applied.

Material errors discovered in prior period figures are corrected by amending opening balances and comparative amounts for the prior period.

Changes in accounting estimates are accounted for in current and future accounting periods. Changes in accounting estimates do not give rise to a prior period adjustment.

Charges to Revenue for Non-current Assets

Services, support services and trading accounts are charged the cost of holding non-current assets: These charges are:

- Depreciation
- Revaluation and impairment losses. If there are sufficient accumulated gains in the Revaluation Reserve such losses are written off.

- Amortisation of intangible assets

The Council does not raise Council Tax to fund any of these charges.

The Council must however make an annual contribution from revenue to reduce its overall borrowing requirement. This is termed the Minimum Revenue Provision (MRP). The MRP is determined prudently in accordance with statutory guidance.

Charges for non-current assets are replaced by the MRP. There is an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement (MIRS) for the difference between the two.

Council Tax and Business Rates

The Council is a billing authority and collects business rates (NDR) and council tax.

It collects council tax on behalf of itself and major preceptors. The major preceptors are Cambridgeshire and Peterborough Fire Authority and Cambridgeshire Police and Crime Commissioner.

The Fire Authority and the Government are entitled to shares of business rates income.

The Council must maintain a separate Collection Fund. The Fund accounts for the collection and distribution of amounts due in respect of council tax and business rates.

Under legislation billing authorities, major preceptors and Government share proportionately the risks and rewards that the amount of council tax and business rates collected could be less or more than forecast.

Accounting for Council Tax and Business Rates

The Council's share of council tax and business rates income is included in the Comprehensive Income and Expenditure Statement. However, regulations determine the amount of council tax and business rates that must be included in the Council's General Fund. The difference is recognised in the Collection Fund Adjustment Account. The difference is also included as a reconciling item in the MIRS.

The Balance Sheet includes the Council's share of the year-end balances of council tax and business rates. These are arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Employee Benefits

Short-term employee benefits are those due to be settled wholly within 12 months of the end of the accounting period. They include wages and salaries, paid annual leave, paid sick leave and bonuses. Benefits are recognised as a service expense in the accounting period in which employees render service.

An accrual is made for holiday entitlements or any form of leave earned by employees and carried forward into the next accounting period. The accrual is calculated at the pay rates for the following accounting period. This is the period in which the employee takes the benefit.

The accrual is reflected in the surplus or deficit on the Provision of Services in the Comprehensive Income and Expenditure Account (CIES). The accrual is reversed in the MIRS. The net effect is that holiday entitlements are charged to revenue in the accounting period of the absence.

Termination Benefits

Termination benefits reflect a decision by the Council to terminate an officer's employment before the normal retirement date. They may also reflect an officer's decision to accept voluntary redundancy. Termination benefits are charged in the appropriate service segment in the CIES.

The benefits are recognised when the offer of those benefits is irrevocable or when the Council recognises restructuring costs whichever is the earlier.

Termination benefits may involve the enhancement of pensions. Statutory provisions require the General Fund Balance to be charged with the amount payable to the pension fund or pensioner in the year. This may be different from the amount calculated under accounting standards. In the MIRS appropriations are made to charge the General Fund Balance as required by statute .

Post-employment Benefits

Employees of the Council may be members of three separate pension schemes:

- The Local Government Pension Scheme (LGPS). It is administered by Cambridgeshire County Council.
- The Teachers' Pension Scheme. It is administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- The NHS Pension Scheme, administered by NHS Pensions.

These schemes provide defined benefits to members (retirement lump sums and pensions). The benefits are earned as employees work for the Council.

The arrangements for the Teachers' and NHS schemes mean that liabilities for these benefits cannot be identified to the Council. The schemes are therefore accounted for as if it were a defined contribution scheme. No liability for future payments of benefits is recognised in the Balance Sheet. The People and Communities line in the CIES is charged with the employer's contributions payable to Teachers' Pensions in the year. The People and Communities and Public Health lines are charged for the NHS scheme.

The Local Government Pension Scheme

The Scheme is accounted for as a defined benefits scheme.

Fund liabilities attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method. This is an assessment of the future retirement benefits earned to date by employees.

The assessment uses assumptions about mortality rates, employee turnover and future earnings of current employees.

Scheme liabilities are discounted to their current value. The discount rate is set by the actuary. It mirrors the yield on high quality corporate bonds.

The fund assets attributable to the Council are included in the Balance Sheet at their fair value:

- quoted securities – current bid price
- unquoted securities – professional estimate
- unitised securities – current bid price
- property – market value

The net pensions liability is the difference between fund liabilities and assets. The change in the net pensions liability is analysed between service cost and remeasurements.

The service cost element is the change in current and past service costs plus a net interest change.

Pension liabilities increase over the accounting period as scheme members earn increased benefits. This is the current service cost. Current service cost is charged in the CIES to the services for which employees worked.

Past service cost is the increase in liabilities as a result of a scheme amendment or curtailment. The change applies only to benefits earned in previous accounting periods. Past service cost is charged to Resources in the CIES.

Net interest on the net defined benefit liability is calculated by applying the discount rate to the net liability during the accounting period. It is charged below the cost of services in the CIES as part of the deficit in the provision of services.

Remeasurements are the return on plan assets and actuarial gains and losses. Remeasurements are charged below the deficit on the provision of services in the CIES.

The return on plan assets excludes the net interest on liabilities that is already included in the service element.

Actuarial gains and losses are differences from past actuarial assumptions or changes in the assumptions

Employers' contributions to the pension fund are not accounted for as an expense. However statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year. The MIRS therefore includes a transfer from the Pension Reserve. The transfer makes the adjustment from the accounting basis outlined above to the statutory requirement.

The negative balance of the Pensions Reserve is the benefit to the Council of accounting for pensions on a cash basis.

Discretionary Benefits

The Council has restricted powers to award discretionary benefits on early retirements. Any liabilities are accrued in the accounting period that the decision is made. Liabilities are accounted for using the same policies as for the LGPS.

Events after the Balance Sheet Date

These are events that occur between the end of the accounting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

If events provide new evidence of conditions that existed at the balance sheet date the Statement of Accounts is adjusted.

Other events are only indicative of conditions that arose after the balance sheet date. The Statement of Accounts is not adjusted. But where such a category of events would have a material effect, disclosure is made in the notes. The note sets out of the nature of the events and their estimated financial effect

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council is contractually committed to a financial instrument. They are initially measured at fair value. They are carried at their amortised cost.

The amount charged to revenue is based on the effective interest rate. The effective interest rate discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

The carrying value for most loans is outstanding principal repayable plus accrued interest. Interest charged to the CIES is the amount payable under the agreement

But for three stepped rate loans, the amount charged to revenue is based on the effective interest rate.

Annual charges for these loans are made to the Financing and Investment Income and Expenditure line in the CIES. The charge is the carrying amount of the liability multiplied by the effective rate of interest.

For these loans the difference between the annual charge and the cash paid is reversed out in the MIRS.

Gains and losses on the repurchase or early settlement of borrowing are charged to the Financing and Investment Income and Expenditure line in the CIES.

Repurchase may be part of restructuring the Council's loans portfolio. Restructuring involves the modification or exchange of existing instruments.

Any premium or discount on redemption of loans is added to the amortised value of the replacement loan. Premiums and discounts are written down to the CIES. This is done by adjusting the effective interest rate. Regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the charge over the remaining term of the loan replaced.

The amount charged to the CIES may differ from the charge against the General Fund Balance. An appropriate transfer is made from the Financial Instruments Adjustment Account in the MIRS.

Financial Assets

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- available-for-sale assets – assets that have a quoted market price and do not have fixed or determinable payments.

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Council is contractually committed to a financial instrument. They are initially measured at fair value. They are carried at their amortised cost.

The amount credited to revenue is based on the effective interest rate. The effective interest rate discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

The carrying value for most loans made by the Council is outstanding principal repayable plus accrued interest. Interest credited to the CIES is the amount payable under the agreement.

When soft loans are made, a loss is recorded in the CIES. The loss is charged to the appropriate service line. The loss is the present value of the interest that will be foregone over the life of the instrument. The amortised value is therefore lower than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the CIES. The effective rate of interest is higher than the actual rate, increasing the amortised cost of the loan in the Balance Sheet.

Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the accounting period. The amount charged to the CIES may differ from the charge against the General Fund Balance. An appropriate transfer is made from the Financial Instruments Adjustment Account in the MIRS.

Assets are identified as impaired if there is a likelihood arising from a past event that payments due under the contract will not be made. The asset is written down and a charge made to the relevant service or the Financing and Investment Income and Expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows. The calculation is made by discounting at the asset's original effective interest rate.

Any losses that arise on the derecognition of an asset are charged to the Financing and Investment Income and Expenditure line in the CIES.

Available-for-Sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Council is contractually committed to a financial instrument. The assets are initially measured and carried at fair value.

Where the asset has fixed or determinable payments, annual credits are made to the Financing and Investment Income and Expenditure line in the CIES. Interest receivable is based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument.

Some assets do not have fixed or determinable payments. Income is credited to the CIES when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – multiple valuation techniques (which include market approach, income approach and cost approach)

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain / loss is recognised in the Surplus or Deficit on Revaluation of Available for Sale Financial Assets.

The exception is where impairment losses have been incurred. Impairment losses are debited to the Financing and Investment Income and Expenditure line in the CIES along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Assets are impaired if

- There is a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments). The impairment loss is the difference between the carrying amount and the present value of the revised future cash flows. The calculation uses the asset's original effective interest rate.
- Fair value falls below cost. The impairment loss is the shortfall of fair value against the acquisition cost of the instrument. The acquisition cost is net of any principal repayment and amortisation.

Any gains and / or losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

Foreign Currency Translation

Foreign currency transactions are converted into sterling at the exchange rate on the date the transaction was effective. Amounts in foreign currency outstanding at the year-end are reconverted at the spot exchange.

Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the CIES.

Government Grants and Contributions

Government grants and third party contributions and donations are recognised when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received

This applies whether the grants and contributions are paid on account, by instalments or in arrears. Grants and contributions are held as creditors in the Balance Sheet until conditions have been satisfied.

Grants and contributions are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied.

Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Once conditions are satisfied, the grant or contribution is credited to the CIES. For attributable revenue grants and contributions this is to the relevant service line. For non ring-fenced revenue grants and all capital grants this is the Taxation and Non-specific Grant Income and Expenditure line.

Where capital grants are credited to the CIES, they are reversed out of the General Fund Balance in the MIRS. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants

Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Community Infrastructure Levy

The Council elected to adopt a Community Infrastructure Levy (CIL). The levy will be charged on certain new builds in accordance with the [Charging Schedule](#) came into effect on the 24th April 2015.

The income from the levy will be used to fund a number of infrastructure projects which the Council has identified in the [Infrastructure Delivery Schedule](#) to support the growth of the City. These include transport, flood defences, schools, hospitals, other health care, social care, play areas, parks and green spaces, cultural and sports facilities.

CIL can only be spent on capital projects, although associated revenue spending to maintain those capital items is also permissible. It can be used to increase the capacity of existing infrastructure or to repair failing infrastructure if that is necessary to support development.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above.

Heritage Assets

Heritage assets are held by the Council principally for their contribution to knowledge or culture. These assets are recognised and measured in accordance with the Council's accounting policies on Property, Plant, and Equipment.

The assets are recognised in the Balance Sheet either at insurance valuation (based on market values) or valued by the Council's property valuers.

Heritage assets have indeterminate lives and a high residual value. The Council does not consider it appropriate to charge depreciation for these assets.

Intangible Assets

Non-monetary assets that do not have physical substance are intangible assets. The assets are controlled by the Council as a result of past events (e.g. software licences). Non-monetary assets are capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where:

- it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available)
- The Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset.

Expenditure is capitalised where it can be measured reliably as attributable to the asset. Capitalisation is restricted to the development phase. Research expenditure is not capitalised.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. This is the case with the Mayor's car licence plate.

The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the CIES.

An asset is tested for impairment whenever there is an indication that the asset might be impaired. Any losses recognised are charged to the relevant service line in the CIES. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Some intangible assets are statutory capital expenditure. By statute amortisation, impairment losses and disposal gains and losses on these assets are not permitted to have an impact on the General Fund Balance.

Any such gains and losses are transferred out of the General Fund Balance in the MIRS and posted to the Capital Adjustment Account. Sale proceeds greater than £10,000 are transferred to the Capital Receipts Reserve.

Interests in Companies and Other Entities

The Council has material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures which require it to prepare group accounts if material. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is the weighted average cost.

The value of works and services received under long term contracts is charged to the relevant service line in the CIES.

Investment Properties

Investment properties are used solely to earn rentals and capital appreciation. Property is not investment property if:

- used to deliver services
- used to produce goods
- held for sale.

Investment properties are measured initially at cost. They are subsequently carried at fair value. Fair value is the price that would be received selling the asset in an orderly transaction between market participants at the measurement date.

As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line in the CIES and increase the General Fund Balance.

Gains and losses on revaluation or disposal are posted to the Financing and Investment Income and Expenditure line in the CIES. Statute prevents such gains and losses having an impact on the General Fund Balance. They are transferred out of the General Fund Balance in the MIRS. They are transferred to the Capital Adjustment Account. Sale proceeds greater than £10,000 are transferred to the Capital Receipts Reserve.

Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Leases may comprises both land and buildings. The land and buildings elements are classified separately.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Council as Lessee

Finance Leases

Property, plant and equipment is recognised on the Balance Sheet at fair value at the start of the lease. The present value of the minimum lease payments is used if lower.

The asset is matched by a liability to pay the lessor. Initial direct costs of the Council are added to the carrying amount. The lease liability is written down by any premium paid on entry.

Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition. This element is applied to write down the lease liability
- A finance charge. The finance charge is debited to the Financing and Investment Income and Expenditure line in the CIES

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets. But depreciation is charged over the lease term if:

- the lease term if this is shorter than the asset's estimated useful life, and also
- Ownership of the asset does not transfer to the Council at the end of the lease period.

The Council does not raise Council Tax to cover depreciation or revaluation and impairment losses. A prudent contribution is made from revenue funds under statutory requirements.

The difference is accounted for by a transfer from the MIRS to the Capital Adjustment Account

Operating Leases

Rentals are charged to the relevant service line in the CIES. Charges are spread equally over the life of the lease. The pattern of actual payments under the lease may be different.

Council as Lessor

Finance Leases

At the start of the lease the carrying amount of the asset is written out of the balance sheet. The write out is charged to the Other Operating Income and Expenditure line in the CIES.

The Council's net investment in the lease is credited to the same line and a long-term debtor asset is created in the Balance Sheet.

Lease rentals are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment. The charge is applied to write down the lease debtor. Any premiums received are also used to write down the lease debtor
- finance income. This is credited to the Financing and Investment Income and Expenditure line in the CIES

A gain on disposal is credited to the CIES. Statute does not allow the gain to increase the General Fund balance. The gain is required to be treated as a capital receipt.

A premium may be received on the grant of a lease. Any premium is transferred out of the General Fund Balance to the Capital Receipts Reserve in the MIRS.

A finance lease may be settled by the payment of rentals in future financial years. The income is transferred from the General Fund Balance to the Deferred Capital Receipts Reserve in the MIRS.

The capital receipt element of rentals writes down the lease debtor. Deferred capital receipts for the disposal are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against Council Tax. The cost of non-current assets is fully provided for under capital financing. Write-offs are appropriated to the Capital Adjustment Account from the General Fund Balance in the MIRS.

Operating Leases

For an operating lease the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Income and Expenditure line in the CIES.

Credits are made evenly over the life of the lease. This may not match the pattern of payments. For example if there is a premium paid at the commencement of the lease.

Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the asset. The costs are charged over the lease term in the same way as rental income.

Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the Council's arrangements for accountability and financial performance.

Property, Plant and Equipment (PPE)

Assets that:

- have physical substance
- are held for use in the production or supply of goods or services, for rental to others or for administrative purposes
- are expected to be used during more than one financial year

are classified as Property, Plant and Equipment.

Recognition

The acquisition, creation or enhancement of PPE is capitalised on an accruals basis, provided:

- it is probable that future economic benefits or service potential will flow to the Council
- the cost of the item can be measured reliably.

Repair and maintenance expenditure that does not add to an asset's potential to deliver future economic benefits or service potential is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its current value. (Unless the acquisition does not have commercial substance and will not lead to a variation in the cash flows of the Council.)

Where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. Any difference between fair value and consideration paid is credited to the Taxation and Non-specific Grant Income and Expenditure line of the CIES.

If the donation has been made conditionally the gain is held in the Donated Assets Account until conditions are satisfied. Gains credited to the CIES are transferred out of the General Fund Balance to the Capital Adjustment Account in the MIRS.

Assets are then carried in the Balance Sheet using the measurement bases set out below.

Infrastructure is carried at depreciated historical cost. Infrastructure assets include roads, bridges and streetlights. Infrastructure is classed as inalienable assets. Expenditure on infrastructure is only recoverable by continued use of the asset. There is no prospect of sale or alternative use.

Infrastructure in the Balance Sheet includes a lump sum which transferred to the Council when Peterborough City Council was formed. It is not broken down on an asset by asset basis.

Since the Council's inception, additions and enhancements, recorded at cost, have increased the balance. These have been recorded in the Council's fixed asset register on a project basis rather

than by asset. Additions and enhancements from projects may relate to a number of infrastructure assets.

The infrastructure balance has been reduced annually by depreciation. This has been calculated using the Council's depreciation policy.

- Community assets and assets under construction are measured at historical cost
- All other assets are measured at current value. Current value is determined as the amount that would be paid for the asset in its existing use (EUV).

For surplus assets the current value measurement base is fair value. This is estimated at highest and best use from a market participant's perspective

There may be no market-based evidence of current value because of the specialist nature of an asset. If so depreciated replacement cost (DRC) is used as an estimate of current value.

Some non-property assets have short useful lives or low values. Depreciated historical cost basis is used as a proxy for their current value.

Revaluation

Assets carried at current value are valued regularly. This ensures their carrying amount is not materially different from their current value at the end of the accounting period. As a minimum revaluation takes place every five years.

Increases in valuations are unrealised gains. They are credited to the Revaluation Reserve.

Gains that reverse a previous loss charged to a service are credited to the surplus or deficit on services in the CIES.

Decreases in value

The carrying amount is written down against any balance of gains for that asset in the Revaluation Reserve. Otherwise the carrying amount is written down against the relevant service line in the CIES.

The Revaluation Reserve was implemented in April 2007. It only recognises gains since then. Gains before have been consolidated into the Capital Adjustment Account.

Impairment

If the recoverable amount of an asset is materially different from its carrying value, an impairment loss is recognised.

The value is written down against any gains for the asset in the Revaluation Reserve. Otherwise the carrying amount is written down against the relevant service line in the CIES.

If the loss is later reversed it is credited to the relevant service line(s) in the CIES. The reversal is up to the amount of the original loss. An adjustment is made for depreciation that would have been charged if the loss had not been recognised.

Non-current Assets Held for Sale

An asset is reclassified as held for sale if it is probable its cost will be recovered by selling it. The asset is revalued immediately before reclassification. It is carried at the lower of this amount and fair value less selling costs.

Any later decrease in fair value is credited to the Other Operating Income and Expenditure line in the CIES. Gains in fair value are recognised only up to the amount of any previously recognised losses in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

Assets that cease to be classified as Assets Held for Sale:

- are reclassified back to non-current assets

- are valued on deciding not to sell at the lower of their carrying amount and their recoverable amount
- The carrying value is adjusted for depreciation, amortisation or revaluations that would have applied had they not been classified as Held for Sale.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

Disposal and Decommissioning

Assets held for sale or PPE may be sold or decommissioned. The carrying amount in the Balance Sheet is written off to the Other Operating Income and Expenditure line in the CIES. This transfer is part of the gain or loss on disposal.

An additional transfer will be made of the difference between the carrying value and the disposal proceeds. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts.

The balance of receipts remains within the Capital Receipts Reserve. They can then only be used

- for new capital investment
- set aside to reduce the Council's underlying need to borrow (the capital financing requirement).
- used to make a minimum revenue provision

Receipts are appropriated to the Reserve from the General Fund Balance in the MIRS.

The written-off value of disposals is not a charge against Council Tax. The cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the MIRS.

Depreciation

Depreciation is provided on all PPE assets. The depreciable amount is systematically allocated over an asset's useful life.

An exception is made for assets without a determinable finite useful life. These include:

- freehold land
- certain Community Assets
- assets that are not yet available for use
- assets under construction

Basis of depreciation

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by a Valuer
- vehicles, plant and equipment – straight-line allocation over the useful life of the asset in the Balance Sheet, as advised by a suitably qualified officer
- infrastructure – straight-line allocation over various asset lives

Where a PPE asset has major components whose individual cost is significant compared to total cost the components are depreciated separately.

Revaluation gains are also depreciated. An amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost is transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Property, plant and equipment assets remain vested in the governing bodies of voluntary aided or controlled schools. Values and amounts relating to such bodies (other than undeveloped land for voluntary aided or controlled schools) have not been incorporated into the Council's Balance Sheet.

The Council transfers academy school assets on a 125-year lease in accordance with national guidelines. As such they are subject to lessor finance lease policies (see leases policy).

Private Finance Initiative (PFI) and Similar Contracts

PFI and similar contracts are agreements for the Council to receive services. The PFI contractor is responsible for making available the PPE needed to provide the service. The Council is deemed to control the services that are provided under its PFI scheme. Ownership of the PPE will pass to the Council at the end of the contract for no additional charge. The Council therefore carries the assets used under the contract on its Balance Sheet as part of PPE.

The original recognition of these assets was at fair value. Fair value was calculated on the cost of purchasing the PPE. A liability for amounts due to the scheme operator for the capital investment was also recognised.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as PPE owned by the Council.

Amounts payable to the PFI operator each year are analysed into four elements:

- fair value of the services received during the year – debited to the relevant service in the CIES
- finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the CIES
- contingent rent – increases in the amount to be paid for the property. These are debited to the Financing and Investment Income and Expenditure line in the CIES
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator. The profile of write-downs is calculated using the same principles as for a finance lease.

Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made:

- where an event has taken place that gives the Council a legal or constructive obligation
- that the obligation probably requires settlement by a transfer of economic benefits or service potential
- a reliable estimate can be made of the amount of the obligation.

For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the CIES. Provisions are charged in the year that the Council becomes aware of the obligation. They are measured at the best estimate at the balance sheet date of the expenditure required to

settle the obligation, taking into account relevant risks and uncertainties.

Payments eventually made are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Some or all of the payment required to settle a provision may be expected to be recovered from another party (e.g. from an insurance claim.) This is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Carbon Reduction Commitment Schemes and Other Trading Schemes

The Council is required to participate in the Carbon Reduction Scheme Energy Efficiency Scheme. 2016/17 was the third year of the Initial Phase of the scheme. The Scheme ends on 31 March 2019. The Council is required to purchase allowances, either prospectively or retrospectively. The Council surrenders them on the basis of emissions, the carbon dioxide produced as energy is used.

As carbon dioxide is emitted, a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation. This is normally the current market price of the number of allowances required to meet the liability at the reporting date.

The cost to the Council is recognised and reported in Resources line the CIES.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent liabilities also arise in circumstances where a provision would otherwise be made but either:

- it is not probable that an outflow of resources will be required or
- the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet. They are disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance.

When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year. It is included in the Surplus or Deficit on the Provision of Services in the CIES.

The reserve is then transferred back into the General Fund Balance so that there is no net charge against Council Tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits. These reserves are not usable resources for the Council – these reserves are explained in the relevant policies.

Revenue Expenditure Funded from Capital under Statute (REFCUS)

Expenditure incurred during the year that:

- may be capitalised under statutory provisions
- does not result in the creation of a non-current asset

has been charged as expenditure to the relevant service in the CIES.

The Council may determine to meet the cost of this expenditure from existing capital resources, or by borrowing. A transfer is made in the MIRS from the General Fund Balance to the Capital Adjustment Account. There is no impact on the level of Council Tax.

Schools

The Code of Practice on Local Authority Accounting in the United Kingdom confirms that the balance of control for local authority maintained schools (ie those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority.

The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority financial statements.

Therefore schools' transactions, cash flows and balances are recognised in each of the financial statements of the Council as if they were the transactions, cash flows and balances of the Council.

PPE assets remain vested in the governing bodies of voluntary aided or controlled schools. Values and amounts relating to such bodies (other than undeveloped land for voluntary aided or controlled schools) have not been incorporated into the Council's Balance Sheet.

Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs (HMRC). VAT receivable is excluded from income.

Glossary

Accounting Period - 1st April to 31st March is the local authority accounting period. It is also termed the financial year.

Accruals - Revenue and capital income and expenditure are recognised as they are earned or incurred, not as money is received or paid. Transactions are accrued with income and expenditure due but unpaid at 31 March brought into the accounts.

Accumulating Compensated Absences Adjustment Account – Absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year.

Amortisation – The reduction in the useful economic life of a long term intangible asset. This may arise with the passing of time. It may also arise through obsolescence or technological changes.

Annual Governance Statement – Identifies the systems that the Council has in place to ensure that its business is conducted in accordance with the law and proper standards and that public money is safeguarded.

Balance Sheet – This statement is fundamental to the understanding of the Council's financial position at the year-end. It shows the balances and reserves at the Council's disposal and its long term indebtedness. It also shows the long term and net current assets employed in its operations.

Balances – The non-earmarked reserves of the Council. These are made up of the accumulated surplus of income over expenditure. This is known as the General Fund Balance. Adequate revenue balances are needed to meet unexpected expenditure or a

shortfall in income. The Council may decide to use its revenue balances to reduce its budget and thus its call on the Collection Fund.

Budget - A statement of a Council's plans for net revenue and capital expenditure.

Business Rates Retention Scheme – the name given to the system of funding local authorities through the local government finance settlement. The local government sector retains 50% of the business rates they collect. In addition they also receive Revenue Support Grant to help support their services. The Government plans to introduce 100% retention by councils in 2019-20.

Capital Adjustment Account – This account was created at the end of financial year 2006/07. Its opening balance was made up of the balance on the Fixed Asset Restatement Account (FARA) and the Capital Financing Account.

Capital Charge - A charge to service revenue accounts for the cost of non-current assets used in the provision of their services.

Capital Expenditure - Expenditure on the acquisition or development of major assets which will be of use or benefit to a Council in providing its services beyond the year of account.

Capital Grant - A grant received towards the capital expenditure incurred on a particular service or project. Capital grants can be made by a Council. An example would be grants to homeowners to meet the cost of improving their houses.

Capital Receipt - Proceeds from the sale of non-current assets such as land and buildings. Capital receipts can be used to

finance new capital expenditure, repay debt or fund transformational change that lead to future revenue savings.

Cash Equivalent – An investment that is liquid and matures within 3 months. There is no significant risk to the value on redemption.

Code of Practice on Local Authority Accounting – The statutory accounting code published by CIPFA.

Collection Fund - A statutory fund in which a Council records transactions for Council Tax and business rates.

Community Assets - Assets that the local Council intends to hold in perpetuity. A useful life is not calculated for these assets. They are likely to have restrictions on their disposal. Examples of community assets are parks and open spaces.

Comprehensive Income and Expenditure Statement or CIES- Reports the income and expenditure for all the Council's services. The CIES demonstrates how services have been financed from general government grants and income from taxpayers.

Contingent rent (under a lease) – Additional rent that is not fixed in the lease terms.

Creditor - An amount owed by the Council for work done, goods received or services rendered to the Council within the accounting period but for which payment has not been made.

Current Asset - An asset which can be expected to be consumed or realised during the next accounting period.

Current Liability - An amount which will become payable or could be called in within the next accounting period.

Debt Redemption - The repayment of loans that were raised to finance capital expenditure.

Debtor - An amount owed to the Council within the accounting period, but not received at the Balance Sheet date.

Dedicated Schools Grant (DSG) – Grant received from Department for Education to fund schools related expenditure.

Deemed Capital Investment (of a finance lease)- A calculation of the capital cost of an asset purchased by a finance lease. A minimum revenue provision must be made to redeem the cost.

Deferred Capital Receipts Reserve - Holds the gains recognised on the disposal of non-current assets for which cash settlement has not been made.

Defined Benefit (pension scheme) – A pension scheme where benefits are determined by years of service and salary earned.

Depreciation - The measure of the wearing out, consumption or other reduction in the useful economic life of a long term asset. This arises from use, time or obsolescence through technological or other changes.

Derecognition – The removal of an asset or liability from the balance sheet.

Direct Revenue Financing (DRF) - A contribution to the financing of capital expenditure by a charge to the Comprehensive Income and Expenditure Statement. This can be used to supplement the Council's other capital resources.

Effective Rate of Interest – The rate of interest that is consistent with estimated cash flows over the life of a financial instrument and its initial value in the balance sheet. It is calculated using discounted cash flow.

Fair Value – Fair value is an important in setting the value for various assets in the balance sheet. It is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Financing Charges - Annual charges to the Comprehensive Income and Expenditure Statement to cover interest and principal of loans raised for capital expenditure.

Finance Lease - A lease that transfers substantially all of the risks and rewards of ownership of an asset to the lessee. In a finance lease the present value of the minimum lease payments plus any initial payment is substantially the fair value of the leased asset.

Financial Asset – A right to future economic benefits controlled by the Council. Examples include bank deposits, investments made and loans receivable by the Council.

Financial Instrument – This is an important definition in understanding the accounts. It includes both financial assets and liabilities. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

Financial Liability – An obligation to transfer economic benefits controlled by the Council. Examples include borrowings, financial guarantees and amounts owed to trade creditors.

General Fund - The main fund of the Council that meets the cost of most services provided by the Council. The services are paid for from Council Tax, business rates, government grant and other income.

Government Grants and Subsidies - Grants towards either the revenue or capital cost of Council services. These may be either in respect of particular services or purposes, (specific and supplementary grants), or in aid of local services generally such as Revenue Support Grant.

Gross Value Added (GVA) - the measure of the value of goods and services produced in an area, industry or sector of an economy, in economics.

Heritage Assets – A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

Historical Cost – The nominal or original cost.

IAS 19 - This is an International Accounting Standard now universally adopted across all sectors (public and private) for the inclusion and reporting of pension costs in the financial accounts. It is based on the principle of recognising pension costs in the financial year that they become known rather than the cash transfers made in that year – usually, this means that a higher cost arises. These (higher) costs are calculated each year by Actuaries who forecast changes in future liabilities and the performance of the Pension Fund in determining any potential shortfall. In local government, a Pension Reserve has been introduced to absorb this impact so that no additional costs fall on Council Taxpayers until they are actually due.

Impairment – Impairment arises where the estimated recoverable amount from an asset is less than the amortised cost at which the asset is being carried on the balance sheet.

Infrastructure Assets - Carriageways, footways and cycle tracks, structures, street lighting, street furniture, traffic management systems and land.

Investment Properties – Properties that are used solely to earn rentals or for capital appreciation.

Lessee – The holder or tenant of a lease.

Lessor – The person allowing occupation or use of property by a lease.

Loan Notes – A form of vendor finance or deferred payment, in which the purchaser acts as a borrower, agreeing to make payments

to the holder of the transferable loan note at a specified future date.

Loans Outstanding - The total amounts borrowed from external lenders for capital and temporary revenue purposes and not repaid at the Balance Sheet date.

Minimum Lease Payments – Those lease payments that the Council is or can be required to make.

Minimum Revenue Provision (MRP) - This is the minimum amount that must be charged to the Council's Comprehensive Income and Expenditure Statement. It must be set aside to repay debt. MRP is charged in line with the life of the asset for which borrowing was undertaken.

Movement in Reserves Statement or MIRS – This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and unusable reserves.

Non-current asset - An asset which has value beyond one financial year.

Non-distributed costs – Discretionary retirement benefits and impairment losses on assets held for sale.

Non-Domestic Rates (NDR) or business rates - The rates payable by businesses on their properties are calculated by applying a nationally determined multiplier to the rateable value of the property. There is a lower multiplier for small businesses.

NDR Levy Payment – The Council pays a 15% levy to the government of its share of business rates income that exceeds settlement assumptions.

NDR Tariff Payment – at the outset of the business rates retention scheme the Council was calculated as having a higher business

rate baseline compared to its baseline funding level, leading to a tariff payment.

Operating Leases - Leases under which the ownership of the asset remains with the lessor.

Precept - The amount a local authority that cannot levy a council tax directly on the public requires it to be collected on its behalf. The Council collects precepts on behalf of Cambridgeshire Constabulary, Cambridgeshire Fire and Rescue Service and 25 Parish Councils.

Projected Unit Method - A method for calculating pension costs which takes full account of future salary increases. It is the method prescribed in relevant Accounting Standards.

Provisions - Required for any liabilities of uncertain timing or amount that have been incurred. Provisions are set aside in the accounts and charged to individual services. When the relevant expenditure occurs, it is charged direct to the Provision.

Prudential borrowing – Borrowing for capital purposes in accordance with the Prudential Code on affordability.

Reserves - Amounts set aside for purposes falling outside the strict definition of provisions are considered as reserves. Reserves include earmarked reserves set aside for specific projects or service areas, or expected future commitments.

Revaluation Reserve – This account was created on 1 April 2007 and its balance represents the revaluation gains accumulated since 1 April 2007.

Revenue Expenditure - The day-to-day running costs the Council incurs in providing services (as opposed to capital expenditure).

Revenue Support Grant (RSG) - A general grant to help finance local government revenue expenditure paid by the government. RSG is recognised in the General Fund.

Service cost (for pension liabilities) – part of the change in pension liabilities over the year.

Short term employment benefits – A benefit that will be settled within 12 months of the year-end. The benefits include salaries, sick leave and annual holiday entitlement.

Usable Reserves – Those reserves that can be applied by the Council to fund expenditure or reduce local taxation.

Unusable Reserves – Those reserves that absorb the timing differences arising from different accounting arrangements. Unusable reserves are not available to fund expenditure or reduce local taxation.

Table of Acronyms

BCF	Better Care Fund
BSP	Blue Sky Peterborough
CCC	Cambridgeshire County Council
CIES	Comprehensive Income and Expenditure Statement
CAA	Capital Adjustment Account
CCC	Cambridgeshire County Council
CIC	Community Interest Company
CIPFA	Chartered Institute of Public Finance and Accountancy
CMT	Corporate Management Team
CPCA	Cambridgeshire and Peterborough Combined Authority
CPCCG	Cambridgeshire and Peterborough Clinical Commissioning Group
CPFT	Cambridgeshire and Peterborough NHS Foundation Trust
CRC	Carbon Reduction Commitment Energy Efficiency Scheme
DCLG	Department for Communities and Local Government
DfE	Department for Education
DSG	Dedicated Schools Grant

DMO	Debt Management Office
ECDC	East Cambridgeshire District Council
EFA	Expenditure and Funding Analysis
EIR	effective interest rate
IAS	International Accounting Standard
LEP	Local Enterprise Partnership
LGA	Local Government Association
LGPS	Local Government Pension Scheme
LLP	Limited Liability Partnership
MMI	Municipal Mutual Insurance
MIRS	Movement in Reserves Statement
MTFS	Medium Term Financial Strategy
NDR	Non-domestic Rate
PFI	Private Finance Initiative
PIP	Peterborough Investment Partnership
PPE	Plant Property and Equipment
PWLB	Public Works Loan Board
PV	Photo Voltaic
REFCUS	Revenue Expenditure Funded from Capital under Statue
RR	Revaluation Reserve

Index of Notes to the Core Financial Statements

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Annual Governance Statement – 2016/17



Annual Governance Statement

The Annual Governance Statement is being discussed and approved by this Audit Committee on 26 June 2017. The Statement will be included in the final published Statement of Accounts in September 2017.

Certification

As Leader and Chief Executive, we have been advised on the implications of the results of the review of effectiveness of the Council's governance framework, by the Audit Committee and Cabinet.

Our overall assessment is that the Annual Governance Statement is a balanced reflection of the governance environment and that an adequate framework exists within Peterborough City Council to ensure effective internal control is maintained. We are also satisfied that there are appropriate plans in place to address any significant governance issues and will monitor their implementation and operations as part of our next annual review.

Signed:

Gillian Beasley, Chief Executive

Date:

Signed:

Councillor John Holdich, Leader of the Council

Date:

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AUDIT COMMITTEE	AGENDA ITEM No. 7
26 JUNE 2017	PUBLIC REPORT

Report of:	John Harrison, Corporate Director: Resources		
Cabinet Member(s) responsible:	Cllr Seaton Portfolio Holder for Resources		
Contact Officer(s):	Paul Cook Head of Corporate Finance	Tel. 454433	

AUDIT FEES 2017/18

RECOMMENDATIONS	
FROM: Corporate Director : Resources	Deadline date: N/A
It is recommended that Audit Committee approve the 2017/18 external audit fee proposal	

1. ORIGIN OF REPORT

1.1 The 2017/18 Fees letter has been received from Ernst & Young LLP.

2. PURPOSE AND REASON FOR REPORT

2.1 The purpose of this report is to enable consideration of the proposed audit fees for auditing the 2017/18 accounts

2.2 This report is for the Audit Committee to consider under its Terms of Reference No. 2.2.1.7 To comment on the scope and depth of external audit work and to ensure it gives value for money

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
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4. BACKGROUND AND KEY ISSUES

4.1 The proposed fee is the scale set by Public Sector Audit Appointments. It is the same fee as applied for the 2016/17 audit.

4.2 In proposing the scale fee Ernst & Young LLP have assumed that there are no significant increases in the Council's financial risks compared to 2016/17 and that the quality of the accounting and control environment is maintained. It is expected that this will be the case. If EY seek an extra fee for additional work, the Council would be able to challenge the increase through Public Sector Audit Appointments.

4.3 This is the level of external fee allowed in the 2017/18 approved budget.

4.4 Housing benefit certification work is a separate fee and cannot be determined at this stage until

DWP issues further guidance.

5. CONSULTATION

5.1 There has been no consultation in respect of this report

6. ANTICIPATED OUTCOMES OR IMPACT

6.1 Work will commence on the conclusion of the 2016/17 audit to plan the 2017/18 audit with Ernst & Young LLP. This will be on the new statutory timetable of draft accounts by 31 May 2018 and published accounts 31 July 2018.

7. REASON FOR THE RECOMMENDATION

7.1 The fee proposed is reasonable.

8. ALTERNATIVE OPTIONS CONSIDERED

8.1 None.

9. IMPLICATIONS

Financial Implications

9.1 The fees are provided for in the 2017/18 budget.

Legal Implications

9.2 Due process has been followed so there are no legal implications, anticipated.

Equalities Implications

9.3 None specific

10. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

10.1 The Accounts & Audit Regulations 2015

11. APPENDICES

11.1 Appendix A - Ernst & Young LLP letter 20 April 2017 'Annual Audit and Certification Fees 2017/18.



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 Chief Executive
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 PE1 1HQ

20 April 2017

Direct line: 0207 951 2340
 Mobile: 07392 106465

Email: SPatel22@uk.ey.com

Dear Gillian

Annual Audit and Certification Fees 2017/18

We are writing to confirm the audit and certification work that we propose to undertake for the 2017/18 financial year at Peterborough City Council.

From 1 April 2015, the duty to make arrangements for the audit of the accounts and the certification of relevant claims and returns and to prescribe scales of fees for this work was delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government. In October 2015, the Secretary of State confirmed that the transitional arrangements would be extended for one year for audits of principal local government bodies only, to cover the audit of the accounts for 2017/18. The audit contracts previously let by the Audit Commission and novated to PSAA have therefore also been extended for one year to give effect to this decision.

From 2018/19, new arrangements for local auditor appointment set out in the Local Audit and Accountability Act 2014 will apply for principal local government and police bodies. These audited bodies will be responsible for making their own arrangements for the audit of the accounts and certification of the housing benefit subsidy claim. PSAA will play a new and different role in these arrangements.

Indicative audit fee

For the 2017/18 financial year PSAA has set the scale fee for each audited body, following consultation on its Work Programme and Scale of Fees. There are no planned changes to the overall work programme for 2017/18. It is therefore proposed by PSAA that scale fees are set at the same level as the scale fees applicable for 2016/17. These fees reflect the significant reductions made to scale fees since 2012/13.

The fee reflects the risk-based approach to audit planning set out in the National Audit Office's Code of Audit Practice for the audit of local public bodies.

The audit fee covers the:

- Audit of the financial statements

- Value for money conclusion
- Whole of Government accounts.

For Peterborough City Council our indicative fee is set at the scale fee level. This indicative fee is based on certain assumptions, including:

- The overall level of risk in relation to the audit of the financial statements is not significantly different from that of the prior year
- Officers meeting the agreed timetable of deliverables;
- The operating effectiveness of the internal controls for the key processes identified within our audit strategy;
- We can rely on the work of internal audit as planned;
- Our accounts opinion and value for money conclusion being unqualified;
- Appropriate quality of documentation is provided by the council;
- There is an effective control environment; and
- Prompt responses are provided to our draft reports.

Meeting these assumptions will help ensure the delivery of our audit at the indicative audit fee which is set out in the table below.

As we have not yet completed our audit for 2016/17, our audit planning process for 2017/18 will continue as the year progresses. Fees will be reviewed and updated as necessary, within the parameters of our contract.

Certification fee

PSAA sets an indicative certification fee for housing benefit subsidy claim certification work for each audited benefits authority. The indicative fee for 2017/18 will be based on actual 2015/16 benefit certification fees. As the actual 2015/16 benefit certification fee has not been finalised by PSAA at the time of writing they have not yet set the 2017/18 certification fees.

The indicative certification fee is based on the expectation that an audited body is able to provide the auditor with complete and materially accurate housing benefit subsidy claim with supporting working papers, within agreed timeframes.

The indicative certification fee for 2017/18 relates to work on the housing benefit subsidy claim for the year ended 31 March 2018. We will set the certification fee at the indicative fee level. We will update our risk assessment after we complete 2016/17 benefit certification work, and to reflect any further changes in the certification arrangements.

Summary of fees

	Indicative fee 2017/18 £	Planned fee 2016/17 £	Actual fee 2015/16 £
Total Code audit fee	108,533	108,533	117,408
Certification of housing benefit subsidy claim	TBC	14,055	13,619

Any additional work that we may agree to undertake (outside of the Code of Audit Practice) will be separately negotiated and agreed with you in advance.

Billing

The indicative code audit fee will be billed in 4 quarterly instalments of £27,134. Additionally, we will bill 25% of the indicative certification fee each quarter when it has been determined.

Audit plan

Our plan is expected to be issued in January 2018. This will communicate any significant financial statement risks identified, planned audit procedures to respond to those risks and any changes in fee. It will also set out the significant risks identified in relation to the value for money conclusion. Should we need to make any significant amendments to the audit fee during the course of the audit, we will discuss this in the first instance with the Chief Financial Officer and, if necessary, prepare a report outlining the reasons for the fee change for discussion with the Audit Committee.

Audit team

The key members of the audit team for the 2017/18 financial year are:

Suresh Patel - Executive
Director

SPatel22@uk.ey.com

Tel: 07392 106465

Kay McClennon - Manager

KMcClennon@uk.ey.com

Tel: 07810 527788

We are committed to providing you with a high quality service. If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, please contact me. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London, SE1 2AF. We undertake to look into any complaint

carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute.

Yours faithfully



Suresh Patel
Executive Director
For and on behalf of Ernst & Young LLP
cc. Cllr Howard Fuller, Chair of the Audit Committee
John Harrison, Corporate Director: Resources

AUDIT COMMITTEE	AGENDA ITEM No. 8
26 JUNE 2017	PUBLIC REPORT

Report of:	John Harrison, Corporate Director: Resources	
Cabinet Member responsible:	Councillor Seaton, Cabinet Member for Resources	
Contact Officer(s):	Steve Crabtree, Chief Internal Auditor	Tel. 384 557

FRAUD AND INVESTIGATIONS ANNUAL REPORT 2016 / 2017

R E C O M M E N D A T I O N S	
FROM : Corporate Director: Resources	Deadline date : N/A
The Audit Committee is asked to:	
1. Receive, consider and endorse the attached annual report on the investigation of fraud during 2016 / 2017.	

1. ORIGIN OF REPORT

- 1.1 This report is submitted to Audit Committee as a scheduled report on fraud and irregularity in accordance with the established Work Programme.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The Terms of Reference for the Audit Committee (agreed at Full Council) set out the key roles of the Committee including the following "2.2.1.13: *To monitor council policies on "raising concern at work" and the anti-fraud and anti-corruption strategy and the Council's complaints process*".

3. TIMESCALE.

Is this a Major Policy Item / Statutory Plan?	NO	If Yes, date for relevant Cabinet Meeting	–
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4. BACKGROUND

- 4.1 The public is entitled to expect the Council to conduct its affairs with integrity, honesty and openness and demand the highest standards of conduct from those working for it. In addressing this expectation, the Council has shown its commitment with a dedicated Investigations team which is tasked with reviewing and investigating all allegations of fraud and impropriety, breaches in codes of conduct and high level complaints.
- 4.2 The attached report demonstrates the success of the team and provides an insight into how this service will continue to operate.

5. CONSULTATION

- 5.1 This report has been issued to the Director of Governance and Service Director Financial Services for consideration.

6. ANTICIPATED OUTCOMES

- 6.1 That the Audit Committee is informed of the proactive measures taken across the organisation to tackle and prevent fraudulent activity. Furthermore, this will assist in the development of future policies and procedures and allow the Committee to support this important function.

7. REASONS FOR RECOMMENDATIONS

- 7.1 To enable the Audit Committee to continue to monitor the Council's approach to the areas dealt with by the team.

8. ALTERNATIVE OPTIONS CONSIDERED

- 8.1 The option is not to present a report into fraud and the activities undertaken. This could result in a lack of awareness.

9. IMPLICATIONS

- 9.1 The Council will become more fraud aware and will continue to consider the risks and consequences. Fraud is unacceptable and requires a well thought through approach. The presumption must be about preventing fraud by designing systems to stop it happening in the first place but where it occurs, there should be an equal presumption that its perpetrators will face tough action. This can only serve to increase the standards of conduct across the Council.

10. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985)

- None

11. APPENDICES

Appendix A: Annual Fraud report 2016 / 2017

Peterborough City Council

Fraud & Investigations Annual Report

2016 / 2017



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Introduction

The council is committed to providing an effective counter fraud service which is supported by efficient policies and sanctions for those that offend. Counter fraud is the responsibility of everyone in the council and by ensuring that effective measures are in place to prevent, detect, investigate and report fraud we can ensure that public money is spent where it should be, on services for the community.

Failure to investigate fraud will see money leaving the council by way of fraud or error and failure to tackle this effectively could lead to qualified subsidy claims and loss of revenue for the Council. It is therefore important to demonstrate that resources are focussed on fraud reduction and to identify, investigate and rectify administrative weaknesses in order to assure Members and the general public of the quality and integrity of investigations.

From 1 December 2014, 2 officers from the Compliance Team within the Governance Department transferred to Internal Audit. This brought together knowledge to investigate fraudulent activity and was a response to the separate transfer of officers to the Department for Works and Pensions (DWP) as part of its establishment of a Single Fraud Investigation Service (SFIS) to cover benefit fraud. The new team's remit also includes the investigations of disciplinary matters, blue badge misuse, Stage 2 corporate complaints against the Council and Member standards.

Peterborough City Council has policies and procedures in place which provide a framework to counter fraud work, which include:

- Employee code of conduct;
- Disciplinary Policy;
- Member's code of conduct;
- Standing Orders and Financial Regulations;
- Accounting procedures and records;
- Service specific requirements;
- Effective Internal Audit;
- Regulation of Investigatory Powers Act and procedures;
- Whistleblowing Policy;
- Anti-Bribery Policy; and
- Procurement rules which are all supported by the
- Data Protection Act 1998; and
- Fraud Act 2006.

This report sets out details of:

- Steps taken by Peterborough to reduce, identify and resolve fraud;
- The successes to date; and
- Actions proposed to continue these.

National Fraud Initiative

Systems underpinning public spending can be complex and errors can happen. Unfortunately, there are also individuals who seek to exploit the systems and fraudulently obtain services and benefits to which they are not entitled. Fraud does not recognise organisational or geographic boundaries. Data sharing enables bodies to match data internally and externally. Technology provides an efficient way to connect discrete data sets and therefore can limit gaps available to fraudsters to manipulate and help identify those that have. It also helps bodies to identify process improvements that can reduce future errors and the costs of correcting these errors.

The National Fraud Initiative (NFI) is an exercise which brings together datasets from across the public and private sectors. The provision of data for the purposes of NFI is a requirement of the Audit Commission Act 1998 and the output to date has been used by the Audit Commission to help them assess the arrangements that the Council has in place to prevent and detect fraud in accordance with the Code of Audit Practice.

The Council is required by law to participate in the NFI by providing a range of datasets to the Audit Commission¹ for matching, on receipt of the results the Council then has the responsibility to follow up and investigate the matches, and identify fraud, overpayment and error. The main NFI data matching is undertaken every 2 years, the results of these matches is fed into a national report at the end of each cycle.

The Council submitted data in October 2016 for the current year and matches for review were received in early 2017. Distinct datasets are prescribed, for PCC these are:

- Payroll
- Insurance claims (third party provision – Zurich Municipal)
- Housing benefits (third party provision – Department for Work and Pensions)
- Creditors
- Taxi licences
- Market licences
- Personal alcohol licences
- Travel permits
- Blue Badges
- Personal budgets
- Housing Waiting list (new for 2016)

In January 2017 Electoral Registration and Council Tax data was submitted for data matching of Council Tax Single Person Discount and electoral registration data following publication of the Council's new electoral register on 1 December 2016.

Each dataset has specific fields which should be extracted from the various systems. The majority of these should be standard references which the Council is maintaining. Each data matching exercise

¹ Following abolition, this has been organised by the Cabinet Office

usually has a number of additional fields requested so as to increase the potential quality of any subsequent match. The detection of errors can help to identify areas for improvement (e.g. data quality) and will increase the efficiency of the organisation (e.g. minimising financial risk). Any identified are reported back to departments to improve the data quality going forward.

Where personal data was included in the submission, and in order to be compliant with the Data Protection Act, notices were sent to individuals to inform them that their personal data was being submitted as part of the NFI exercise e.g. information within payslips.

The initial results of the 2016 data matching exercise were released on 31 January 2017. The results highlighted various matches for each dataset. Each dataset is colour coding highlighting the quality of the match i.e. more fields the same such as name, address etc.

The 2014 results have now been investigated which may involve working with other bodies to ascertain the required information. In addition to clearing PCC matches, we will also be responding to information requests from other bodies in order to help with their matches.

TABLE 1: Matches Received to Various Datasets (Recommended)												
	S t u d e n t L o a n s	P a y r o l l	W a i t i n g L i s t	H o m e O f f i c e	H o u s i n g B e n e f i t	H o u s i n g T e n a n t s	M a r k e t T r a d e r s L i c e n c e s	T a x i D r i v e r s L i c e n c e s	D W P D e c e a s e d	P e r s o n a l A l c o h o l L i c e n c e s	B l u e B a d g e	Credi tors
Housing Benefits	10			11	2		1	2	35	1		
Payroll		1										23
Blue Badges									85		8	
Concession Travel Passes									643			

Private Residential Care Homes									21			
Taxi Drivers				1								
Personal Budgets									4			
Waiting List			52	6	449	54			96			
Council Tax				3	10				21			

Furthermore, Creditor records have been matches were there may be duplicate payments.

Matches are colour coded, with red being the best matches with the expectation that all these “recommended matches” are investigated. Other matches are to be sample tested. It is too early to form a judgement on the latest matches.

Investigations

Investigations have been delivered through the Compliance Team within the Governance Department. As referred to within the introduction, the resources were reduced within the team following the transfer of officers to the SFIS in December 2014 and two officers have been transferred to Internal Audit. Electoral integrity work has remained within the Governance department however the investigators remain involved in that work. Any potential matters arising from the electoral integrity work such as Council Tax discount are referred to the team.

The works of the team have covered the areas identified in the chart below.



Benefit Fraud / Council Tax Support

As of 1 April 2013, Council Tax Benefit ceased to exist and was replaced by Council Tax Support schemes. Benefit fraud will always be a risk faced by local authorities owing to the high volumes of payments and complexities of legislation. As mentioned in the introduction, Housing Benefit fraud and historical Council Tax Benefit investigations reverted to DWP from 1 December 2014.

There has been a steady decline in the number of investigations over the last three years, due to a number of factors such as better intelligence to stop claims before they are even set up, and this has mirrored a reduction in the size of the team over the same time period. In 2012 / 2013 the team had 3.0 FTE investigating benefit fraud which by the time of transfer had reduced to 1.5 FTE.

The Council has a dedicated “fraud” hotline. Information is received, recorded and initial sifting takes place. Some information may be malicious and cases are closed while others may have

substance and these are referred to the appropriate organisations to investigate. In 2016 / 2017, 388 referrals were received (343 in 2015 / 2016). Following initial sift, 73 were referred through to visiting officers to verify information; 143 were rejected as there was no live claim. The remaining 172 cases were investigated, or are in the process of being reviewed.

Investigation types are set out in table 2 below.

TABLE 2: Types of Investigations
Benefit Fraud / Council Tax Support <ul style="list-style-type: none">- Contrived Tenancy;- Living Together;- Non-Residency;- Undeclared Capital;- Undeclared Income;- Undeclared Non Dependency;- Working and Claiming

In accordance with legislation, we are able to offer a financial penalty arising from the offence as an alternative to prosecution and in addition to the overpayment. This equates to 50% of the overpayment. If this is not accepted, the matter will be referred for prosecution. In some cases, it may be appropriate to offer a caution to the individual as an alternative to prosecution. Again, should this not be accepted, the matter will be referred for prosecution.

A prosecution is the most visible of all the sanctions available to the team and each prosecution will be publicised. This approach sends out a strong message of assurance to the residents of Peterborough and encourages reports of alleged abuse to be made to the council's fraud hotline and dedicated fraud email address. We continue to apply the appropriate evidential and public interest tests to matter before deciding to prosecute.

Corporate Complaints

Complaints received against the Council are initially investigated internally, and these cover Stage 2 Complaints.

Each complaint is followed up by a Head of Service and outcomes produced. If there is still dissatisfaction then it is referred through to the Chief Internal Auditor. This assessment will then determine, based on all the information available, if the process has been completed in full. If it has the complainant will be informed of this and unless further mediation is undertaken, can then be referred through to Local Government Ombudsman. If gaps are identified, then a full review will be commissioned.

During 2016 / 2017, 20 cases have been completed at the end of the year, a further 4 are in progress.

Disciplinary Cases

14 cases of alleged disciplinary breaches were investigated. The results of these include dismissals, final written warnings, verbal warnings and resignations.

Blue Badge Misuse

Work continues to look into Blue Badge abuse. 36 cases were reviewed in 2016 / 2017. 2 cases were sent for prosecution. Regular blue badge “drives” are undertaken by the Enforcement Team.

Internal Audit Work

In 2016 / 2017 Internal Audit have been involved in a longstanding investigation of suspected theft, which was referred to the police and has now resulted in a successful prosecution. The perpetrator has been ordered to pay back £17,416 to the council. Advice regarding control weaknesses that lead to the theft was given during the course of the investigation and processes were changed in response.

Conclusions / Going Forward

No local authority is immune from fraud. Acknowledging this fact is the most important part in developing an appropriate and effective anti-fraud response. Recognising fraud must also incorporate a thorough understanding and knowledge about what the fraud problem is, where it is likely to occur, and the scale of potential losses.

During 2016 / 2017, works planned to acknowledge and understand fraud risks include:

- Continue to promote the Councils whistleblowing, anti-bribery policy and anti-money laundering policy, raising the awareness across the Council; and
- Undertake risk assessments of specific areas potentially susceptible to fraud led by Internal Audit involving individual service managers – this will form the basis of prioritising the Council’s anti-fraud response in future years. This is set out in our audit plans for the year and links in with national studies into Serious Organised Crime. We will look to coordinate with the local constabulary to increase and share intelligence.

Steve Crabtree
Chief Internal Auditor
May 2017

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AUDIT COMMITTEE	AGENDA ITEM No. 9
26 June 2017	PUBLIC REPORT

Report of:	John Harrison, Corporate Director: Resources	
Cabinet Member(s) responsible:	Councillor Seaton, Cabinet Member for Resources	
Contact Officer(s):	Steve Crabtree, Chief Internal Auditor	Tel. 384557

Internal Audit - Annual Opinion

R E C O M M E N D A T I O N S	
FROM: John Harrison, Corporate Director: Resources	Deadline date: N/A
<p>Audit Committee is asked to:</p> <ol style="list-style-type: none"> 1. Receive, consider, provide challenge to and endorse the attached Chief Internal Auditor's annual report for the year ended 31 March 2017. 	

1. ORIGIN OF REPORT

1.1 This report is submitted to the Audit Committee and provides details of the performance of Internal Audit during 2016 / 2017 and the areas of work undertaken, together with an opinion on the soundness of the control environment in place to minimise risk to the council.

2. PURPOSE AND REASON FOR REPORT

2.1 The Terms of Reference for the Audit Committee (agreed at Full Council) set out key roles of the Committee including the following "2.2.1.1 To consider the annual report and opinion of the Corporate Director: Resources and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements."

2.2 The purpose of this report provides an overall opinion on the soundness of the control environment in place to minimise risk to the Council. It is based on the findings of completed internal audits.

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	
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4. BACKGROUND AND KEY ISSUES

4.1 The Internal Audit Opinion is based on review work undertaken during the period April 2016 to March 2017 and is set out in the attached **Appendix A**.

4.2 In preparing the opinion, the Chief Internal Auditor has reviewed all audit activity carried out relating to 2016 / 2017. Each individual audit undertaken contains an assurance opinion on the adequacy and effectiveness of controls in place to mitigate the risks identified. Where systems have fallen below expected standards, details of these have been identified within the report as well as throughout the year to Audit Committee. **(Appendix B)** Furthermore, ongoing internal performance indicators are monitored and their level of achievement, or otherwise, are included for information purposes. During the year two surveys have been undertaken regarding internal audit services provided to managers and members. The results of the surveys are detailed within **Appendix C**.

4.3 The overall conclusion based on our work is that Peterborough City Council has a sound governance framework from which those charged with Governance can gain **reasonable assurance**. Internal Audit has made a number of recommendations to further improve the systems of control and the organisation is actively working to make improvements in these areas. Audit coverage during the year has provided sufficient evidence to conclude that the key financial control systems are sound although there are some areas where improvements are necessary. However, no system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance.

5. **CONSULTATION**

5.1 Summary committee reports are produced and discussed periodically through Audit Committee for information and challenge. All audit reports are issued to the appropriate Head(s) of Service for action, Executive Directors, Chief Executive, Leader of the Council and the Chair of Audit Committee in accordance with the agreed Audit Charter (last approved by Audit Committee March 2017).

6. **ANTICIPATED OUTCOMES OR IMPACT**

6.1 That the Audit Committee is informed of the Internal Audit Opinion and the work carried out by Internal Audit to support this.

7. **REASON FOR THE RECOMMENDATION**

7.1 In accordance with the Accounts and Audit Regulations 2015, the CIPFA Code of Practice for Internal Audit in Local Government 2006 and the Public Sector Internal Audit Standards (2017), this report summarises the work of the Internal Audit section and its outcomes relating to the review of internal control for the last financial year. This is incorporated with the results of other reviews to produce the required Annual Governance Statement.

8. **ALTERNATIVE OPTIONS CONSIDERED**

8.1 Public Sector Internal Audit Standards require that an annual report reviewing the activities undertaken of Internal Audit along with the overall opinion of the organisations control environment is produced and presented to the Audit Committee. There are therefore no other options considered as appropriate.

9. **IMPLICATIONS**

Financial Implications

9.1 None

Legal Implications

9.2 There would be a legal implication if an Internal Audit service was not provided for, and if mechanisms were not in place to carry out a review of internal control, governance and risk management as a basis for the Annual Governance Statement.

Equalities Implications

9.3 None

10. BACKGROUND DOCUMENTS

10.1 Internal Audit Plan 2016 / 17
Internal Audit Reports

11. APPENDICES

11.1 A – Head of Internal Audit Annual Opinion
B – Executive Summaries
C – Internal Audit Survey – Managers and Members

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APPENDIX A

**ANNUAL AUDIT OPINION
2016 / 2017**



ANNUAL REPORT

1. Introduction
2. Arriving at an Opinion
3. Opinion 2016 / 2017
4. Basis of Annual Opinion
5. Resourcing and Performance
6. Assurance Levels and Recommendations
7. Audit Reports Issued: Opinion of Limited Assurance or No Assurance

1. **INTRODUCTION**

1.1 Management is responsible for the system of internal control and should set in place policies and procedures to help ensure that the system is functioning correctly. On behalf of the Audit Committee and the Executive Director, Strategic Resources, Internal Audit acts as an assurance function providing an independent and objective opinion to the organisation on the entire control environment by evaluating the effectiveness in achieving the organisation's objectives. This report is the culmination of the work during the course of the year and seeks to provide an opinion on the adequacy of the control environment and report the incidence of any significant control failings or weaknesses. The report also gives an overview of audit performance during the year. The overall report will then feed into the Annual Governance Statement included in the Statement of Accounts.

2. **ARRIVING AT AN OPINION**

2.1 **Background**

The opinion is derived from work carried out by Internal Audit during the year, as part of the agreed Internal Audit Plan for 2016 / 2017. The Internal Audit Plan was developed to primarily provide management with independent assurance on the adequacy and effectiveness of the systems of internal control. We have conducted our audits both in accordance with the mandatory standards and good practice within the Code of Practice and additionally from our own internal quality assurance systems. Our opinion is limited to the work carried out by Internal Audit but, where possible, we have considered the work of other assurance providers, such as External Audit.

2.2 **Risk Based Planning**

Internal Audit continues to embrace the risk assessment approach to audit. A risk based approach is used to develop the Internal Audit Annual Plan, allowing us to direct resources at areas key to the organisation's success and to provide an opinion on the control environment as a whole. During the course of the year the risks of the Authority are continually reviewed and used to update the plan. Each audit job also uses risk assessment to ensure that suitable audit time and resources are devoted to the more significant areas. This risk based approach to audit planning results in a detailed range of audits that are undertaken during the course of the year to support the overall opinion on the control environment. Examples include:

- Governance reviews, including a review of key assurance frameworks and the Annual Governance Statement;
- Risk based reviews of fundamental financial systems that could have a material impact on the accounts, and other departmental

- systems;
- Fraud strategy work, responsive fraud and irregularity investigations;
- Contract, procurement, performance and project audits; and
- Audits of Council establishments.

2.3 The Audit Review

There are three elements to each internal audit review.

- Firstly, the control and risk environment is reviewed by identifying the objectives of the system and then assessing the controls in place mitigating the risk of those objectives not being achieved. Completion of this work enables internal audit to establish an opinion on the adequacy of the control framework in place.
- However, controls are not always complied with which in itself will increase risk, so the second part of an audit is to ascertain the extent to which the controls are being complied with in practice. This element of the review enables internal audit to form a view on the extent to which the control environment, designed to mitigate risk, is being complied with.
- Finally, where there are significant control weaknesses or where the controls are not being complied with and only limited assurance can be given, internal audit undertakes further substantive testing to ascertain the impact of these control weaknesses.

2.4 Reporting

Where appropriate, each report we issue during the year is given an overall opinion, as shown in the table below.

Certain pieces of work do not result in an audit report with an opinion – such as consultancy work, grant reviews, involvement in working groups, review of National Fraud Initiative (NFI) reports and follow-ups (unless further recommendations are made). However the certification of grant work should indicate that at the point of approval, information being submitted to external organisation meets required criteria. The assessment from each report, along with our consideration of other audit work, is used to formulate the overall Opinion.

Opinion / Assurance	Description
SUBSTANTIAL	The internal control system is well designed to meet objectives and address relevant risks, and key controls are consistently applied. There is some scope to improve the design of, or compliance with, the control framework in order to increase efficiency and effectiveness.

REASONABLE	The internal control system is generally sound but there are some weaknesses in the design of controls and / or the inconsistent application of controls. Opportunities exist to strengthen the control framework and mitigate further against potential risks.
LIMITED	The internal control system is poorly designed and / or there is significant non-compliance with controls, which can put the system objectives at risk. Therefore, there is a need to introduce additional controls and improve compliance with existing ones to reduce the risk exposure for the Authority.
NO	There are significant weaknesses in the design of the internal control system, and there is consistent non-compliance with those controls that exist. Failure to improve controls will expose the Authority to significant risk, which could lead to major financial loss, embarrassment or failure to achieve key service objectives.

RECOMMENDATION GRADES	
Grade	Description
Critical	Fundamental control weakness that jeopardises the complete operation of the service. TO BE IMPLEMENTED IMMEDIATELY.
High	Major control weakness which significantly increases the risk / scope for error, fraud, or loss of efficiency. To be implemented as a matter of priority.
Medium	Moderate control weakness which reduces the effectiveness of procedures designed to protect assets and revenue of the Authority. To be implemented at the first opportunity.
Low	Minor control weakness, which, if corrected, will enhance control procedures that are already relatively robust. To be implemented as soon as reasonably practical.

3. OPINION 2016 / 2017

As Head of Internal Audit, in line with Public Sector Internal Audit Standards and prior best practice, I am required to provide an opinion on the overall adequacy and effectiveness of the Council's control environment. I have undertaken the following in order to form a basis for providing my assurance:

Assessed the quantity and coverage of internal audit work against the 2016 / 2017 internal audit plan to allow a reasonable conclusion as to the adequacy and effectiveness of the council's risk management control and governance processes;
Reviewed the reports from the reviews undertaken during the year by Internal Audit and other assurance providers where appropriate;
Considered any significant actions not accepted by management and the consequent risks, of which there were none;
Assessed the status of actions identified as not implemented as part of Internal Audit follow up reviews and subsequent progress tracking;
Considered the effects of significant changes in the Council's objectives or systems and the requirement for Internal Audit involvement;
Reviewed and considered matters arising from reports to Council committees; and
Considered whether there were any limitations which may have been placed on the scope of Internal Audit.

Following consideration of the above I am able to provide the following Head of Internal Audit Opinion for 2016 / 2017:

I am satisfied that sufficient quantity and coverage of internal audit work and other independent assurance work has been undertaken to allow me to draw a reasonable conclusion as to the adequacy and effectiveness of the Council's risk management, control and governance processes. In my opinion, the Council has adequate and effective systems of internal control in place to manage the achievement of its objectives. 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.

Notwithstanding my overall opinion, Internal Audit's work identified a number of opportunities for improving control procedures which management has accepted and are documented in each individual audit report.

*Chief Internal Auditor
June 2017*

4. **BASIS OF ANNUAL OPINION**

- 4.1 The audit work that was completed for the year to 31 March 2017 is detailed at the end of the report and lists each audit and individual results in terms of the audit assurance level and the number of recommendations made. A summary of assurance levels is detailed below. This shows that 59% of the systems that were given an opinion achieved an assurance level of reasonable or higher (2015/16: 76% and 2014/15: 44%). It is worth noting that the opinion titles and terminology changed in 2016/17 and, although they are broadly comparable to those used previously, we no longer have the option of a Full Assurance category.

AUDIT ASSURANCE						
Assurance Levels	Issued			%		
	2014/15	2015/16	2016/17	2014/15	2015/16	2016/17
Full	0	0	n/a	0	0	n/a
Substantial/Significant	8	13	5	44	76	33
Reasonable	n/a	n/a	4	n/a	n/a	27
Limited	9	3	5	50	18	33
No	1	1	1	6	6	7
	18	17	15	100	100	100

RECOMMENDATIONS MADE			
	Numbers		
	2014/15	2015/16	2016/17
Low	38	39	28
Medium	68	56	59
High	67	37	40
Critical	0	0	0
	173	141	127

- 4.2 In addition to the audits detailed in the above table, further audit work was carried out, including 2 follow-ups, 6 grant reviews, 12 pieces of consultancy or unplanned work, as well as 7 governance reports. At the year-end 4 audit reviews and 1 follow up were in various stages of completion and audit opinions relating to these will be reported during 2017 / 2018 as part of the agreed performance reporting timetable to the Audit Committee.

4.3 **Corporate Governance**

Using the proper practice guidance issued by CIPFA as the basis, Internal Audit reviews the corporate governance framework to confirm that there is evidence to indicate that policies, procedures and systems are in place for corporate governance to be effective within the Council. The Council has demonstrated a firm foundation for this and Internal Audit remains of the opinion that the policies, procedures and systems are generally in place for good corporate governance.

This year, Internal Audit have also produce an updated Code of Corporate Governance, in line with CIPFA requirements. A separate report is brought to the 26 June Audit Committee on this subject.

4.4 **Risk Management and Business Continuity**

The risk management working group, which includes Internal Audit representation, meets regularly to discuss emerging issues and changes in risk. Risk registers are updated by departments during the year and the Strategic Risk Register is reported to Audit Committee. The risk management team and working group have developed a new process to cascade the high level risks from Departmental registers to the Strategic register to ensure a robust reporting mechanism. The Resilience team has lead on risk management policy and procedure for a number of years, but responsibility for this area is currently under discussion.

4.5 **Key Financial Systems**

One or more of the authority's key financial systems is reviewed every year, based on an assessment of risk. This year, Accounts Payable and Accounts Receivable have been reviewed, following the implementation of the new financial system Agresso. Changes in management within Finance teams have meant that, whilst work has been completed and draft reports issued, discussions are still underway before we can either finalise the reports. Accounts Payable, whilst it has been given a Reasonable Assurance opinion, there are some risks highlighted in relation to access rights. There are several ways in which Agresso differs to Oracle, and therefore appropriate training, guidance, and monitoring are required to reduce the different risks of error, fraud, and delays in payment that the new functionality brings.

A review of Budgetary Control is currently in progress and there has been limited work on the new Human Resources IT system while the project was on hold. Work will continue in these areas and the results reported when available.

4.6 **External Activities**

Internal Audit has undertaken a number of reviews under a Service Level Agreement with Vivacity Leisure Trust. The nature of the works undertaken are confidential between internal audit and the client and are not incorporated into or form part of the Head of Internal Audit Annual Opinion.

4.7 **Allegations of Fraud / Irregularity and Breaches of Code of Conduct**

Internal Audit also includes the investigations team who are responsible for reviewing Benefit Fraud, corporate fraud, staff misconduct and Blue Badge fraud. A separate report covering their activity for the year is brought to the Audit Committee alongside this one. There is some crossover in the work of the investigations team and Internal Audit, particularly where control failures have resulted in alleged corporate fraud.

In 2016 / 2017 Internal Audit have been involved in a longstanding investigation of suspected theft, which was referred to the police and has now resulted in a successful prosecution. The perpetrator has been ordered to pay back £17,416 to the council. Advice regarding control weaknesses that lead to the theft was given during the course of the investigation and processes were changed in response.

4.8 Limited and No Assurance reports

The audits listed below have resulted in a limited or no assurance opinion. Where the resultant reports have been issued as a final, executive summaries are provided within Section 7.

Reports for 26 June 2017

- Schools Statutory Testing
- Local Offer

Reports which have a limited opinion and are in draft at the year-end will be reported to subsequent Audit Committee meetings as they are finalised.

- Accounts Receivable
- Blue Badges
- Winyates

4.9 Significant Issues

Internal Audit is required to form an opinion on the quality of the internal control environment which includes consideration of any significant risk or governance issues and control failures which arise. The following areas are worthy of note:

Schools Statutory Testing: There are statutory requirements under several sets of regulations which require regular inspections and tests of systems and equipment. These can include, lifts, hoists, air conditioning units, pressure systems, local exhaust ventilation systems and gas or electricity installations. This review in schools was undertaken following a similar review of statutory testing within council buildings, which we reported last year. It found little evidence that the programme of work was being managed or monitored and therefore there was only limited assurance that statutory responsibilities were being met. Schools manage their own programme of work, and whilst there was evidence of testing being carried out, limited documentary evidence and a lack of central monitoring also results in limited assurance that the council is meeting its statutory responsibilities. Both pieces of work are being followed-up now.

5. RESOURCING AND PERFORMANCE

5.1 Resourcing

5.1.1 During 2016 / 2017, resources were made up as follows:

Chief Internal Auditor	1 post	0.40 FTE
Group Auditor	2 posts	1.46 FTE
Principal Auditor	1 post	0.50 FTE
Senior Auditor	2 posts	1.80 FTE
Auditor	1 post	1.00 FTE
	TOTAL	5.16 FTE

5.1.2 The shared service arrangement with Cambridge City Council and South Cambridgeshire District Council, which has delivered efficiency savings and improved performance, has continued. Under this arrangement the Chief Internal Auditor's full time post is split between the authorities with South Cambridgeshire District Council receiving 20% of the post and Peterborough and Cambridge both receiving 40%.

5.1.3 In addition to the Internal Audit shared service arrangement the Chief Internal Auditor has management responsibility for the Insurance Team and the Compliance Team. He also oversees and undertakes reviews for Stage 2 complaints investigations.

5.1.4 The level of sickness within the Internal Audit team is low with 3 days per person reported during the year compared to 1.33 days per person at the same time last year. This is also below the corporate target of 8 days.

5.2 Performance

5.2.1 The team has delivered 745 direct audit days against the original plan of 723 days. Where reviews were not delivered, this was due to changes in priority or more in depth reviews than planned. There was also an ongoing investigation which has diverted audit resources. As the organisation is continually going through a cycle of change, business needs will also change. Some of the previously requested or planned reviews were found to be no longer appropriate or a priority and have not therefore been undertaken in agreement with the business. Where reviews are still considered to be pertinent they have been rescheduled to be undertaken during 2017/18.

5.2.2 All reports, plans and progress reports have been produced in accordance with agreed timescales and presented to Members via the Audit Committee. The Annual Governance Statement was reviewed by External Audit without any adverse comments.

- 5.2.3 Customer feedback remains very positive with continued high levels of satisfaction demonstrated from our customer questionnaires in excess of our target. Additionally, Internal Audit has undertaken two surveys in the year – one of management and one of members. Feedback is generally very positive and detailed results are reported in **Appendix C**. Internal Audit have also provided services to external customers and positive comments have been received regarding the reviews undertaken. This work has generated additional funds for the Council.
- 5.2.4 Where we have received responses to audits, 100% of the recommendations made in 2016 / 2017 have been accepted, against a target of 90%.
- 5.2.5 Where we have conducted follow-ups, we found that 86% of high priority recommendations that were agreed have been implemented, against a target of 90%.
- 5.2.6 Internal Audit has historically reported on the effectiveness of internal audit against the Public Sector Internal Audit Standards (PSIAS) as a separate report item to this agenda on an annual basis. This is no longer an annual requirement and is therefore not reported at this time. A review of Internal Audit processes against PSIAS is planned for 2017/18 and the outcomes will be reported to the audit committee accordingly.

6. ASSURANCE LEVELS AND RECOMMENDATIONS 2016 / 2017

Where audits are "shaded", these represent those jobs not started at 31 March 2017.

AUDIT ACTIVITY	Department	ASSURANCE LEVEL	RECOMMENDATIONS MADE					COMMENTARY
			Critical	High	Medium	Low	Total	
CORE SYSTEM ASSURANCE WORK	Core systems are those that are fundamental to providing control assurance for internal financial control and allow the s.151 officer to make his statement included in the authority's Annual Statement of Accounts. The External Auditor also places reliance on the work undertaken by Internal Audit on core systems.							
Accounts Payable	Serco / Resources	Reasonable		3	10	3	16	DRAFT REPORT ISSUED A review of the new finance system, concentrating on a limited scope including exempt invoices, access controls and following up on work done during the implementation
Budgetary Control	Growth and Regeneration							IN PROGRESS A review of budget management within the Long Causeway Public Realm Improvements project.
Accounts Receivable	Serco / Resources	Limited						DRAFT REPORT IN DISCUSSION. A review of billing and debt recovery arrangements.
HR IT System	Serco / Resources / Governance	Non-Opinion						IN PROGRESS A review of the control framework during the design and implementation of a new HR IT system designed to enable self-serve processes. The project was on hold for a large part of the year and thus there has been limited Internal Audit input.

AUDIT ACTIVITY	Department	ASSURANCE LEVEL	RECOMMENDATIONS MADE					COMMENTARY
			Critical	High	Medium	Low	Total	
ANNUAL GOVERNANCE AND ASSURANCE FRAMEWORK	Each year the Council is obliged to issue a statement on the effectiveness of its governance arrangements. This section details audit work that specifically relates to the production of the Annual Governance Statement, as well as high level governance reviews.							
Annual Governance Statement Review	All	Non-Opinion	COMPLETED Presented as draft to Audit Committee on 29 June 2016 and final agreed by Audit Committee on 22 September 2016					
Code of Corporate Governance	All	Non-Opinion	IN PROGRESS Consultancy advice on the compilation of a new local Code of Corporate Governance and setting up a governance monitoring framework.					
Annual Audit Opinion / Progress Report	All	Non-Opinion	COMPLETED Annual Opinion presented to Audit Committee on 29 June 2016 and Progress Report being presented on 22 November 2016.					
Annual Audit Plan & Strategy	All	Non-Opinion	COMPLETED Establishment of the future plans for 2017 / 2018. Presented to Audit Committee on 3 April 2017, along with updated Code of Ethics and Audit Charter.					
Internal Audit Effectiveness / Audit Committee Effectiveness	All	Non-Opinion	COMPLETED Presented to Audit Committee on 29 June 2016					
Anti-Fraud Culture	All	Non-Opinion	IN PROGRESS Data provision for National Fraud Initiative completed and initial investigations started following receipt of the data matched reports. Anti-Fraud and Corruption Strategy produced and various associated policies.					
Information Governance	All	Non-Opinion	ONGOING Liaison and strategic overview as part of the Strategic Governance Board and Information Governance Group.					
Risk Management	All	Non-Opinion	ONGOING Involvement in risk working group and any emerging issues.					

AUDIT ACTIVITY	Department	ASSURANCE LEVEL	RECOMMENDATIONS MADE					COMMENTARY
			Critical	High	Medium	Low	Total	
STRATEGIC AND OPERATIONAL RISKS	Internal Audit provides support to Council and Directorate objectives by testing the effectiveness of controls designed to mitigate identified risks							
Project / Programme Management	Resources	Reasonable	n/a	n/a	n/a	n/a	n/a	COMPLETE Critical friend review during the implementation of updated policies, processes and the updated project management system, Verto.
Contracts	ALL	Non-Opinion	COMPLETE Consultation / advice in relation to the Materials Recycling contract.					
Strategic Partnerships, Shared Services, Joint Ventures	ALL							IN PROGRESS A review of the management of our strategic partner, Skanska, to ensure that effective governance arrangements are in place.
Information Governance	Governance	Reasonable	0	4	8	5	17	DRAFT ISSUED A high level review of our compliance with ICO requirements
Health and Safety	ALL							IN PROGRESS. A review of arrangements to ensure that our responsibilities for health and safety are covered.
Recruitment Checks / Disclosure and Barring Services	Governance	Substantial	0	3	3	1	7	DRAFT ISSUED To ensure there is a robust process in place for recruitment checks and for monitoring that contractors fulfil their responsibilities in this area. Awaiting update following an external PSN assessment.
Carbon Reduction Commitment	Growth and Regeneration	Substantial	0	0	4	2	6	COMPLETED. Annual validity audit of the council's energy consumption data, as required by the Environment Agency.
LGSS Pension Review for Schools:	People and Communities	Reasonable	0	0	0	2	2	COMPLETE A review of the integrity and accuracy of LGSS

									pension returns for schools and colleges not using PCC payroll systems. Memos issued to each school and overarching report to the council's School Finance Team.
Thorpe Primary	People and Communities	Reasonable	0	0	0	2	2		
All Saints Primary	People and Communities	Reasonable	0	0	0	1	1		
St John Fisher Primary	People and Communities	Substantial	0	0	0	0	0		
Pupil Premium Welbourne Primary	People and Communities	Non-Opinion	0	0	0	0	0		COMPLETE A review of the accuracy of Pupil Premium funding claimed.
Quality Assurance	People and Communities		Removed from Plan – no longer required						

AUDIT ACTIVITY	Department	ASSURANCE LEVEL	RECOMMENDATIONS MADE					COMMENTARY
			Critical	High	Medium	Low	Total	
STRATEGIC AND OPERATIONAL RISKS	CONTINUED							
Property	Resources	Removed from plan – no longer required.						
Local Offer	Governance / People and Communities	Limited	0	10	15	4	29	COMPLETED. An independent self-assessment of the DfE Open Offer Scheme using the recommended toolkit. A follow-up has been completed in 2017-18 which shows that a number of recommendations are completed or being progressed.
Blue Badges	People and Communities	Limited	0	3	1	2	6	DRAFT IN DISCUSSION A review of processes for issuing and cancelling permits.

GRANT	Department	ASSURANCE LEVEL	COMMENTARY
GRANTS AND OTHER CERTIFICATION	Certification of claims in relation to UK and European funding requirements		
Bus Service Operators 2015 / 2016	Growth and Regeneration	Certified	COMPLETED. A grant to support bus services, including community transport services.
Local Transport Funding Grant 2015 / 2016	Growth and Regeneration	Certified	COMPLETED. This grant is used by local authorities for small transport improvement schemes costing less than £5 million and also for planning and managing the road networks
Local Sustainable Transport Grant 2015 / 2016	Growth and Regeneration	Certified	COMPLETED. A scheme to help local authorities to cut carbon emissions and create local growth
Disabled Facilities Grant 2015 / 2016	People and Communities	Certified	COMPLETED. Non ring-fenced capital funding towards Disabled Facilities grants that PCC can award to disabled clients for necessary housing alterations.
Connecting Families	People and Communities	Certified	COMPLETED Results based funding to support families meeting certain criteria. Verification of a sample of claims prior to all four of the claim submissions in 2016/17, and a review of Outcomes Plan and procedures.
Peterborough CLLD	Growth and Regeneration	n/a	No longer required European structural and investment funding for a project called Peterborough CLLD. Consultancy advice on robust record keeping systems to comply with funding criteria.
LEP GCGPEP	Growth and Regeneration	n/a	No longer required. Bourges Boulevard Phase 1.
Rogue Landlords Grant. (unplanned)	People and Communities	Certified	COMPLETED New funding to help councils tackle rogue landlords who let out substandard homes.

EXTERNAL WORKS	Work which generates income for the council
Vivacity	7 reviews are completed or in progress for this external client.

AUDIT ACTIVITY	Department	ASSURANCE LEVEL	RECOMMENDATIONS MADE					COMMENTARY
			Critical	High	Medium	Low	Total	
OTHER RESOURCE PROVISION	Throughout the year audit activities will include reviews that have not been specified within the plan and may include management requests as a result of changing risks. In addition there will be a number of follow ups of previous audit activities. Finally, a number of jobs will overlap between financial years and require some time to complete.							
Carry Forward Provision	Provision for the completion of 2015-16 audits							
Schools Statutory Testing	Resources	Limited	0	1	2	2	5	COMPLETE A review across schools of the arrangements for meeting statutory obligations in respect of testing of equipment.
Schools Gifts and Hospitality	People and Communities	Substantial	0	0	5	3	8	COMPLETE A review the effectiveness and implementation of the recently introduced schools gifts and hospitality policy. A themed review across school establishments.
Payroll	Resources	Substantial	0	0	0	3	3	COMPLETE A cyclical review of key controls.
Clare Lodge	People and Communities	Substantial	0	0	3	0	3	COMPLETE A review of income arrangements to ensure that processes maximise receipts.
Cash and Banking – Special Investigation	People and Communities	Non-Opinion	n/a	n/a	n/a	n/a	n/a	COMPLETE An investigation by Internal Audit into suspected theft was referred to the police and resulted in a successful prosecution. Control advice given.
Winyates Primary School – Follow-up	People and Communities	No	0	11	8	4	23	DRAFT REPORT ISSUED. An in depth follow-up of a previous audit.
Pensions (Employee bandings)	Governance	Substantial	0	0	0	0	0	COMPLETE Analysis to determine accuracy of pension bandings and overall collection percentage.

AUDIT ACTIVITY	Department	ASSURANCE LEVEL	COMMENTARY
Follow-up Provision:	Revisiting audits after 6 months to monitor the implementation of recommendations		
Parking Services	Resources	Non-opinion	COMPLETE 6 high priority recommendations were made and 5 have been implemented. Further work is required to ensure that regular reconciliations are carried out and evidenced to ensure all income due is received and banked.
Cash Office	Resources/Serco	Non-opinion	COMPLETE All 4 high and medium recommendations were implemented or are in progress.
Statutory Testing	Resources	Non-opinion	IN PROGRESS
Carbon Reduction Commitment	Growth and Regeneration	Non-opinion	IN PROGRESS

AUDIT ACTIVITY	Department	ASSURANCE LEVEL	COMMENTARY
Provision for unplanned activities:	Internal Audit provides control and risk advice to officers/management/members as a result of changing risks. This audit activity covers review work that is additional and was not specified as part of the original audit plan		
Cyber Security	Resources/Serco		IN PROGRESS
Care Service Charging	People and Communities	Non-opinion	COMPLETE. Advice and analysis regarding alleged overcharging of clients by a care company.
Rogue Landlords Grant	People and Communities	Certified	COMPLETE
Hampton Hargate Primary School NCTL	People and Communities	Certified	COMPLETE
Phoenix School	People and Communities	Certified	COMPLETE
Highways Asset Management Systems	Resources		IN PROGRESS CIPFA/LASAAC introduced a Highways Network Asset Code which required highways assets to be valued differently using a toolkit. Internal Audit started a review of the systems we have in place to ensure we can comply with the code, however in March 2017 the CIPFA/LASAAC Code Board decided not to introduce the code in the foreseeable future. We will however report on our findings to date.
Advice and Consultancy	ALL	Non-Opinion	COMPLETE General consultancy advice is given during the year in response to requests. Examples this year include advice on the replacement to Supplierforce (Sourcedogg) and the closure of Oracle.

6 AUDIT REPORTS ISSUED: OPINION OF LIMITED ASSURANCE OR NO ASSURANCE

AUDIT ACTIVITY	ASSURANCE RATING	DATE TO AUDIT COMMITTEE
The Local Offer	Limited	22 November 2016
Statutory Asset Testing in Schools	Limited	26 June 2017

APPENDIX B**Executive Summary – Local Offer****Introduction**

This Audit forms part of an unplanned review which has concluded during 2016 / 17. The audit work was as a result of request made by the Service Director Adult Services and Communities, Head of Performance & Informatics and Compliance Manager (Governance) to independently review the Local Offer (LO) using a self - assessment document developed by SE7, supported by Portsmouth, Leicester City and Nottinghamshire Local Authorities.

Peterborough's Local Offer has been in place since 1st September 2014. The Local Offer must set down in one place information about provision across education, health and social care for children and young people who have special educational needs or are disabled. Information must be clear, accessible, comprehensive and up to date concerning the available provision and how it can be accessed. Provision must be responsive to local needs by involving parent carers, children and young people with special educational needs and disabilities in the development and review of the Local Offer.

Objectives and Scope

The purpose of the audit was to self - assess Peterborough City Council's approach to the Local Offer Scheme using the recommended toolkit and feed into an action plan for improvements as appropriate.

The scope covered completion of an independent self - assessment of the Local Offer Scheme using the recommended toolkit via review of the information available to the public, discussion with relevant officers / members of organisations involved with the Local Offer, attendance at Local Offer meetings / Focus Groups, and review of various meeting minutes.

Main Findings

There are several areas for improvement in relation to the Local Offer, which have been detailed within the body of the report. The main findings are as follows:-

- It has been difficult to identify overall responsibility for the Local Offer, which has led to a lack of co – ordination and timely actions taken to improve the content
- The website includes a wealth of information, but is unwieldy to navigate and so users may be 'put off'
- There has been limited co – production
- There has been limited promotion and marketing
- There is an effective and productive relationship with Family Voice Peterborough

- The Local Offer does not inform the Commissioning process

Recommendations have been addressed to the Corporate Director, People & Communities in order to allow appropriate allocation and co – ordination of agreed actions.

Conclusion and Opinion

There are several areas for improvement in relation to the Local Offer, which have been detailed below. Several of these had been identified as issues to resolve by various individuals involved with the Local Offer, and there is an awareness of the progress required in order to meet statutory requirements. Most notably, responsibility for co – ordination and monitoring of the LO has now been allocated. This has resulted in considerable efforts being made to update the Local Offer and required actions being addressed expediently. This ongoing monitoring and support of the Local Offer is key to its success. Continued use of the SE7 or newly acquired Aspire self - evaluation toolkit, which are based on the same fundamental statutory requirements, will assist in this process.

The audit opinion is Limited Assurance.

Executive Summary - Schools Statutory Asset Testing

Introduction

This Audit was included in the 2015/16 plan as a direct result of the issues found during the statutory asset testing review undertaken earlier in 2015/16, As a result of concerns raised around statutory testing and subsequent remedial works the scope was extended to include schools.

Objectives and Scope

The purpose of the audit was to review processes and procedures to establish whether they are in place and being followed to confirm that:

- statutory requirement controls are in place for the identification and undertaking of statutory asset testing;
- a testing programme is in place and monitored
- documentation is retained and filed on a database centrally and on site
- contracts are in place to deliver and manage the testing programme
- processes are in place for the effective monitoring and management of performance with regards to statutory testing.

The scope was to undertake a cross cutting review across schools with regards to confirming that all statutory testing is undertaken to ensure statutory obligations are met and that risk is managed and mitigated.

Main Findings

No evidence was found to suggest the schools statutory testing programme is being effectively managed. At the time of the review there was no central record of what each individual school is doing to ensure they meet their statutory obligations. It was found that some schools contract with Amey, others with alternative companies who provide a similar managed service and some schools manage their own programmes using different contractors for each element of testing. PCC relies on an administrator/staff at each school to retain and check the documentation to support the testing that has been undertaken. As there are no formal guidelines the approach to record administration and checking the work undertaken is inconsistent and the assurance that we are compliant with statutory testing will vary as a result.

Conclusion and Opinion

The audit reviewed statutory testing at a sample of local authority schools, during the audit control issues around completion and monitoring were identified. Whilst evidence suggests that statutory testing is being undertaken within Peterborough City Council schools, the completeness of all of the required testing is unclear. It is our view that until monitoring improves there continues to be a risk that PCC may not be meeting their statutory responsibility.

The audit opinion is Limited Assurance.

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Internal Audit Survey of Managers and Members

Managers

During 2016 we surveyed Directors, Heads of Service and other selected managers with whom we have frequent contact, including staff from Serco, Vivacity and some schools. The aim was to obtain a view on our services and the scope of our work, as well as how well we perform our work and respond to the needs of the Council.

There were 19 respondents in total, amounting to 40% of those contacted.

Overall the response was very positive, with the majority of our services regarded as Critical or Important, and our performance rated as Excellent or Good by many.

One of the main themes that emerged is around awareness and understanding of our role. Responses indicate that Internal Audit are seen in a more traditional role, with compliance auditing, fraud investigations and finance being seen as the most important aspects of our work. In addition, it was notable that respondents rated our work as providing more value for their teams than for the council as a whole.

Members

We decided to carry out a similar survey of Members for comparison, which we carried out recently. There were 12 respondents representing a 24% response rate. Two thirds of respondents were Members who have previously served or are currently serving on the Audit Committee, or are regular attendees.

Again the response was broadly positive, mirroring the results from the management survey in terms the importance of our services and the priority given to compliance, fraud and financial work. Interestingly, Members rated the importance of different aspects of our work more highly than managers: there were more 'critical' than 'important' ratings, as illustrated in the tables below. It is perhaps understandable that Members, who are not involved in day to day operations, value highly an independent view of the council that Internal Audit can provide.

Audit Types	Managers		Members	
	Critical %	Important %	Critical %	Important %
Compliance audit	42	58	75	25
Risk Based	32	63	58	42
Value for Money	5	63	33	67
Follow-ups	16	68	33	58
Fraud Investigation	74	26	92	8
Fraud Detection	32	68	58	33

Internal Audit Survey of Managers and Members

Areas of work	Managers		Members	
	Critical %	Important %	Critical %	Important %
Finance	67	33	73	27
Schools	22	39	27	64
Projects and Programmes	17	61	36	64
Contracts and Procurement	22	61	55	45
Risk Management	28	61	45	55
Information Governance	22	61	64	36

Performance ratings by Members were positive, with over 50% of respondents rating us as Excellent or Good in most areas, including the quality of information we provide to the Audit Committee. However, there were clearly some areas where it was felt we could do better.

We asked different performance questions in the Member survey compared to the manager survey so comparisons cannot be made in all areas, but raising awareness of Internal Audit is something that both managers and Members feel could be improved. It was evident that Members felt this more strongly, with 27% of Members (but no managers) judging us to be poor in this area. Also, 18% of Members judged the opportunity to provide views to Internal Audit to be poor. It was notable too that more Members than managers responded with Not Known to some of the questions, further reinforcing the lack of awareness the Members feel they have.

On the question of how well the Audit Committee fulfil their terms of reference, over 60% rated this as Excellent or Good; 18% as Adequate or Poor and 9% as Not Known.

How officers supporting the Audit Committee engage with Members is therefore something we need to explore, both in terms of how we provide information about our role and our work, and also how members can engage with the audit process more easily. Development of our website and training material (including the Audit Committee handbook) will be key actions for Internal Audit. We will also consider whether the All Party Members Forum could be utilised to reach a wider Member audience.

Conclusion

Whilst we clearly carry out work that is valued, we need to do more raise awareness and understanding across the council. We are mindful that professional audit standards and statute dictate that our role has moved away from purely compliance and finance related work to one of risk based assurance covering the whole governance, risk and control framework of an organisation. And whilst the surveys indicate that people place greater importance on our traditional areas of work, a greater understanding will hopefully demonstrate the value that we can add in other areas of work, whilst still giving those traditional areas priority when required.

AUDIT COMMITTEE	AGENDA ITEM No. 10
26 JUNE 2017	PUBLIC REPORT

Report of:	John Harrison, Corporate Director, Resources Kim Sawyer, Director of Governance	
Cabinet Member responsible:	Councillor Seaton, Cabinet Member for Resources	
Contact Officer(s):	Steve Crabtree, Chief Internal Auditor	Tel. 384 557

DRAFT LOCAL CODE OF CORPORATE GOVERNANCE AND THE DRAFT ANNUAL GOVERNANCE STATEMENT 2016 / 2017

R E C O M M E N D A T I O N S	
FROM : Director of Governance	Deadline date : -
The Audit Committee is asked to:	
<ol style="list-style-type: none"> 1. Review and comment on the Draft Local Code of Corporate Governance; 2. Note the arrangements for compiling, reporting on and signing the Annual Governance Statement; 3. Review and comment on the Annual Governance Statement including any areas which should be amended; and 4. Subject to changes identified above, agree and approve the draft statement for inclusion in the statement of accounts. 	

1. ORIGIN OF REPORT

- 1.1 This report is submitted to Audit Committee following referral from the s151 Finance Officer as part of the annual closure of accounts process and is included in the Audit Committee annual work programme.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The production of the Annual Governance Statement (AGS) forms part of the annual closure of accounts process. It is not a financial exercise, but represents a corporate overview of the processes and procedures adopted by Peterborough to manage its affairs.
- 2.2 The Terms of Reference for the Audit Committee (agreed at Full Council) set out the key roles of the Committee including the following “2.2.1.14: To oversee the production of the authority’s Annual Governance Statement and to recommend its adoption” and “2.2.1.15: To consider the Councils arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice”.

3. TIMESCALE

Is this a Major Policy Item / Statutory Plan?	NO	If Yes, date for relevant Cabinet Meeting	–
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4. BACKGROUND

- 4.1 The preparation of an AGS is necessary to meet the statutory requirements as set out in the Accounts and Audit (England) Regulations 2015. The AGS covers the Council's governance arrangements for the 2016 / 2017 reporting year.
- 4.2 This report includes the draft AGS for Audit Committee to review, challenge and advise the Leader and Chief Executive upon accordingly together with the Local Code of Corporate Governance which provides the detail.
- 4.3 Internal control and risk management are recognised as important elements of good corporate governance. The scope of governance, as covered in the AGS, spans the whole range of the Council's activities and includes those designed to ensure that:
- The Council's policies are implemented in practice;
 - High quality services are delivered efficiently and effectively;
 - The Council's values and ethical standards are met;
 - Laws and regulations are complied with;
 - Required processes are adhered to;
 - Its financial statements and published information are accurate and reliable; and
 - Human, financial and other resources are managed efficiently and effectively.

5. ARRANGEMENTS FOR COMPILING THE ANNUAL GOVERNANCE STATEMENT

- 5.1 The Council has established governance arrangements which are consistent with the seven principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) Framework – Delivering Good Governance in Local Government. The assurance gathering process to support the AGS is set out in **Appendix A**.
- 5.2 New guidance published in April 2016 in relation to the compilation of the AGS has been applied to the statement. During the year, the Council has reviewed its current governance arrangements against best practice, and has produced a Draft Local Code of Corporate Governance (**Appendix B**).

6. SUPPORTING EVIDENCE

- 6.1 Evidence has been compiled to confirm the governance arrangements in operation across the Council for the period concerned. This sets out how Peterborough City Council demonstrates compliance with the principles of good governance and highlights where action is needed to address any weaknesses in the Council's governance arrangements.

6.2 Internal Audit

- 6.2.1 The Annual Internal Audit Opinion 2016 / 2017, as at agenda item 9. The key issues are:

- Internal Audit progress reports are included as part of the Committees' Work Programme and any significant control and governance issues or material to the overall control environment of the Council are highlighted;
- The Annual Audit Opinion highlighted some gaps which needed to be addressed;
- Despite some weaknesses, there remains a sound internal control environment. Reasonable assurance is provided and an unqualified opinion put in place;
- There is overall compliance with the CIPFA publication on the Role of the Head of Internal Audit together with the new Public Sector Internal Audit Standards; and

- Overall, positive assurance can be provided on the service.

6.2.2 In conclusion, the Annual Audit Opinion to the Audit Committee on 26 June 2017 gave a reasonable assurance on the overall standard of effectiveness of the internal control framework. In addition, there is an effective Internal Audit in place when measured against the defined criteria as listed above.

6.3 External Audit

6.3.1 Throughout the year, Ernst and Young (EY) have been commissioned to undertake various reviews which have been discussed and approved at Audit Committee. EY provides an Annual Audit Letter giving an overall evaluation of the Council. The content of the letter was reported to Cabinet and Audit Committee (13 February 2017) and overall is positive and states that the Council is performing well. The key messages are:

EXTRACT FROM ANNUAL AUDIT LETTER: 13 FEBRUARY 2017	
Review Area	Commentary
Opinion on the Councils: Financial Statements	Unqualified – The financial statements give a true and fair view of the financial position of the Council as at 31 March 2016 and of its expenditure and income for the year then ended.
Opinion on the Councils: Consistency of the information published with the financial statements	Other information published with the financial statements was consistent with the Annual Accounts.
Concluding on the Council's arrangements for securing economy, efficiency and effectiveness	We concluded that you have put in place proper arrangements to secure value for money in your use of resources.
Reports by Exception: Consistency of Governance Statement	The Governance Statement was consistent with our understanding of the Council
Reports by Exception: Public interest report	We had no matters to report in the public interest.
Reports by Exception: Written recommendations to the Council, which should be copied to the Secretary of State	We had no matters to report.
Reports by Exception: Other actions taken in relation to our responsibilities under the Local Audit and Accountability Act 2014	We had no matters to report.
Reporting to the National Audit Office (NAO) on our review of the Council's Whole of Government Accounts return (WGA).	We had no matters to report.
Issued a report to those charged with governance of the Council communicating significant findings resulting from our audit.	Our Audit Results Report was issued on 29 September 2016.
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2015 Code of Audit Practice.	Our certificate was issued on 20 October 2016, after we had concluded the work on the WGA return by the deadline of 21 October 2016

6.3.2 In conclusion, from a Peterborough City Council perspective, the Annual Audit Letter gives assurance in respect of 2015 / 2016 Financial Accounts and confirms an effective system of internal control.

6.4 Executive Directors: Internal Control and Governance Self-Assessment

6.4.1 Internal Audit issued each Directorate with the Internal Control and Governance Self-Assessment in April 2017 and this assessment provides a considered overview of the controls in place in order to come to an opinion on the governance arrangements and internal control environment within their service. The areas covered within the assessment were:

- Management Arrangements;
- Health and Safety;
- Business Continuity and Emergency Resilience;
- Equality and Diversity;
- Financial Management;
- Procurement Arrangements;
- Risk Management (including Project Management);
- Performance Management and Data Quality;
- Information Governance;
- Management of People;
- Governance Arrangements, Laws, Regulations, Policies and Procedures;
- Anti-Fraud and Corruption;
- Partnership Governance;
- Communications and Customer Services; and
- Public Health.

6.4.2 Sample testing was undertaken to ensure the robustness of the data supplied. While no adverse comments were received in relation to the controls in place, a number of areas have been identified as requiring attention and these have been reflected in the Action Plan within the AGS.

6.5 Performance Management and Data Quality

As well as the testing identified in 6.4 above, regular reporting of performance is in evidence across the Council. Monthly reports range from financial to non-financial data; covering budgets, performance levels, service delivery, programmes and projects. Regular discussions are held at Corporate Management Team; scrutiny panels and Project and Programme Boards and areas of concern identified are addressed to reduce or prevent any deterioration in service.

6.6 Risk Management

Risk management encompasses a number of areas such as projects, performance and partnerships. In addition, there is a corporate risk register which incorporates significant issues which could have a major impact on the strategic delivery of the Council's objectives (the latest update to Audit Committee being in March 2017).

6.7 Corporate Governance

Regular updates on governance arrangements are reported through Corporate Management Team, Cabinet, Audit Committee and ultimately to Full Council. This covers all aspects of governance – from constitutional changes, operational procedures such as Financial or Contract regulations or standards issues. Significant governance issues established in the AGS are reported to Audit Committee. With the ongoing changes across the organisation, there is a pressing need to ensure that corporate governance responsibilities are communicated to all.

6.8 As a result, the draft AGS (**Appendix C**) reflects the key issues of the Council.

7. CONSULTATION

One of the key messages coming out of the CIPFA / SOLACE guidance is that good governance relates to the whole organisation and there should be corporate ownership of the AGS and governance arrangements. Following drafting, the AGS and the Local Code of Corporate Governance has been issued to the Monitoring Officer.

8 ANTICIPATED OUTCOMES OR IMPACT

The draft documents are presented to the Members of this Committee for review and advise the Leader and Chief Executive thereon, prior to it being signed off by the Leader and the Chief Executive for inclusion in the Statement of Accounts.

9. REASONS FOR RECOMMENDATIONS

The AGS and the Local Code of Corporate Governance sets out the framework for the Council and identifies some issues where action is planned to improve the level of governance.

10 ALTERNATIVE OPTIONS CONSIDERED

In line with accounting requirements the Council has to publish an Annual Governance Statement based on a prescribed format and it is seen as best practice to have an associated Local Code.

11 IMPLICATIONS

The agreement of the AGS does not have any direct financial implications, however, in order to maintain financial control and address risks as identified within the Statement, Directorates may need to allocate resources from within their existing budgets.

BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985)

- Delivering Good Governance in Local Government (CIPFA / SOLACE)
- Accounts and Audit (England) Regulations 2015
- Executive Director: Internal Control and Governance Self-Assessment templates

APPENDICES

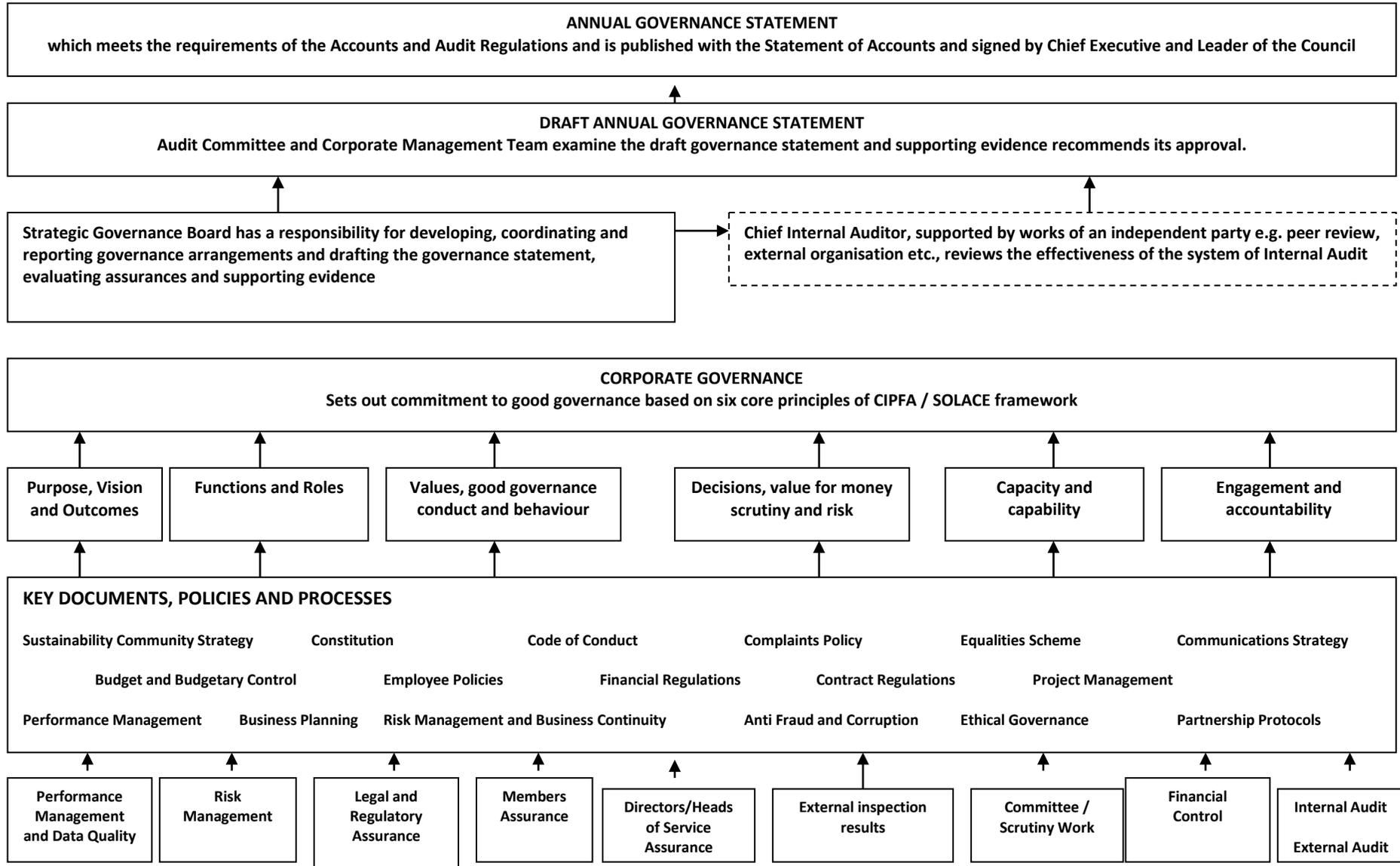
Appendix A: Framework for the Annual Governance Statement

Appendix B: Draft Local Code of Corporate Governance

Appendix C: Draft Annual Governance Statement

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PETERBOROUGH CITY COUNCIL FRAMEWORK FOR THE ANNUAL GOVERNANCE STATEMENT



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**LOCAL CODE
OF
CORPORATE GOVERNANCE**

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FOREWORD

Peterborough is a thriving, regional centre for commerce, transport and leisure. It is home to over 188,000 people and a significant number of local businesses. We are a council central to the success of Peterborough, welcoming hundreds of commuters and visitors each day. It is our job not only to meet but also exceed, the needs of different communities within the city.

Good governance underpins the way in which Peterborough City Council delivers its services. It involves collaborating and balancing current financial challenges with longer term planning and is defined as “The system by which local authorities direct and control their functions and relate to communities”.

Peterborough City Council supports the two overarching core principles contained within the Delivering Good Governance in Local Government Guide 2016, published by The Chartered Institute of Public Finance and Accountancy along with the specified five areas that support the overarching principles. This is to demonstrate that the organisation is committed to delivering and having effective government arrangements in place. These principles comprise:

A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;

B. Ensuring openness and comprehensive stakeholder engagement;

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits;

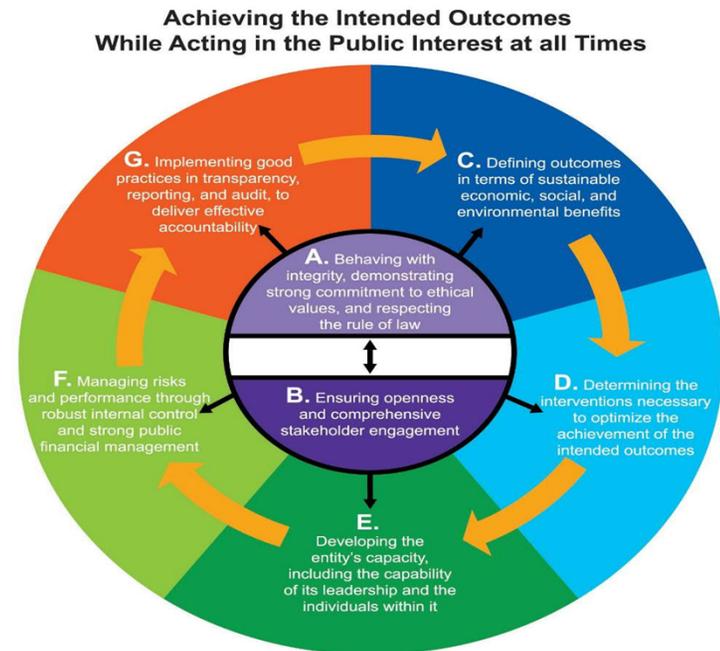
D. Determining the interventions necessary to optimise the achievement of the intended outcomes

E. Developing the entity’s capacity, including the capability of its leadership and the individuals within it

F. Managing risks and performance through robust internal control and strong public financial management

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Diagrammatically this can be demonstrated as:



Through various forums, the Council has developed an all-inclusive vision for the City and a set of strategic priorities and core values to assist in achieving these principles as follows:

Our Vision

Members, working with officers, and its partners – whether public, private, voluntary or community – have developed a clear vision of their purpose and intended outcomes for citizens and service users. The Peterborough Sustainable Community Strategy (SCS) 2008 – 2021 sets out the vision for the Council to ensure it continues to reflect the community's needs and changing circumstances.

These are:

A bigger and better Peterborough that grows the right way, and through truly sustainable development and growth...

- Improves the quality of life of all its people and communities, and ensure that all communities benefit from growth and the opportunities it brings;
- Creates a truly sustainable Peterborough, the urban centre of a thriving sub-regional community of villages and market towns, a healthy, safe and exciting place to live, work and visit, famous as the environment capital of the UK.

Our **Corporate Priorities** are to:

- Drive growth, regeneration and economic development;
- Improve educational attainment and skills;
- Safeguard vulnerable children and adults;
- Implement the Environment Capital agenda;
- Support Peterborough's culture and leisure trust Vivacity;
- Keep all our communities safe, cohesive and healthy;
- Achieve the best health and wellbeing for the city.

Five **Core Values** have been established to guide the way we treat our customers, partners and each other, these being:

- **Expertise:** We recognise and value the differences, skills, knowledge and experience of all our colleagues;
- **Trust:** We are honest and open in all our dealings and deliver on our promises;
- **Initiative:** We are proactive and use our creativity to identify and resolve problems;
- **Customer focussed:** We understand and aim to meet our customers diverse needs, treating them fairly and with respect; and
- **Work together / one team:** We work with colleagues and partners to deliver the best services possible.

The Council first adopted a Code of Corporate Governance in 2008 and governance arrangements have continued to be reviewed and evolve to meet the changing economic and social climate that is faced by Peterborough City Council (PCC). This has resulted in reviews as to how services can be delivered smarter, whilst still meeting stakeholders needs and the governance required to enable this to be achieved.

The council has recently formed a Combined Authority with neighbouring authorities which will facilitate more localised delegation and decision making powers from central government. Governance arrangements in relation to this will continue to be developed but this will ultimately relate to the Combined Authority.

How the council meets the principles of delivering good governance is detailed in the following pages of this policy. This underpins the compilation of the Annual Governance Statement and our ongoing review of governance arrangements. The policy will be reviewed annually in conjunction with the Annual Governance Statement reporting cycle to ensure it is still relevant.

CORE PRINCIPLES: ACTING IN THE PUBLIC INTEREST

PRINCIPLE A:

Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

SUPPORTING PRINCIPLES:

The Council is accountable not only for how much it spends, but also for how it uses the resources under its stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, we have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, we can demonstrate the appropriateness of all our actions and have mechanisms in place to encourage and enforce adherence to ethical values and respect the rule of law.

The Council supports the above principle by:

Supporting principles	To achieve this the organisation:	This is evidenced and supported by:
<ul style="list-style-type: none"> Behaving with integrity; 	<ul style="list-style-type: none"> Ensures members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated, Leads by example, ensuring members take the lead in establishing specific standard operating principles and values (building on the Seven Principles for Public Life) for the Council and its staff and that they are communicated and understood. Utilise the operating principles and values above as a framework for decision making and other actions. Demonstrate, communicate and embed the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively. 	<ul style="list-style-type: none"> PCC's Constitution. Strategic Governance Board Terms of Reference. Members and Officers Codes of Conduct policies are in place and Members interests are detailed on the Council website. The policy requires all conflicts of interests to be declared. Policies are available on PCC website. Induction programmes for new members and staff incorporate the required standard of behaviour expected. Council Meeting Agendas, reports and minutes are published which include reference to policies used for decision making purposes. Meeting agendas allow for conflicts of interests to be declared prior to agenda items being discussed. Policies have a review cycle which is monitored. A Whistleblowing Policy is operated that protects individuals raising concerns. <p>Key documents include: Constitution, Member and Staff Code of Conduct, Equal Opportunities Policy, Statement of</p>

		Accounts, Whistleblowing Policy, Declarations of Interests.
<ul style="list-style-type: none"> Demonstrating strong commitment to ethical values; 	<ul style="list-style-type: none"> Has established and monitors the Council's ethical standards and performance. Has robust policies and procedures which place emphasis on agreed ethical values which underpin behaviour and all aspects of the Council's culture and operation. Ensures that external providers of services are required to act with integrity and in compliance with the same ethical standards expected of the Council. 	<ul style="list-style-type: none"> The council operate to a set of 5 core values which are widely publicised and describe how we treat our customers, partners and staff. The procurement process overseen by the Procurement Working Group requires partners and contractors to operate within our core values and demonstrates transparency with regards to any potential conflicts (i.e. where a partner may wish to tender for work who may also be responsible for procurement activities). Annual staff appraisals include awareness and contribution to core values and priorities. An anti-fraud and corruption policy that is reviewed with associated action plans where required. A current register of gifts and hospitality which is reviewed by the Chief Internal Auditor. Annual reports are published regarding complaints, investigations, audit activities, governance arrangements. <p>Key documents include: Corporate Values, Whistleblowing Policy, Annual Complaints Report, Annual Investigation Report, Procurement Working Group terms of reference/minutes, Contract Rules, Annual Governance Statement, Fraud and Corruption Policy. Performance appraisals, Gifts and Hospitality Policy, Register of interests</p>
<ul style="list-style-type: none"> Respecting the rule of the law: 	<ul style="list-style-type: none"> Ensures members and staff demonstrate a strong commitment and adheres to relevant laws and regulations. Creates the environment to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements, optimising full powers available to the benefit of communities, citizens and other stakeholders. 	<ul style="list-style-type: none"> The council has a Director of Governance who acts as the organisations Monitoring Officer ensuring that policies, procedures, laws and regulations are followed. The Corporate Director: Resources is responsible for ensuring a balanced budget. A scheme of delegation identifies responsibilities and authorisation levels. Internal Audit reports annual activity and outcomes to the Audit Committee based on assurances gained

	<ul style="list-style-type: none">• Deals with breaches of legal and regulatory provisions promptly and effectively.	<p>and issues identified where appropriate.</p> <ul style="list-style-type: none">• External Audit provide an Annual Audit Letter which is presented to the Audit Committee and published on the council's website.• The council maintains records of complaints made to the Local Government Ombudsman as well as self-referring to the Information Commissioner where information data breaches occur and actions taken to improve processes. <p>Key documents include: Financial Regulations, Contract Rules, Constitution, Terms of Reference, Job descriptions for the Monitoring Officer, Corporate Director: Resources and Chief Internal Auditor, Procurement Strategy, Complaints Procedure, Information Governance Policy, HoIA Annual Opinion, Annual Complaints Report, Annual Investigations Report.</p>
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CORE PRINCIPLES: OPENNESS AND STAKEHOLDER ENGAGEMENT

PRINCIPLE B:

Ensuring openness and comprehensive stakeholder engagement.

SUPPORTING PRINCIPLES:

Local government is run for the public good. The Council should ensure openness in its activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

The Council supports the above principle by:

Supporting principles	To achieve this the organisation:	This is evidenced and supported by:
<ul style="list-style-type: none"> Openness 	<ul style="list-style-type: none"> Supports an open culture through demonstrating, documenting and communicating the Council's commitment to openness. Makes decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. Where a decision is considered confidential, reasons for this are provided. Provides clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear. Uses formal and informal consultation and engagement to determine the most appropriate and effective interventions/courses of action. 	<ul style="list-style-type: none"> The Council's committee meetings timetable is published and the public are able to attend unless there is a reason for confidentiality (exempt reports). The public are able to ask questions at all council meetings. Committee meetings are minuted detailing decisions/deliberations and are published along with associated reports and agendas. Meetings can also be video recorded to increase public awareness. A standard reporting process is utilised for consistency. Various forms of consultation are undertaken from surveys to formal consultations. Details of all consultations undertaken are published on the council's website. <p>Key documents include: Constitution, Committee meeting timetable, agenda and minutes, video recordings, record of consultations.</p>

<ul style="list-style-type: none"> Engaging comprehensively with Institutional stakeholders 	<ul style="list-style-type: none"> Effectively engages with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably. Utilises formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively Ensuring that partnerships are based on trust <ul style="list-style-type: none"> a shared commitment to change a culture that promotes and accepts challenge among partners; and that the added value of partnership working is explicit. 	<ul style="list-style-type: none"> The council operates extensively with institutional stakeholders and partners in identifying the best way to deliver services. This is a continuously evolving transformation process with recent partnerships identified as Norwich Property Services (NPS) a joint venture company to best manage the organisations property portfolio, facilities management and Fletton Quays Development Project. The Permanency Service which provides fostering and adoption services has entered partnership arrangements with TACT for a ten year process. One of the aims being to reduce the reliance on external foster care providers. The partnership is overseen by a joint board which includes council officers. Partnership agreements are in place which determine the roles and responsibilities for each partnership arrangement where it is expected that the council’s values are adhered to. <p>Key documents include: Medium Term Financial Plan, Partnership Boards Terms of Reference, meeting minutes, partnership terms and agreements.</p>
<ul style="list-style-type: none"> Engaging stakeholders effectively, including citizens and service users 	<ul style="list-style-type: none"> Consults with or involve individual citizens, service users and other stakeholders to ensure that service provision is contributing towards the achievement of intended outcomes. Ensures communication methods are effective and that members and officers are clear about their roles with regard to community engagement. Encourages, collects and evaluates the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs. Implements effective feedback mechanisms 	<ul style="list-style-type: none"> The council consults in many ways to ensure that stakeholders have the opportunity to contribute views to the organisations performance and intended outcomes by: <ul style="list-style-type: none"> One off consultation events; Employee surveys / Ask Gillian; Voluntary and Community sector networking; Various focus groups All public consultations undertaken are recorded on the council’s website and staff information is published on the intranet. Councillors ensure they are accessible to the community and contact details are held on the councils website; Examples include: Local offer feedback regarding stakeholder comments have resulted in ‘you said, we did’ which details the actions undertaken to date and future

	<p>in order to demonstrate how their views have been taken into account.</p> <ul style="list-style-type: none">• Balances feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity.	<p>planned improvement. and</p> <ul style="list-style-type: none">• Community Assets Transfer programme where Officers and Councillors have attended forum meetings and individual community centre committee meetings providing feedback and updates on present strategy and assistance that can be given. <p>Key documents include: Consultations, survey results, Annual Statement, Council Website</p>
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PRINCIPLE C: ECONOMIC, SOCIAL AND ENVIRONMENTAL BENEFITS

PRINCIPLE C:

Defining outcomes in terms of sustainable economic, social, and environmental benefits.

SUPPORTING PRINCIPLES:

The long-term nature and impact of many of the Council's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the Authority's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.

The Council supports the above principle by:

Supporting principle	To achieve this the organisation:	This is evidenced and supported by:
<ul style="list-style-type: none"> Defining outcomes 	<ul style="list-style-type: none"> Maintains a statement of the Council's purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation's overall strategy, planning and other decisions. Identifies the intended impact on, or changes for, stakeholders including citizens and service users, both in the short and long term. Delivers defined outcomes on a sustainable basis within the resources that will be available. Identifies and manages risks to the achievement of outcomes. Manages service user's expectations effectively with regard to determining priorities and making the best use of the resources available. 	<ul style="list-style-type: none"> The authority has a clear vision which drives the strategy for the organisation. The customer services strategy identifies how the organisation can work with partners and customers whilst transforming services within finite resources. The councils risk management strategy and associated risk registers identify, address and treat areas that may impact on the achievement of service delivery. Effective budget reporting processes ensures sustainability is effectively managed. The increased use of technology to deliver services more effectively. <p>Key documentation includes: Corporate Vision, Annual Report, Medium Term Financial Strategy, Risk Management Strategy, Risk Registers, Customer Service Strategy, Efficiency Strategy, Technology Strategy, Digital Front Door Project, Budget Monitoring Reports</p>

<ul style="list-style-type: none"> • Sustainable economic, social and environmental benefits 	<ul style="list-style-type: none"> • Considers economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision. • Takes a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between intended outcomes and short-term factors such as the political cycle or financial constraints. • Determines the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs. 	<ul style="list-style-type: none"> • Medium Term Financial Planning for the delivery of services. • The authority’s target is to become an environment capital and the actions required to achieve this are defined in two action plans – Peterborough City Council and City Wide. Objectives are to be delivered by 2020 and will have an impact on waste, culture and heritage, health and wellbeing, sustainable transport, equity and local economy. • Consultation has been undertaken with the public with regards to the Environment Action Plan during January and February 2017 with outcomes and results due to be shared. • The organisation has also introduced innovative ways of sustainability with environmental benefits such as: <ul style="list-style-type: none"> ○ The energy recovery facility where energy is produced to power households whilst reducing carbon emissions; ○ Peterborough Energy, where the organisation was the first council to receive The Community Award at the British Renewable Energy Awards. <p>Key documentation includes: Corporate Vision, Medium Term Financial Strategy, Environment Action Plans, Efficiency Strategy, Technology Strategy, Customer Services Strategy</p>
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PRINCIPLE D: ACHIEVEMENT OF INTENDED OUTCOMES

PRINCIPLE D:

Determining the interventions necessary to optimise the achievement of the intended outcomes.

SUPPORTING PRINCIPLES:

The Council achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that the Council has to make to ensure intended outcomes are achieved. It needs robust decision-making mechanisms to ensure that defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised.

The Council supports the above principle by:

Supporting principle	To achieve this the organisation:	This is evidenced and supported by:
<ul style="list-style-type: none"> Determining interventions 	<ul style="list-style-type: none"> Ensures decision makers receive objective information covering of a variety of options indicating how intended outcomes would be achieved along with the associated risks and value achieved. Consults and considers feedback from citizens and service users when making decisions about service improvements or closures in order to prioritise competing demands within limited resources, whilst 	<ul style="list-style-type: none"> Published annual report which communicates the Councils' activities, achievements, financial position and performance, along with any required interventions; A Financial Strategy highlighting key issues and how services will be delivered mid term. Committee reports and business cases considering alternative options and costs along with the associated impact and risk; Having a transparent regular committee reporting process to ensure that performance and outcomes are regularly monitored. Partnership arrangements where external expertise or different ways of working are required to achieve the best outcomes. A transparent and published committee meeting timetable where members of the public are able to attend (excluding exempt issues) An embedded process for public and stakeholder consultation where there may be impact on service delivery or community

	considering future impacts.	<p>impact. Examples include the Mid Term Financial Strategy, community Liaison Scheme for Fletton Quays and the Local Offer</p> <p>Key documents include: Annual Report, Medium Term Financial Strategy, Committee Timetables, Agendas and Reports, Budget Consultation, Community Liaison Scheme for Fletton Quays, partnership delivery arrangements i.e. TACT, Vivacity, NPS.</p>
<ul style="list-style-type: none"> • Planning interventions 	<ul style="list-style-type: none"> • Ensures that those making decisions, whether for the authority or any partnerships, are provided with information that is fit for purpose, relevant and timely. • Ensures that proper professional advice on matters that have legal or financial implications is available, recorded and used appropriately. 	<ul style="list-style-type: none"> • The council's plans, priorities and desired outcomes are set out in its Medium Term Financial Strategy along with its vision for Peterborough in the Sustainable Community Strategy and Forward Plan which allows members and officers to be clear where resources should be prioritised. • Financial reporting processes which include budget setting processes and budget monitoring are clearly defined to highlight budget pressures where intervention may be required. • Performance monitoring against key performance indicators and benchmarking is undertaken as appropriate. • Committee report framework requiring legal and financial authorisation prior to issue. • Financial and legal representation at committee meetings. <p>Key documents include: Sustainable Community strategy, Medium Term Financial Strategy, Efficiency Strategy 2016/17-2019/20 Budget Reports, Committee Reports and minutes.</p>
<ul style="list-style-type: none"> • Optimising achievement of intended outcomes 	<ul style="list-style-type: none"> • Ensures that risk management is embedded into the culture of the authority, with members and managers at all levels. • Ensures that effective arrangements for whistle-blowing are in place and accessible to officers, staff and all those contracting with or appointed by the authority. 	<ul style="list-style-type: none"> • A risk management strategy that is regularly reviewed by senior management and the Audit Committee. • Regular review of the strategic risk register by the Corporate Management Team and Audit Committee. • Ongoing review of departmental risk registers. • Quarterly meetings held by the risk management working group, which has authority wide representation. • Projects and contracts include consideration for risk both in terms of the project process and Cabinet Member Decisions. • A whistleblowing policy which is accessible to all, detailing key officers and feedback processes. <p>Key documents include: Risk Management Strategy, risk registers, risk working group agendas and minutes, Verto project system, CMDNs, whistleblowing policy.</p>

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PRINCIPLE E: CAPACITY AND CAPABILITY

PRINCIPLE E:

Developing the organisations capacity, including the capability of its leadership and the individuals within it.

SUPPORTING PRINCIPLES:

The Council needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, to operate efficiently and effectively and achieve their intended outcomes within the specified periods. It must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the operating environment will change over time, there will be a continuous need to develop capacity as well as the skills and experience of the leadership and of individual staff members. Leadership is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

The Council supports the above principle by:

Supporting principle	To achieve this the organisation:	This is evidenced and supported by:
<ul style="list-style-type: none"> Developing the Council's capacity 	<ul style="list-style-type: none"> Reviews operations, performance use of assets on a regular basis to ensure their continuing effectiveness. Improving resource use through appropriate application of techniques to determine how the authority's resources are allocated so that outcomes are achieved effectively and efficiently. Recognises the benefits of partnerships and collaborative working where added value can be achieved. Is developing and maintaining an effective workforce plan to enhance the strategic allocation of resources. 	<ul style="list-style-type: none"> The Efficiency Strategy 2016-17 – 2019-20 sets out how the council continuously reviews the organisations capacity with the need to identify how outcomes can be delivered more effectively. The document recognises there are many ways through collaboration to achieve this such as: <ul style="list-style-type: none"> Peterborough Investment Partnership Peterborough Permanency Service Integration of Health and Social Care Peterborough Energy Digital Libraries The council similarly has a technology strategy 2014-19 which determines how the authority can become a fully digital organisation with all the benefits that it brings, including the Digital Front Door Project. <p>Key documents include: Efficiency Strategy, Technology Strategy</p>

<ul style="list-style-type: none"> Developing the capability of the Council's leadership and other individuals 	<ul style="list-style-type: none"> Has protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained. Publishes a statement that specifies the types of decisions that are delegated and those reserved for collective decision making. Ensures the leader and the chief executive have clearly defined and distinctive leadership roles. Develops the capabilities of members and senior management to achieve effective shared leadership and to enable the Council to respond successfully to changing legal and policy. Has structures in place to encourage public participation. Holding staff to account through regular performance reviews which take account of training or development needs. Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing. 	<ul style="list-style-type: none"> The council has a robust framework via the constitution of the roles and responsibilities of members and officers that encompass the cabinet, scrutiny and regulatory committees. The scheme of delegation specifies which decisions are required by full cabinet; The role of the Leader is defined within the constitution and a job description defines the Chief Executive's responsibilities. A member training programme is in place which includes induction for all new members and clarifies their roles and responsibilities; Guidance and advice on how to become a councillor is published on the council's website to actively encourage public participation. Training development programmes are available to officers and needs are discussed through regular performance appraisals (APD's). Staff Appraisals are linked to the council's core values. Various HR policies exist to support the performance of staff including Recruitment and Retention, Capability, Attendance Management. The council supports staff wellbeing by having access to an occupational therapy service, an independent employee assistance service covering a variety of needs, a chaplaincy service and regular wellbeing 'Boost' weeks which is accessible to all staff. <p>Key documents include: Constitution, Chief Executive job description, HR policies, Workforce Development Training Programme, Staff Appraisal Process (PDR), Core Values and Priorities, Employee Assistance Programme.</p>
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PRINCIPLE F: MANAGING RISKS AND PERFORMANCE

PRINCIPLE F:

Managing risks and performance through robust internal control and strong public financial management.

SUPPORTING PRINCIPLES:

The Council needs to ensure that the governance structures it has implemented can sustain an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities.

A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery, and accountability.

It is also essential that a culture and structure for scrutiny is in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

The Council supports the above principle by:

Supporting principle	To achieve this the organisation:	This is evidenced and supported by:
<ul style="list-style-type: none"> Managing risk 	<ul style="list-style-type: none"> Implement robust and integrated risk management arrangements to inform decision making processes and ensure that they are working effectively. Ensure ownership for managing individual risks is clearly identified. 	<ul style="list-style-type: none"> The Councils Risk Management Strategy which sets out the approach to Risk Management. This is overseen by Corporate Management Team and the Audit Committee who receive regular updates regarding business risk. The risk management working group is represented by all directorates where meetings to discuss risk issues are held on a quarterly basis. Regular reviews of risk and associated registers both operationally and strategically which identifies who is managing the risks and timescales for any required actions. <p>Key documents include: Risk management strategy, meeting minutes, risk registers.</p>

<ul style="list-style-type: none"> Managing performance 	<ul style="list-style-type: none"> Monitors service delivery effectively including planning, specification, execution and independent post implementation review. Makes decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation’s financial, social and environmental position and outlook. Ensures an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing performance. Provides members and senior management with regular reports on service delivery plans and on progress towards outcome achievement. Ensures there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements). 	<ul style="list-style-type: none"> The Corporate Director: Resources is the authority’s S151 Chief Finance Officer and is responsible for ensuring that effective financial management is in place. The council has an established approach to financial governance involving members, senior officers and budget holders in the budget setting process and on-going monitoring arrangements by way of forecast performance against budget. A scrutiny framework of 4 main committees exists to support the cabinet and allow the community, via their ward councillors to have a say in council matters of local concern. The constitution allows for scrutiny committees to ‘call in’ cabinet decisions to enable additional challenge and discussion. <p>Key documents include: Job Description for the Director of Corporate Services and Financial Services Director, Terms of Reference for Scrutiny Committees (Constitution), Medium Term Financial Strategy, Budget monitoring reports to Executive and Budget Managers, Constitution call in mechanism.</p>
<ul style="list-style-type: none"> Robust Internal Control 	<ul style="list-style-type: none"> Aligns the risk management strategy and policies on internal control with achieving the objectives. Evaluates and monitor the authority’s risk management and internal control on a regular basis. Ensures effective counter fraud and anti-corruption arrangements are in place. Ensures that additional assurance is provided by the Chief internal Auditor regarding the governance, risk and control environment. Has an audit committee that receives assurance regarding arrangements for 	<ul style="list-style-type: none"> The Council has a Risk Management Strategy which is agreed by senior management and the audit committee. A strategic risk register containing high level strategic risks is regularly reviewed and reported to the audit committee at least six monthly. Risk management effectiveness is reviewed as part of the Annual Governance Statement and Head of Internal Audit annual reporting process. The Chief Internal Auditor is responsible for fraud and investigation activities. A strategy has been developed and annual investigation activity is reported to the audit committee. The Head of Internal Audit Annual report provides an opinion on the robustness of the control and risk environment based

	<p>managing risk and maintaining an effective control environment and recommendations are listened to and acted upon.</p>	<p>on audit work undertaken.</p> <p>Key documents include: Risk management strategy, corporate risk register, annual governance statement, Fraud and Corruption Strategy, HoIA annual report.</p>
<ul style="list-style-type: none"> Managing Data 	<ul style="list-style-type: none"> Ensures effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data. Ensures effective arrangements are in place and operating effectively when sharing data with other bodies. Reviews and audits regularly the quality and accuracy of data used in decision making and performance monitoring. 	<ul style="list-style-type: none"> Information governance policies are in place to ensure that there is clear directive on the handling of information and data. Procedures are in place for reporting data breaches which are recorded and reviewed to identify any remedial process actions required. Details of data breaches are reported to senior management with self-referral to the ICO if considered appropriate. Mandatory data protection training is undertaken by staff. Information governance working group monthly meetings to discuss and deliver actions required within departments. Internal audits that encompass data quality. <p>Key documents include: Information governance strategy and associated policies, information risk register, IGWG minutes, internal audit reports, data protection training.</p>
<ul style="list-style-type: none"> Strong public financial management 	<ul style="list-style-type: none"> Ensures financial management supports both long term achievement of outcomes and short-term financial and operational performance. Ensures well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls. 	<ul style="list-style-type: none"> The Medium Term Financial Strategy, Forward Plan and Constitution identifies both short and long term financial outcomes and processes required in achieving both short and long term aims. Regular finance and performance reporting to senior management and cabinet ensures pressures and risks are discussed and treated as appropriate. Monthly budget monitoring reports. <p>Key documents include: Medium Term Financial Strategy, Forward Plan, Budget monitoring reports.</p>

PRINCIPLE G: TRANSPARENCY, AUDIT AND ACCOUNTABILITY

PRINCIPLE G:

Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

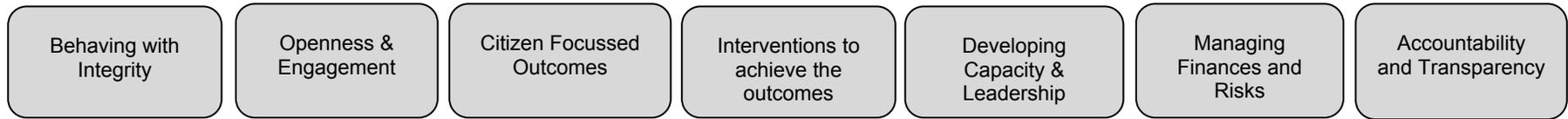
SUPPORTING PRINCIPLES:

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

The Council supports the above principle by:

Supporting principles	To achieve this the organisation:	This is evidenced and supported by:
<ul style="list-style-type: none"> Implementing good practice in transparency 	<ul style="list-style-type: none"> Produces reports for the public and other stakeholders in an understandable style appropriate to the intended audience, ensuring that they are easy to access and interrogate. Strikes a balance between providing the right amount of information to satisfy transparency but can be understood by users to encourage public scrutiny. 	<ul style="list-style-type: none"> Committee reports have a standard format and are published along with agendas (excluding exempt items) to strict committee guidelines Freedom of information requests and responses are published on the website. Information Governance Policies set out how data is handled within the organisation. Expenditure over £500 and Senior Management Salaries are published on the website. <p>Key documents include: Committee report and agendas, Freedom of Information Policy and reports, Information Governance Strategy, Data Protection Policy, Information Risk Register, Data Retention Policy</p>
<ul style="list-style-type: none"> Implementing good practices in 	<ul style="list-style-type: none"> Reports at least annually on performance, value for money and the stewardship of its 	<ul style="list-style-type: none"> The council publishes its Annual Report and Statement of Accounts which is available on the website. It includes

<p>reporting</p>	<p>resources.</p> <ul style="list-style-type: none"> • Ensures members and senior management own the results. • Has robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (annual governance statement). • Provides performance information that accompanies the financial statements is prepared on a consistent and timely basis. 	<p>information on performance along with financial statements.</p> <ul style="list-style-type: none"> • An Annual Governance Statement is produced each year which fully encompasses all of the organisations operations to include shared service and partnership arrangements. Directors undertake a self-assessment of governance arrangements which is verified by the Chief Internal Auditor and an improvement action plan produced where appropriate. This is approved by the Audit Committee and Cabinet. <p>Key documents include: Annual Audit Letter, Annual Report and Statement of Accounts, Annual Governance Statement.</p>
<ul style="list-style-type: none"> • Assurance and effective accountability 	<ul style="list-style-type: none"> • Ensures that recommendations for corrective action made by external audit are acted upon. • Provides an effective internal audit service with direct access to members which provides assurance with regard to governance arrangements and recommendations are acted upon. • Encourages peer challenge, reviews and inspections from regulatory bodies and implementing recommendations. • Obtains assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement. • Ensures that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met. 	<ul style="list-style-type: none"> • An external audit annual audit programme is completed each year. External Audit recommendations are formally responded to and reported to Audit Committee. Regular meetings are held with senior management and External Audit to review progress. • An independent in-house internal audit team which conforms to Public Sector Internal Audit Standards (PSIAS). It's Annual Plan and outcomes are reported to the Audit Committee via the Head of Internal Audit Annual Audit Opinion. Follow up action is undertaken to monitor recommendation implementation. • The Chief Internal Auditor has direct access to the Chair of the Audit Committee. • Governance arrangements for partnerships and shared services are defined in partnership and contract agreements. • An independent panel is utilised for setting member allowances. <p>Key documents include: External Audit Annual Report and Letter, Annual Audit Plan, HoIA Annual Report, Internal Audit Charter, Internal Audit Effectiveness Report, Annual Governance Statement, Internal Audit Reports</p>



Key Documents: Annual Review/Production

Key Documents: Ad-hoc Reviews/Production

Processes / Regulatory Monitoring

Medium Term Financial Strategy
 Annual Report
 Statement of Accounts
 Prudential Code and Treasury
 Finance Reports
 Annual Governance Statement
 Head of Internal Audit Opinion
 Investigations Annual Report
 External Audit Letter
 Risk Management Strategy
 Strategic Risk Register
 Core Values
 Corporate Priorities
 Local Code of Corporate Governance
 Internal Audit Annual Plan

Financial Regulations
 Contract Rules
 Constitutions
 Code of Conduct for Members
 Code of Conduct for Officers
 People and Communities Strategy
 Technology Strategy 2014-2019
 Efficiency Strategy 2016/17 – 2019/20
 Peterborough Sustainable Community
 Strategy 2008-2021
 Procurement Strategy 2016-2020
 Peterborough Culture Strategy 2015-20
 Environment Action Plan (PCC & City Wide)
 Digital Front Door Project
 Community Liaison Scheme for Fletton
 Quays
 Anti-Fraud and Corruption Strategy
 Business Continuity Plans
 Complaints Policy
 Health and Safety Policy
 HR Policies
 Whistleblowing Policy
 Information Governance Policy

Internal Audit Committee
 Section 151 Officer
 Cabinet
 Scrutiny Framework
 Strategic Governance Board
 Information Governance Working
 Group
 Data Protection
 NFI Initiative
 Stakeholder Forums
 Financial Reporting
 Member Independent Remuneration
 Member Training Programme
 Member Induction
 Staff Appraisal Process
 Job Descriptions
 Staff Induction
 Workforce Development and
 Training
 Staff Surveys
 Employment Assistance Prog
 External Website, social media &
 Insite (intranet app)

Chief Executive
 Monitoring Officer
 Corp. Management Team
 Scheme of delegation
 Risk Working Group
 Internal Audit
 External Audit
 Freedom of Information
 Consultations
 Declarations of Interests
 Appointments to outside
 organisations and groups
 Gifts and Hospitality
 Partnership and contract
 monitoring
 Senior Manager Salaries
 Expenditure in excess £500

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Annual Governance Statement

Scope of Responsibility

Peterborough City Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and provides value for money. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. That duty has grown in importance with the reduction in resources being made available for Local Authorities as part of the Government's on-going austerity programme.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, which include the arrangements for the management of risk, whilst facilitating the effective exercise of its functions.

The Council has established governance arrangements which are consistent with the seven principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) Framework – Delivering Good Governance in Local Government. It has adopted a Local Code of Corporate Governance. The Annual Governance Statement sets out how the Council has complied with the Code and also meets with the regulation 4(2) of the Accounts and Audit Regulations 2015.

The Council meets the requirements of Regulation 6(1)b of the Accounts and Audit (England) Regulations 2015 in relation to the publication of a statement of internal control. It is subject to review by the Audit Committee when they consider both the draft and final Statements of Account and is approved by the Audit Committee in advance of them agreeing the Statement of Accounts.

The Council's financial management arrangements are consistent with the governance requirements of the Statement on the Role of the Chief Financial Officer in Local Government (2010). The principles being that the Chief Financial Officer (Corporate Director: Resources):

- Is actively involved and is able to bring influence on the Authority's financial strategy;
- Leads the whole Council in the delivery of good financial management;
- Directs a fit for purpose finance function;
- Is professionally qualified and suitably experienced; and
- Is a key member of the Corporate Management Team.

All Statutory Officers have regular 1:1 sessions with the Chief Executive.

The issues identified as a significant governance issue and the progress made by management throughout the future financial year 2017 / 2018 to address these issues will be reported regularly to Audit Committee with an assessment made in reducing the risk as part of their governance role within the Council.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money. It also enables the Council to demonstrate to the public that it has effective stewardship of the public funds it is entrusted to spend.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level consistent with the risk appetite of the Council. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Council for the year ended 31 March 2017 and up to the date of approval of the statement of accounts.

The Governance Framework

The Council is a unitary authority which was set up in 1998. Its strategic vision and corporate priorities are set out in the Peterborough Sustainable Community Strategy. The control environment encompasses the strategies, policies, plans, procedures, processes, structures, attitudes and behaviours required to deliver good governance to all.

Key Elements of the Governance Framework

The key elements of the Councils governance framework are detailed against each principle in the CIPFA / SOLACE Framework – Delivering Good Governance in Local Government as follows:

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

- In order to ensure Members and Officers behave with integrity to lead its culture of acting in the public interest there are appropriate processes in place to avoid conflicts of interest and gifts and hospitality. Regular monitoring has identified no concerns.
- Staff behaviour is covered by the Code of Conduct.
- Third party challenge to the Councils operations is through a publicised complaints procedure.
- Confidential concerns can be raised through a Whistleblowing Policy.
- The scrutiny process as detailed in the Constitution enables those who are not Cabinet members to call in key decisions.
- The Council is managed by a Cabinet system as set out in the agreed Council Constitution which sets out the scheme of delegation between elected Members and Officers.
- Procurement arrangements recognise the importance of ethics and sustainability with appropriate evaluation of suppliers proposals for Social Value which includes sustainability issues supported by appropriate contract clauses and monitoring.
- Member and Officer relationships are mutually supportive and based on openness, honesty, trust and appropriate challenge. The latter is vital in making service changes and more self-sufficiency from citizens into reality.
- The Council has demonstrated its support of sustainability by appropriate self financing investment in renewable energy.
- The Chief Executive is the Head of Paid Service and is supported by the Corporate Management Team. Cabinet portfolios are assigned on a function basis rather than directorate and subject to appropriate officer support.
- The Corporate Director: Resources is the nominated Chief Financial Officer in accordance with Section 151 of the Local Government Act 1972. Internal Audit are provided direct and work towards Public Sector Internal Audit Standards.
- The system of internal control is based upon a framework of comprehensive financial regulations and procedures. Control is based on regular management information, management supervision, and a structure of delegation and accountability.
- The Director of Governance is the Monitoring Officer and is responsible for ensuring the Council acts in accordance with the Constitution.

Principle B: Ensuring openness and comprehensive stakeholder engagement

- The Council has established clear vision and values linked to its strategic objectives.
- Council meetings are open to every citizen.
- Community liaison schemes are in place to discuss major developments which will impact on the community, for example, Fletton Quays residential proposals.

- The Council is now a constituent Council of the Cambridgeshire and Peterborough Combined Authority which is responsible for a number of new powers devolved from central government.
- In order to demonstrate its openness, the Council also publishes its Pay Policy Statement; its Constitution; Council, Cabinet and Committee reports; and Payments over £500.
- Consideration of the budget took place at Full Council on 8 March 2017. Due to increasing cost pressures on Adult Social Care the Council Tax recommendation resulted in a specific 3% increase to be implemented to finance expenditure in this area.

Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits

- Risk management is integral to the governance arrangements and the risk register is considered by the Audit Committee and the Corporate Management Team. The risk management framework consists of a policy statement; risk register; systems for mitigating and controlling risks; and systems for monitoring and reviewing.
- Our Efficiency Strategy sets out how we are delivering innovative solutions to provide environmental and economic benefits to the citizens of Peterborough, such as Digital Libraries, Peterborough Energy and the Permancy Service.
- All changes to service are supported by an Equality Impact Assessment.

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcome

- Decisions are based on rigorous and transparent scrutiny and a relationship of trust between Members and Officers.
- In order to achieve long term financial targets the Council has set a budget for the year 2017 / 2018 supported by an appropriate assessment of risk which sets out future savings required by the Council.
- All meetings are included in the Councils Forward Plan which is published and available to the public.
- The Audit Committee is an essential part of good governance.
- The Council in order to discharge its functions on Health operates a dedicated Health Scrutiny Committee.
- Educational attainment is acknowledged as a particular priority and plans are set up to improve results in this area for the longer term.
- Performance management is undertaken across all areas, whether relating to individuals, processes or projects. Lessons learnt from mistakes are acted upon.

Principle E: Developing the entity's capacity including the capability of its leadership and the individuals within it

- Performance management framework is in place which covers all officers including an appraisal system with targeted, relevant training. Human Resources procedures set out the appointment process which is transparent.
- Regular meetings and 1:1's are held.
- The national agreement on pay and conditions of service is implemented as is the commitment to pay the Living Wage for its entire staff and is seeking to also achieve this through its contractual arrangements.

- To ensure independent reviews of its systems, the Council operates an Internal Audit service, complying with best practice. Findings are reported to Audit Committee.
- Certain key partners who provide essential council services are subject to independent oversight by Committees.
- The Constitution is reviewed on an annual basis.

Principle F: Managing risks and performance through robust internal control and strong public management

- The Councils Risk Management Framework has been set out under Principle C. This ensures there is continuous monitoring and reporting of risk.
- New Members are inducted prior to the Annual Meeting
- All Cabinet meetings consider key matters including those on risk and performance and these are detailed in the Forward Plan.
- The Annual Budget is supported by commentary detailing its deliverability and is supported by an appropriate reserves policy. The final accounts are prepared in accordance with professional standards and subject to external audit.
- Information governance and compliance with the various policies are regularly monitored through mandatory training. In 2016 / 2017 focus was on Data Protection.

Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability

- As part of the Transparency Agenda the Council agreed to publish senior officer salaries over £50,000 and invoices over £500 on its web site.
- The Council is proactive in engaging with citizens and other key stakeholders.
- Clear protocols and robust processes are in place to allow Internal Audit and External Audit to undertake their activities to look to scrutinise and protect the authorities interests.

Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Directors and Heads of Service within the Council who have responsibility for the development and maintenance of the governance environment, Annual Internal Audit Opinion, and also by comments made by the external auditors and other review agencies and inspectorates.

The Council's Constitution details Directors' responsibilities for the maintenance of controls within their departments. The system of internal control is subject to regular review by Internal Audit. The work of the service is informed by the Council's risk register, with the allocation of audit resources controlled through an annual risk- based operational plan, which is agreed, by Audit Committee.

In addition to these arrangements the Council receives and responds to reports from other review and assurance mechanisms.

An External Audit of the accounts year ended 31 March 2016 undertaken by Ernst and Young was reported to the Audit Committee which concluded the accounts and working papers were of high quality.

Significant Governance Issues

The Annual Governance Statement identifies the following governance issues and risks for the Council. These are:

2016 / 2017 Issue	Planned Management Action to Reduce Risk
<p>Innovation and Governance</p> <p>Our desire to explore more innovative and commercial ways of working requires a flexible and agile approach, but also a clear framework for governing arrangements. <i>(Lead Director: Director of Governance)</i></p>	
<p>Operating Powers</p> <p>Changes in statutory duties; ongoing changes in the work of local government and the role in relation to other agencies means that the Council needs to monitor the scope of duties, powers and expectations. <i>(Lead Director: Director of Governance)</i></p>	
<p>New Arrangements</p> <p>Establishing and maintaining the Combined Authority. <i>(Lead Director: Director of Governance)</i></p>	
<p>School Attainment</p> <p>Damage to reputation through poor performance in published league tables compared to the national average. <i>(Lead Director: Corporate Director, People and Communities)</i></p>	
<p>School Places</p> <p>Demographic changes and new developments are placing increased strains on the schools places available. <i>(Lead Director: Corporate Director, People and Communities)</i></p>	
<p>Workforce Planning</p>	

<p>The Council is undergoing tremendous organisational change. This will create significant workforce issues around having the right skills, people and employee capacity. The Council will require employees to have different skill sets that underpin a transformed business model. <i>(Lead Director: Director of Governance)</i></p>	
<p>New Ways of Working Linked to 6 above, as the Council gears up to move to new accommodation, it is critical that the appropriate tools are in place to cope with smarter ways of working. <i>(Lead Director: Corporate Management Team)</i></p>	
<p>Information The Council is increasingly managing, storing and maintaining personal data and information as part of the delivery of services. With data held in a vast array of places and transferring between supply chain partners, it becomes susceptible to loss, protection and privacy risks. <i>(Lead Director: Director of Governance)</i></p>	
<p>Cyber Security Cyber Security It is important that the Council continues to keep data security high on the agenda to ensure that it is effectively managed, particularly with the introduction of new service delivery arrangements for ICT and information management. The risk of a cyber-attack is a very real one and all organisations, including those in the public sector, should consider cyber security as an organisational risk. To mitigate against this risk, it is essential to raise awareness and commit to implementing a cyber-security, risk adverse culture. <i>(Lead Director: Corporate Director, Resources)</i></p>	
<p>Fraud, Corruption and Serious Organised Crime Pilot studies have been undertaken in a number of regions which has resulted in a best practice check list being established to ensure that local authorities have sound and robust procedures to reduce the threat of SOC impacting on Council activities. <i>(Lead Director: Corporate Director, Resources)</i></p>	

Summary

The Council has in place strong governance arrangements which we are confident protect its interests and provide necessary assurances to our citizens and stakeholders. However, like all organisations we cannot stand still and thus we propose to continue to take steps to address the above matters to enhance further our governance arrangements. We are satisfied that the steps described address the need for improvement identified in the Council's review of effectiveness and will monitor their implementation and operation, not only as part of our next annual review, but also continually throughout the year.

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AUDIT COMMITTEE	AGENDA ITEM No. 11
26 JUNE 2017	PUBLIC REPORT

Report of:	Kim Sawyer, Director of Governance	
Cabinet Member(s) responsible:	Councillor Seaton, Cabinet Member for Resources	
Contact Officer(s):	Pippa Turvey, Democratic and Constitutional Services Manager	Tel. 452460

UPDATES TO THE CONSTITUTION

R E C O M M E N D A T I O N S	
FROM: <i>Member, Officer, and Constitutional Review Working Group</i>	Deadline date: <i>19 July 2017</i>
<p>It is recommended that the Audit Committee recommend to Council:</p> <ol style="list-style-type: none"> 1. Agreement to suspend standing order 29.2 to allow for variation of Council Standing Orders with the item standing adjourned; 2. Approval of the updated Regulatory Committee Functions (Appendix A); 3. Approval of the updated Council Standing Orders (Appendix B); 4. Approval of the updated General Standing Orders (Appendix C); and 5. Approval of the updated Petition Scheme (Appendix D). 	

1. ORIGIN OF REPORT

1.1 This report is submitted to the Audit Committee following a referral from the Member, Officer, and Constitutional Review Working Group on 26 April 2017 and 14 June 2017.

2. PURPOSE AND REASON FOR REPORT

2.1 The purpose of this report is to provide to obtain the Committee's views on proposed amendments and updates to the Council's constitution, including Regulatory Committee Functions, Standing Orders, and Petitions Scheme.

2.2 This report is for the Audit Committee to consider under its Terms of Reference No. 2.2.1.10, 'To maintain an overview of the Council's constitution with the exception of those matters under the remit of the Executive or a regulatory committee.'

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
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4. BACKGROUND AND KEY ISSUES

Part 3, Section 2 - Delegations (Appendix A)

- 4.1 Changes have been proposed within this document in two specific areas. The first is the section outlining the process for call-in of Planning and Environmental Protection Committee decisions to the Planning and Appeals Review Committee.
- 4.2 Following a decision of the Planning and Environmental Protection Committee being called-in earlier this year, it was brought to light that the procedures around calling in items required further clarity.
- 4.3 The key points for Members to note are:
- The requirements introduced to provide sufficient reasoning for the call-in, on material planning grounds or procedural grounds;
 - The validation of the call-in; and
 - Clarity around the speaking scheme in place for the Planning and Appeals Review Committee.
- 4.4 Amendments have also been suggested to the powers delegated to officers around protected trees and emergency Article 4 Directions, following a request from officers.
- 4.5 The Member, Officer, and Constitutional Working Group suggest further changes to the Planning and Environmental Protection Committee referral guidance to ensure that, when Members or Parish Councils, refer an item to the Committee, sufficient Planning Grounds are provided. It is also noted that those making referrals would be expected to attend the Committee, where possible.

Part 4, Section 1 - Council Standing Orders (Appendix B)

- 4.6 It is suggested that amendment be made to the Council Standing Orders in the following areas:
- To allow for the debate of a petition, should the relevant trigger point be met;
 - To restrict questions on notice so that no question can be asked that is substantially the same as a question asked within the previous 6 months; and
 - To include a requirement that any motion that rescinds a decision taken in the previous 6 months be signed by 5 members *from more than one Political Group*.
- 4.7 A further amendment is suggested to remove Council Standing Order 29.2, which requires variations to the Standing Orders to be moved at a meeting of Council, with debate postponed to the following meeting. This requirement was put in place to ensure that all variations to Standing Orders were given due consideration. However, as any proposed changes to Standing Orders are now required to first be agreed by the Audit Committee, it is suggested that this Standing Order is superfluous.

Part 4, Section 4 - General Standing Orders (Appendix C)

- 4.8 The amendments proposed to the General Standing Orders are straightforward, to take into account the new Scrutiny arrangements.

Part 5, Section 9 - Petition Scheme (Appendix D)

- 4.9 Earlier in the 2016/2017 municipal year Full Council debated a petition which had met the relevant trigger point set out in the Council's Petition Scheme. During this process, it was considered that the Petition Scheme should be updated to include the full procedure for a petition debate at Council.
- 4.10 This proposed procedure is set out in the attached scheme.

5. CONSULTATION

5.1 The Member, Officer, and Constitutional Working Group considered the proposals at its meetings on 26 April 2017 and 14 June 2017, making the above recommendations.

5.2 Group Leader's have further been consulted on the proposals, with no additional suggestions received.

6. ANTICIPATED OUTCOMES OR IMPACT

6.1 It is anticipated that, should the proposed amendments be made to the constitution, the changes will provide greater clarity on the procedures for both call in of Planning and Environmental Protection Committee decisions, and Full Council's debate of petitions. The changes proposed to the Council Standing Orders will ensure a debate remains relevant and focused.

7. REASON FOR THE RECOMMENDATION

7.1 The recommendations are made to the Audit Committee to ensure that the Constitution is as up to date and meaningful as possible, and provides clarity on all relevant procedures contained within.

8. ALTERNATIVE OPTIONS CONSIDERED

To Maintain the Constitution in its Current Form

8.1 This option was dismissed, as to do so would leave the relevant sections of the Constitution unclear and inaccurate.

9. IMPLICATIONS

Financial Implications

9.1 There are no financial implications arising from this decision.

Legal Implications

9.2 There are no legal implications arising from this decision.

Equalities Implications

9.3 There are no equalities implications arising from this decision.

10. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

10.1 Peterborough City Council Constitution

11. APPENDICES

Appendix A - Regulatory Committee Functions

Appendix B - Council Standing Orders

Appendix C - General Standing Orders

Appendix D - Petition Scheme

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Section 2 – Regulatory Committee Functions

Introduction

These regulatory functions consist of:

- functions which the Executive may not in law exercise, and
- 'local choice' functions where Council has decided that they shall not be exercised by the Executive.

The Council has delegated to every Committee full powers to act in all matters covered by the Committee's terms of reference subject to:

- (a) the provisions of any financial or procedural rules for the time being in force as set out in this constitution, except where such rule has been specifically waived by resolution of the Council;
- (b) prior Council approval to recommendations for the allocation of duties or powers;
- (c) the right of Council to call for a report on any committee decision;
- (d) the right of Council to exercise the powers which have been delegated, when necessary.

Each Committee may appoint, and delegate any of its powers to, sub-committees and officers and may also authorise an officer, after consultation with the chairman of the Committee, to take other decisions on specific urgent matters falling within its own terms of reference. Each Committee may, from time to time, amend or vary the delegation of its powers to sub-committees and officers.

Every Committee shall have the power to undertake its functions for other local authorities,

Any sub-committee established by a Committee must refer back to the Committee for decision any matters which the committee reserves to itself, and must submit to it the minutes of all the sub-committee's meetings.

Where any delegation under this part of the Constitution refers to specific legislation or regulations, it includes a reference to that legislation or those regulations as re-enacted, consolidated, modified or amended.

2.1 APPEALS AND PLANNING REVIEW COMMITTEE**2.1.1 TERMS OF REFERENCE**

2.1.2 To review appeals procedures for the Council's various services (excluding appeals procedures which are determined by statute) and, where change is recommended, formulate proposals to the Executive or Council.

2.1.3 To hear and determine appeals about all the Council's services, other than employee appeals and those for which there are separate, statutory appeals procedures, and to set up panels for this purpose.

PLANNING REVIEWS

2.1.4 To determine any planning matter that has been referred to the Committee following the implementation of the planning call-in procedure.

2.1.5 The Committee shall adopt the Planning Speaking Scheme at its meetings and shall follow the same procedure as the Planning and Environmental Protection Committee.

2.1.6 All Members of the Committee (and substitutes) shall have received appropriate training before being involved in the determination of a planning matter.

APPEALS PANEL – ~~TERMS OF REFERENCE~~

2.1.7 The Committee has set up a panel to hear appeals about Council Services. The panel will consist of three members drawn from the Committee. For this purpose, officers may draw upon members with training relevant to the subject matter of the appeal in order to ensure sufficient members are available to conduct the hearing, and to avoid involving any member who was involved in the original decision which is the subject of the appeal. Panel members should not be a representative of the Ward of the appellant. The quorum shall be three members. Political balance applies to the panel.

*Part 3, Delegations Section 2 – Regulatory Committee Functions***2.2. Audit Committee****2.2.1 Terms of Reference**

- 2.2.1.1 To consider the annual report and opinion of the Corporate Director Resources and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements.
- 2.2.1.2 To consider summaries of specific internal audit reports as requested.
- 2.2.1.3 To consider reports dealing with the management and performance of the providers of internal audit services.
- 2.2.1.4 To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.
- 2.2.1.5 To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
- 2.2.1.6 To consider specific reports as agreed with the external auditor.
- 2.2.1.7 To comment on the scope and depth of external audit work and to ensure it gives value for money.
- 2.2.1.8 To liaise with the Public Sector Audit Appointments Ltd (PSAA) over the appointment of the council's external auditor.
- 2.2.1.9 To commission work from internal and external audit.

Regulatory Framework

- 2.2.1.10 To maintain an overview of the Council's constitution with the exception of those matters under the remit of the Executive or a regulatory committee.
- 2.2.1.11 To review any issue referred to it by the Chief Executive or a Director, or any Council body.
- 2.2.1.12 To monitor the effective development and operation of risk management and corporate governance in the council.
- 2.2.1.13 To monitor Council policies on "raising concerns at work" and the anti-fraud and anti-corruption strategy and the Council's complaints process.
- 2.2.1.14 To oversee the production of the authority's Statement on Internal Control and to recommend its adoption.
- 2.2.1.15 To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.

Accounts

- 2.2.1.16 To review the annual statement of accounts, specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.
- 2.2.1.17 To consider the external auditors report to those charged with governance on issues arising from the audit of the accounts.

Member Code of Conduct

- 2.2.1.18 Promoting and maintaining high standards of conduct by Councillors and co-opted members;
- 2.2.1.19 Assisting the Councillors and co-opted members to observe the Code of Conduct;
- 2.2.1.20 Advising the Council on the adoption or revision of the Code of Conduct;
- 2.2.1.21 Monitoring the operation of the Code of Conduct;
- 2.2.1.22 Advising, training or arranging to train Councillors and co-opted members on matters relating to the Code of Conduct

2.2.2 Terms of Reference of the Hearing Panel (Sub-committee to the Audit Committee)

The Hearings Panel is a sub-committee of the Audit Committee. The Panel has the following functions:

- 1) When matters are referred by the Monitoring Officer granting dispensations to Councillors and co-opted members allowing them to (a) participate in the debate and / or (b) vote on any matter in which they have a disclosable pecuniary interest;
- 2) On matters being referred by the Monitoring Officer deciding whether complaints concerning members should be investigated;
- 3) Hearing complaints that have been referred to them by the Monitoring Officer pursuant to the Complaints procedure;
- 4) The agreement of relevant procedures for the undertaking of its functions, when appropriate to be included within the Constitution

*Part 3, Delegations Section 2 – Regulatory Committee Functions***2.3 Employment Committee****2.3.1 Terms of Reference**

- 2.3.1.1 To appoint Directors and Heads of Service, and determine terms and conditions of employment.
- 2.3.1.2 To determine employee procedures, including dismissal procedures.
- 2.3.1.3 To act as the Employer's Side of the Joint Consultative Panel (the Council's consultative body with recognised trade union representatives), for discussion and negotiation. When meeting in this context, the Cabinet member with human resource responsibilities may attend and speak, if not already a member of this committee.
- 2.3.1.4 To determine local terms and conditions of employment for employees.
- 2.3.1.5 To consider, and recommend appropriate actions where necessary in response to, executive proposals relating to:
 - (a) changes within a Department's/Division's structure which involve substantial changes in the responsibilities of first and second tier posts;
 - (b) requests for Trade Union facilities, including budget and establishment;
 - (c) other executive human resources matters.
- 2.3.1.6 To promote and pursue a policy of equal opportunities in employment.
- 2.3.1.7 To determine pension issues which relate to auto enrolment.

2.3.2 Delegation to Officers

- 2.3.2.1 The appropriate Director is authorised to make appointments to vacancies on the establishment at levels below Head of Service, within approved policy and budgets, subject to:
 - (a) appointments of Directors and Heads of Service being made by the Employment Committee (the Chief Executive's appointment is subject to a separate procedure reserved to Council);
 - (b) any limitations or other conditions in relation to filling vacancies which are currently required by the Executive.
- 2.3.2.2 The Chief Executive shall advertise vacancies subject to the authorisation of a recruitment requisition, to any overriding Council policy, to there being adequate budget provision, and to compliance with national or local agreements.

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- 2.3.2.3 In respect of all employees, Directors may:
- (a) suspend employees in accordance with the agreed procedure, subject to consultation with the Director of Governance;
 - (b) subject to the approved appeals procedure and consultation with the Director of Governance, take any disciplinary action (including dismissal) and any action relating to incapability (including dismissal);
 - (c) approve the transfer of probationary staff to the permanent establishment at the end of their probationary period;
 - (d) terminate the employment of staff whose performance has not been satisfactory during their probationary period;
 - (e) in consultation with the Director of Governance, determine whether a post is unsuitable for job-share and appoint in accordance with that determination and Council policy;
 - (f) award an additional payment/honorarium to any member of staff within the guide-lines determined by Director of Governance;
 - (g) authorise Essential and Casual Car Allowances in accordance with Council policy and having regard to the circumstances of each case;
 - (h) authorise reimbursement for the installation and rental charges in respect of telephones at private residences where staff are subject to contact in cases of emergency or where private telephones are used for business reasons;
 - (i) vary job titles and job descriptions;
 - (j) authorise pay in lieu of holidays (in exceptional circumstances);
 - (k) terminate the employment of staff for any lawful reason, in consultation with the Director of Governance.
 - (l) take decisions relating to the employment of staff, including establishment control and matters of staff recruitment, reward and discipline that are necessary for the effective delivery of service and to stay within allocated budgets, in consultation with the relevant Cabinet Member in relation to executive functions
- 2.3.2.4 Senior Officers from departments other than where the employee was employed should hear the appeal.
- 2.3.2.5 The Chief Executive is authorised to grade all posts other than Chief Executive, Directors, Heads of Service, Teachers, Crafts employees and posts covered by Soulbury Scales, in accordance with the Council's agreed Job Evaluation Scheme with the aim of recruiting and retaining high quality employees.
- 2.3.2.6 The Chief Executive to exercise personal responsibility for delegations to officers in relation to non-executive human resource matters, including the creation and disestablishment of posts, changes to job descriptions and matters related to the recruitment, reward and disciplining of staff.
- 2.3.2.7 Directors may determine matters relating to training and development, leave, temporary (including agency) and overlapping appointments and minor variations to the relocation scheme for new employees, within agreed cash limits and in accordance with approved Council policies, consulting the Director of Governance where appropriate.

Part 3, Delegations Section 2 – Regulatory Committee Functions

- 2.3.2.8 The relevant Director, in consultation with the Corporate Director Resources, is authorised to consider and determine:-
- (a) any redundancy within the Council's redundancy policy;
 - (b) premature retirement on the grounds of ill-health;
 - (c) premature retirement in the interests of the service.
- 2.3.2.9 Directors, in consultation with the Director of Governance and the Chairman of the Committee, may authorise the extension of an employee's contract beyond retirement age for a maximum period of 6 months.
- 2.3.2.10 The Corporate Director Resources and Director of Governance are authorised following agreement by the relevant Director to approve, complete and transfer agreements relating to car loans including those which do not fall within Council policy, subject in these cases to consultation with the Director of Governance.
- 2.3.2.11 The Director of Governance is authorised to implement agreed employee policies.
- 2.3.2.12 The Chief Executive and Directors respectively in consultation with the relevant portfolio holder and the Director of Governance are authorised to update and amend the job descriptions and person specifications of Directors and Heads of Service/Assistant Directors.

2.4 PETERBOROUGH CORPORATE PARENTING COMMITTEE**2.4.1 TERMS OF REFERENCE****2.4.1.1 OUR COMMITMENT TO CHILDREN AND YOUNG PEOPLE IN CARE:**

2.4.1.1 Peterborough City Council is committed to raising the quality of life of everyone living within the city. For children in particular, the city council aims to provide high quality opportunities for learning and ensure children are healthy and safe. It is important that the Corporate Parenting Committee members ensure that the Council provides such care, education and opportunities that the Committee would be afforded to their own children.

2.4.2 PURPOSE:

- 2.4.2.1 To ensure that the Council effectively discharges its role as Corporate Parent for all children and young people in care and care leavers and holds partners to account for the discharge of their responsibilities.
- 2.4.2.2 On behalf of the Council and partners of the Local Authority to ensure that all services directly provided for children and young people in care and care leavers are scrutinised to deliver to a high standard and to all statutory requirements.
- 2.4.2.3 To raise the aspiration, ambitions and life chances of children and young people in care, narrowing the gap of achievement between children in care and their peers.
- 2.4.2.1 To ensure that the Council effectively discharges its role as Corporate Parent for all children and young people in care and care leavers and holds partners to account for the discharge of their responsibilities.

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2.4.3.5 To ensure that all elected members are aware of their corporate parenting responsibilities and that all Council services are mindful of the needs of children in care and respond accordingly within their particular remit.

2.4.3 FUNCTIONS OF THE COMMITTEE:

2.4.3.1 To act as advocates for looked after children and care leavers.

2.4.3.2 To receive statutory reports in relation to the adoption, fostering, commissioning, looked after children services and children's homes with a view to recommending any changes.

2.4.3.3 Ensure that the needs of looked after children and care leavers are addressed through key plans, policies and strategies throughout the Council overseeing interagency working arrangements.

2.4.3.4 Review complaints from looked after children to ensure officers have dealt with these appropriately and made any recommendations for change.

2.4.3.5 Raise awareness in Peterborough City Council and the wider community by promoting the role of members as corporate parents and the Council as a large corporate family with key responsibilities.

2.4.3.6 To monitor the quality of care delivered by the City Council and review the performance of outcomes for children and young people in care.

- (a) Raise the profile of the needs of looked after children and care leavers through a range of actions including through the organising of celebratory events for the recognition of achievement.
- (b) Ensure that leisure, cultural, further education and employment opportunities are offered and taken up by our looked after children and care leavers.
- (c) Promote the development of participation and ensure that the view of children and young people are regularly heard through the Corporate Parenting Committee to improve educational, health and social outcomes to raise aspiration and attainments.
- (d) Hold meetings with children and young people in care, frontline staff and foster carers to inform the committee of the standards of care and improvement outcomes for looked after children.
- (e) Monitor the ongoing commitment to providing support, training and clarity of expectations to foster carers to achieve excellent and high quality care.
- (f) To appoint elected members as Champions for Children in Care in respect of the following strands:
 - i) Housing
 - ii) Employment and training opportunities within council departments and with partner agencies
 - iii) Health
 - iv) Educational Attainment and access to Higher Education
 - v) Recreation and Leisure activities
 - vi) Finance and benefits

*Part 3, Delegations Section 2 – Regulatory Committee Functions***2.4.4 WORK PROGRAMME**

2.4.4.1 The Corporate Parenting Committee will formally agree a skeleton work programme annually which will be reviewed at each formal meeting. In reviewing the work programme, the Committee may agree to request reports on particular matters of their own preference or as advised by the lead officer.

2.4.4.2 PERFORMANCE MONITORING

2.4.4.3. The Corporate Parenting Committee will scrutinise and monitor outcomes for children in care and care leavers. To this end, the Committee will develop and agree a core data set which it wishes to receive at each Committee meeting. Additional detailed monitoring reports will be presented in accordance with the agreed work programme on the following key aspects of care:

- (a) Placement stability
- (b) Independent child care reviews
- (c) The performance of all care standards regulated services
- (d) Adoption and adoption support
- (e) Fostering
- (f) Children's homes
- (g) Service to care leavers, including accommodation, education, employment and training
- (h) The health needs of children in care
- (i) Educational attainment of children in care

2.4.4.4 The Corporate Parenting Committee will report to the Cabinet Member for Children's Services and to the Scrutiny Committee on a six monthly basis or more frequently if required.

2.4.5 MEMBERSHIP OF THE COMMITTEE

2.4.5.1 There will be a standing membership of the Corporate Parenting Committee to provide continuity and consistency. Councillors outside the standing membership will be invited to discuss issues and raise questions within a standing agenda item.

2.4.5.2 All Councillors are invited to attend the informal meetings. The Committee may also co-opt non-voting members. Membership may include up to four foster carers and representatives from the Children in Care Council. The Committee may invite participation from non-members where this is relevant to their work.

2.4.6 CHILDREN IN CARE COUNCIL

2.4.6.1 Representatives from the Children in Care Council may attend the Corporate Parenting Committee up until and no later than 8pm.

*Part 3, Delegations Section 2 – Regulatory Committee Functions***2.5 Licensing Committee****2.5.1 Terms of reference**

- 2.5.1.1 To undertake and perform all of the Licensing Authority's statutory functions and duties under the Licensing Act 2003 and to delegate functions in accordance with Guidance issued under Section 182 of that Act.
- 2.5.1.2 To delegate to sub-committees consisting of three members of the Licensing Committee the functions listed at 2.5.2.
- 2.5.1.3 To exercise the functions of the authority as listed in Schedule 2.5.4, where these are not delegated to officers as listed at section 2.5.3, namely:-
- (a) hackney carriage and private hire vehicle licensing
 - (b) licensing marriage and entertainment
 - (c) licensing shops and food premises
 - (d) safety issues (sports grounds, and Health and Safety at Work Act)
 - (e) licensing premises associated with live animals
 - (f) approval and enforcement duties relating to premises associated with dead animals and food production
 - (g) employment related licensing functions
 - (h) Betting, gaming, lotteries and charity collections
 - (i) Licences for alcohol and entertainment etc
 - (j) issue, grant, refuse, revoke, transfer, renew, vary, add conditions and set fees in relation to the licensing of sex establishments
 - (k) Licences for scrap metal dealers
- 2.5.1.4 To consider and determine all applications in relation to the functions in Schedule 2.5.4, where:
- (a) they are not delegated to Officers;
 - (b) the Officer with delegated authority refers the application to the Committee.
- 2.5.1.5 To consider whether or not to:
- (a) suspend, and/or
 - (b) revoke, and/or
 - (c) refuse to renew, and/or
 - (d) amend any conditions of any existing licence/permit/consent in any case which is referred to the Licensing Committee by the relevant Officer where the holder has been:
 - (i) convicted of an offence involving dishonesty, indecency or violence, and/or
 - (ii) convicted of an offence or has failed to comply with the statutory provisions relating to the issue of any licence/permit/consent, or
 - (iii) in breach of any conditions attached to the issue of any licence/permit/consent, and/or
 - (iv) any other reasonable cause.
- 2.5.1.6 To approve (and periodically review) the standard conditions to be attached to any licence/permit/consent issued by the Council.
- 2.5.1.7 To monitor and review policy relating to licensing matters and make recommendations to Cabinet or Council as appropriate in relation to any proposed changes.

Part 3, Delegations Section 2 – Regulatory Committee Functions

2.5.1.8 There is no power to suspend and call in any Licensing Committee decisions to Council for determination.

2.5.2 Delegations to Sub-Committees

2.5.2.1 To undertake and perform all of the statutory duties and functions required of local authorities under the Licensing Act 2003 as follows:

- (a) application for a Personal License if there is a Police objection
- (b) application for a Personal License with unspent convictions in all cases
- (c) application for Premises License/Club Premises Certificate if a relevant representation is made
- (d) application for a provisional statement, if a relevant representation is made
- (e) application to vary Premises Licence/Club Premises Certificate if a relevant representation is made
- (f) application to vary the Designated Premises Supervisor if there is a Police objection
- (g) application for transfer of a Premises Licence if there is a Police objection
- (h) application for interim authorities if there is a Police objection
- (i) application to review a Premises Licence/Club Premises Certificate in all cases
- (j) decision to object when the Local Authority is a consultee and not the relevant authority considering the application
- (k) determination of a Temporary Event Notice where objections have been received from relevant persons
- (l) in the event of all relevant representations concerning an application being withdrawn, the application is delegated to officers as per 2.5.3 below.

2.5.2.2 To undertake and perform all of the statutory duties and functions proposed for local authorities under the Gambling Act 2005 as follows:

- (a) application for a premises license where representations have been received and not withdrawn;
- (b) application for a variation to a licence where representations have been received and not withdrawn;
- (c) application for a transfer of a licence where representations have been received from the Commission;
- (d) application for a provisional statement where representations have been received and not withdrawn;
- (e) review of a premise licence;
- (f) application for a club gaming/club machine permit where objections have been made and not withdrawn;
- (g) cancellation of a club gaming/club machine permit;
- (h) decision to give counter notice to temporary use notice.

2.5.3 Delegations to officers

2.5.3.1 **The Corporate Director Resources is authorised:**

- (a) to set fees, issue/renew/suspend/revoke hackney carriage drivers' and vehicle licences and private hire drivers' and vehicle licences, except where the Officer is of the opinion that the application/matter should be considered by the Licensing Committee;

Part 3, Delegations Section 2 – Regulatory Committee Functions

- (b) to approve advertising in or on purpose-built Hackney Carriage vehicles subject to there being no advertising of alcohol or tobacco related products and the advertisements complying with the code of acceptance except where the Officer is of the opinion that an application should be considered by Licensing Committee;
- (c) to set fees, issue/renew/suspend/revoke Private Hire Operator's licences except where the Officer is of the opinion that an application should be considered by the Licensing Committee.
- (d) to set the fees under the Gambling Act 2005 in consultation with the Chairman of the Licensing Committee
- (e) to determine Street Collection Permits; including those for special Christmas collections;
- (f) to determine house-to-house collection licences;
- (g) to determine house-to-house Christmas Carol Float permits;
- (h) to deal with the following registrations:
 - (i) Ear piercing, acupuncture, electrolysis and tattooing;
 - (ii) Food premises;
- (i) to issue/renew/amend/suspend/revoke the following licences:
 - (i) Riding establishments;
 - (ii) Keeping of dangerous wild animals;
 - (iii) Keeping a pet shop;
 - (iv) Keeping a dog breeding establishment;
 - (v) Keeping an animal boarding establishment;
 - (vi) Zoos.
- (j) to take all necessary action under the Breeding of Dogs Act 1991;
- (k) to issue, amend, revoke or refuse street trading consents boroughwide and including the use of the city centre pedestrian area, including those for:-
 - (i) annual food/commercial concessions; and
 - (ii) the Christmas street festival;
- (l) to prepare, amend, vary, attach and adopt as necessary, standard and other conditions to all licences, registrations and consents. The Corporate Director Resources will incorporate any special conditions requested or determined by Licensing Committee;
- (m) to consider and determine applications for certificates under the Safety of Sports Grounds Act 1975 and the Fire Safety and Safety of Places of Sports Act 1987.
- (n) to serve notices requiring information in relation to ownership of land and property under Section 16 of the Local government (Miscellaneous Provisions) Act 1976;
- (o) to take appropriate action and issue all notices (including notices of entry) under the Health and Safety at Work, etc Act 1974;
- (p) to take all necessary action under the Scrap Metal Dealers Act 2013 except where the Officer is of the opinion that the application/matter should be considered by the Licensing Committee.
- (q) to exercise all the functions conferred by the Acts, Orders and Regulations set out below or any Act, Order or Regulation which

Part 3, Delegations Section 2 – Regulatory Committee Functions extends or amends them or any Order, Instrument, Regulation or Byelaw made under them:

- (i) Celluloid and Cinematographics Films Act 1922 – fire safety and storage provisions relating to celluloid film kept on premises;
- (ii) Explosives Acts 1875 and 1923 – storage conditions and licensing for explosives;
- (iii) Nurses Agencies Act 1957 – licensing and regulation of Nurses Agencies;
- (iv) Performing Animals (Regulation) Act 1925 – registration of persons exhibiting or training performing animals;
- (v) Poisons Act 1972 – registration of sellers of some categories of poisons;
- (vi) Criminal Justice and Police Act 2001.
- (r) to issue game dealers' licences;
- (s) under the Licensing Act 2003:
 - (i) to consider Applications for a Personal License if no objection is made
 - (ii) to consider Applications for a Premises Licence/Club Premises Certificate if no relevant representation is made
 - (iii) to consider Applications for a provisional statement if no relevant representation is made
 - (iv) to consider Applications to vary Premises Licence/Club Premises Certificate if no relevant representation is made
 - (v) to consider Applications to vary the designated premises supervisor if there is no Police objection
 - (vi) to request to be removed as Designated Premises Supervisor in all cases
 - (vii) to consider Applications for transfer of Premises Licence if there is no Police objection
 - (viii) to consider Applications for interim authorities if there is no Police objection
 - (ix) to decide on whether a complaint is irrelevant, frivolous or vexatious in all cases
 - (x) to determine the suitability of films to be shown to particular age groups and licensing of premises showing films;
 - (xii) to license theatre premises in accordance with the Licensing Act 2003
 - (xiii) to issue, amend, suspend or refuse licenses under the Licensing Act 2003
 - (xiv) to take decisions in respect of applications for a minor variation to a premises/club premises certificate in all cases; and to take decisions relating to applications for the mandatory alcohol condition requiring a Designated Premises Supervisor in respect of a premises licence to be disapplied if there is no police objection
 - (xv) issue Closure Notices to premises operating in breach of their licensing conditions and apply for an Order to close the premises should the illegal behaviour continue.
- (t) under the Gambling Act 2005

Part 3, Delegations Section 2 – Regulatory Committee Functions

- (i) to set the fees when appropriate following consultation with the Chair of the Committee
- (ii) to consider applications for premises licenses where no representations have been received or representations have been withdrawn;
- (iii) to consider applications for a variation of a license where no representations have been received or representations have been withdrawn;
- (iv) to consider applications for a transfer of a licence where no representations have been received
- (v) to consider applications for a provisional statement where no representations have been received or representations have been withdrawn
- (vi) to consider applications for a club gaming/club machine permit where no objections have been made or objections have been withdrawn;
- (vii) to consider applications for other permits under the Act;
- (viii) to cancel licensed premises gaming machine permits as appropriate;
- (ix) to consider temporary use notices as appropriate
- (x) to designate an officer of a licensing authority as an authorised person for a purpose relating to premises under Section 304 of the Gambling Act 2005
- (xi) to institute criminal proceedings for offences under section 342 of the Gambling Act 2005 – Section 346 of the Act
- (xii) to exchange information under Section 350 of the Act
- (xiii) to have a statement of principles for Unlicensed Family Entertainment Centres.
- (xiv) to have a statement of principles for Prize Gaming.
- (u) To issue/renew/transfer and add conditions in relation to sex establishment licences where no representations have been received or representations have been withdrawn.
- (v) Determine variation applications in relation to sex establishments, in consultation with the Chairman of the Licensing Committee.
- (w) To grant or refuse and attach conditions to permit an exhibition, demonstration or performance of hypnotism on any person and to vary and/or attach conditions.

2.5.3.2 The Corporate Director Resources, in consultation with the Chair of the Licensing Committee, is authorised to:

Determine the fees for premises licences (The Gambling (Premises License Fees) (England and Wales) Regulations 2007 (S.I. 2007/479)).

2.5.3.3 The Corporate Director People and Communities is authorised:

- (a) to monitor and regulate the employment of young people below school leaving age, including issuing of work permits, investigation of breaches to bye-laws and meeting all LEA statutory responsibilities with regard to prosecution of employers who contravene employment legislation;

Part 3, Delegations Section 2 – Regulatory Committee Functions

- (b) to grant or refuse licences for children to take part in public entertainment or performances and to grant or refuse chaperone licences, in accordance with bye-laws.

2.5.3.4 The Corporate Director Resources is authorised to determine applications for licenses to use premises for holding a marriage or civil ceremony

*Part 3, Delegations Section 2 – Regulatory Committee Functions***2.5.4 Schedule of relevant functions – Licensing Committee****2.5.4.1 Hackney carriage and private hire licensing**

Function	Relevant legislation
Licensing hackney carriages and private hire vehicles	HACKNEY CARRIAGES Town Police Clauses Act 1847 (10 & 11 Vict. C.89), as extended by Public Health Act 1875 (38 & 39 Vict. C.55), Section 171 and Transport Act 1985 (c.67) Section 15; and Local Government (Miscellaneous Provisions) Act 1976 (c.57) Sections 47, 57-58, 60, 70 and 79. PRIVATE HIRE VEHICLES Local Government (Miscellaneous Provisions) Act 1976 Sections 48, 57-58, 60 and 79.
Licensing drivers of hackney carriages and private hire vehicles	Local Government (Miscellaneous Provisions) Act 1976, Sections 51, 53-54, 59, 61, 70 and 79
Licensing operators of hackney carriages and private hire vehicles	Local Government (Miscellaneous Provisions) Act 1976, Sections 55-58, 62, 70 and 79

2.5.4.2 Licences for Marriage and Entertainment

Approving premises for the solemnisation of marriage and civil partnerships	Marriage Act 1949 (c.76) s46A (as inserted by Marriage Act 1994 (c.34), Section 1); and The Marriages and Civil Partnerships (Approved Premises) Regulations 2005 (SI 2005, No.: 3168)
Licensing sex shops and sex cinemas	Local Government (Miscellaneous Provisions) Act 1982 (c.30), Section 2 and Schedule 3 (as amended by Licensing Act 2003 (c.17), Schedule 6, paragraph 85.
Licensing performances of hypnotism	The Hypnotism Act 1952 (c.46), Section 1 as amended by Licensing Act 2003 (c.17) paragraph 198 and Schedule 6, paragraphs 25 – 27

Part 3, Delegations Section 2 – Regulatory Committee Functions

Licensing pleasure boats and pleasure vessels	Public Health Acts Amendment Act 1907 (c.53), s.94 as amended by Local Government Act 1974 (c.7) Schedule 6 Para 1 and Local Government (Miscellaneous Provisions) Act 1976 (c.57), Section 18 and Local Government, Planning and Land Act 1980 (c.65), s186 as substituted by ; Deregulation (Public Health Acts Amendment Act) Order 1997 (SI 1997/1187), Section 94(8)
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2.5.4.3 Licensing of shops and food premises

Licensing premises for acupuncture, tattooing, ear-piercing and electrolysis	Local Government (Miscellaneous Provisions) Act 1982, Sections 13 – 17
Licensing market and street trading	Local Government (Miscellaneous Provisions) Act 1982, Part III of, and Schedule 4
Duty to keep a list of persons entitled to sell non-medicinal poisons	Poisons Act 1972 (c.66), Sections 3(1)(b)(ii), 5, 6 and 11 as amended by Local Government, Planning and Land Act 1980, Schedule 6 Para 13(1)
Licensing dealers in game and the killing and selling of game	Game Act 1831 (c.32), Sections 5-6, 17-18, 21-23 and Game Licensing Act 1860 (c.90), Sections 2-16; and Customs and Inland Revenue Act 1883 (c.10), Section 4; Sections 12(3) and 27 Local Government Act 1874 (c.73); Section 213 Local Government Act 1972 (c.70)
Registering and licensing premises for the preparation of food	Section 19 Food Safety Act 1990 (c.16)

*Part 3, Delegations Section 2 – Regulatory Committee Functions***2.5.4.4 Safety functions (sports grounds and Health and Safety at Work)**

Issuing, amending or replacing safety certificates (general or special) for sports grounds	The Safety of Sports Grounds Act 1975 (c.52), as amended by Fire Safety and Safety of Places of Sport Act 1987 (c.27), Part II and Schedule 2
Issuing, cancelling, amending or replacing safety certificates for regulated stands at sports grounds	Fire Safety and Safety of Places of Sport Act 1987 (c.27), Part III
Sanctioning use of parts of buildings for storage of celluloid	Celluloid and Cinematographic Film Act 1922 (c.1935), Section 1 – 4
Health and Safety at Work Act functions under any of the “relevant statutory provisions” within the meaning of Part I (health, safety and welfare in connection with work, and control of dangerous substances) of the 1974 Act [not including the authority’s discharge of these functions in relation to its own employees, which is an executive responsibility]	Health and Safety at Work, etc Act 1974 (c.37), Part I [For “relevant statutory provisions” see the various definitions in Sections 53(1) and 15(1) of the Act, the latter section having been substituted by Employment Protection Act 1975 (c.71), Schedule 15 Para 5]

2.5.4.5 Licensing associated with live animals

Licensing premises for the breeding of dogs	Section Breeding of Dogs Act 1973 (c.60); Section 1 Breeding and Sale of Dogs (Welfare) Act 1999 (c.11)
Licensing pet shops and other establishments where animals are bred or kept for the purposes of carrying on a business	Pet Animals Act 1951 (c.35), Section 1 as amended by Local Government Act 1974 Schedules 6 and 8 Animal Boarding Establishments Act 1963 (c.43), Section 1 as amended by Local Government Act 1974, Schedule 6 Para 17 and Protection of Animals (Amendment) Act 1988 (c.29) Sections 3(2) and (3) and Schedule Riding Establishments Act 1964 (c.70) and 1970 (c.70) as amended by Local Government Act 1974, Section 35(1) and (2) and Schedule 6 Para 18 and Schedule Protection of Animals (Amendment) Act 1988, Sections 3(2) and (3) Breeding of Dogs Act 1973 (c.60), Section 1 as amended by Local Government Planning and Land Act 1980, Section 1(6), Schedule 6, Schedule 34 Para 15 and Protection of Animals (Amendment) Act 1988 Sections 3(2) and (3) and Schedule and Breeding and Sale of Dogs (Welfare) Act 1999, Sections 1 and 8

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Registering animal training and exhibitors	Performing Animals (Regulation) Act 1925 (c.38), Section 1 as amended by Local Government Act 1974, Sections 35(1) and (2), Schedule 6 Para 2(1) and Schedule 8
Licensing zoos	Zoo Licensing Act 1981 (c.37), Section 1 as amended by Zoo Licensing Act 1981 (Amendment) (England and Wales) Regulations 2002 (SI 2002, No. 3080), Regulations 3 and 4 and Local Government (Wales) Act 1994, s.66(6) and (8) and Schedule 16, and Schedule 18, paragraph 62(2)
Licensing dangerous wild animals	Dangerous Wild Animals Act 1976 (c.38), Section 1
Enforcing provisions for Record Keeping, Identification Marking and Movement relating to pigs	The Pigs (Records, Identification and Movement) Order 2003 (SI 2003, No. 2632), Section 27.
Enforcing provisions for Record Keeping, Identification and Movement of Cattle	The Cattle Identification Regulations 2007 (SI 2007, No.: 529) as amended by The Cattle Identification (Amendment) Regulations 2007 (SI2007, No. 1046)
Enforcing provisions for Record Keeping, Identification and Movement of Sheep and Goats	The Sheep and Goats (Records, Identification and Movement) (England) Order 2005 (SI 2005 No.: 3100) and The Sheep and Goats (Records, Identification and Movement) (England) (Amendment) Order 2006 (SI 2006, No.: 2987)

2.5.4.6 Approval and Enforcement of duties relating to premises associated with dead animals and food production

Licensing knackers' yards	Section 4 Slaughterhouses Act 1974 (and see also Animal By-Products Order 1999, SI 1999/646)
Enforcing requirements in relation to any food business premises as to e.g. hygiene, HACCP principles and registration as well as approving the food business premises.	Food Hygiene (England) Regulations 2006 (SI 2006, No 14) as amended by the Food Hygiene (England) (Amendment) Regulations 2007 (SI 2007, No. 56) both to be read in conjunction with 2004/852/EC

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Enforcing requirements in relation to any relevant food business operators (dealing with e.g. meat, minced meat, eggs, dairy and fish products) as to e.g. hygiene, HACCP principles, identification marking, slaughtering and preparation, transport and storage etc as well as approving the premises.	Food Hygiene (England) Regulations 2006 (SI 2006, No.14) as amended by the Food Hygiene (England) (Amendment) Regulations 2007 (SI 2007, No. 56) both to be read in conjunctions with 2004/852/EC and 2004/853/EC
Duty to keep a register of food premises	Food Hygiene (England) Regulations 2006 (SI 2006, No. 14) and Food Hygiene (England) (Amendment) Regulations 2007 (SI 2007, No.: 56)
Registering food business premises	Food Hygiene (England) Regulations 2006 (SI 2006, No. 14) and Food Hygiene (England) (Amendment) Regulations 2007 (SI 2007, No.: 56)

2.5.4.7 Employment related licensing functions

Licensing the employment of children	Part II Children and Young Persons Act 1933 (c.33); Byelaws made under that Part; Part II Children and Young Persons Act 1963 (c.37)
Licensing agencies to supply nurses	Section 2 Nurses Agencies Act 1957 (c.16)

2.5.4.8 Licences for Alcohol and Entertainment etc

Issuing cinema and cinema club licences	Licensing Act 2003 (c.17), s.200 and Schedule 8, Part 1(h) <i>(as to transitional provisions from old Licence granted under s.1 of the Cinema Act 1985 to a Premise License under the Licensing Act 2003)</i> Licensing Act 2003 (c.17), Part 3 (Premise Licence) and 4 (Club License – if applicable) <i>(as to the grant, variation, transfer and review of Premise Licenses under the Licensing Act 2003)</i> N.B.: Licensing Act 2003 (c.17), Section 20 <i>(as to mandatory conditions to be attached to Premise Licence for the Exhibition of Films)</i>
Issuing theatre licences	Licensing Act 2003 (c.17), s.200 and Schedule 8, Part 1(e) <i>(as to transitional provisions from old Licence granted under the Theatres Act 1968 to a Premise License under the Licensing Act 2003)</i> Licensing Act 2003 (c.17), Part 3 <i>(as to grant, variation, transfer and review of Premise Licenses under the Licensing Act 2003)</i>

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Issuing and Enforcing Licenses for Alcohol and Entertainment etc	Licensing Act 2003 (c.17), Part 3 (Premise Licence), Part 4 (Club Licence), Part 5 (Permitted Temporary Activities) and Part 6 (Personal Licences) N.B. Mandatory and prohibitory conditions to be applied to any Licence granted under Parts 3, 4 and 6.
Approving premises for the solemnisation of marriage and civil partnerships	Marriage Act 1949 (c.76) s46A (as inserted by Marriage Act 1994 (c.34), Section 1); and The Marriages and Civil Partnerships (Approved Premises) Regulations 2005 (SI 2005, No.: 3168)
Issuing and Enforcing Licences for sex shops, sex cinemas and sexual entertainment venues	Local Government (Miscellaneous Provisions) Act 1982 (c.30), Section 2 and Schedule 3 (as amended by Licensing Act 2003 (c.17), Schedule 6, paragraph 85 and by Section 27 of the Policing and Crime Act 2009 (c.26).

2.5.4.9 Licensing of Food Premises

Licensing night cafes and take-away food shops	Licensing Act 2003 (c.17), s.200 and Schedule 8, Part 1(e) <i>(as to transitional provisions from old Licence granted under s.1 of the Cinema Act 1985 to a Premise Licence under the Licensing Act 2003)</i> Licensing Act 2003 (c.17), Part 3 (Premise Licence) <i>(as to the grant, variation, transfer and review of Premise Licenses under the Licensing Act 2003)</i>
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2.5.4.10 Gambling

Issuing, registering and enforcing Premise Licenses	Gambling Act 2005 (c.19), Part 8 and Part 18, Section 346
Acknowledging or determining, registering and enforcing Temporary Use Notices	Gambling Act 2005 (c.19), Part 9 and Part 18, Section 346
Issuing and enforcing Family Entertainment Centre Gaming Machine Permits	Gambling Act 2005 (c.19), Part 10, Section 247, Part 18, Section 346 and Schedule 10
Issuing and cancelling/forfeiting Club Machine Permits and Club Gaming Permits	Gambling Act 2005 (c.19), Part 12, Sections 271 – 274 and Schedule 12
Issuing and cancelling/forfeiting Licensed Premises Gaming Machine Permits	Gambling Act 2005 (c.19), Part 18, Section 346 and Schedule 13

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Issuing, enforcing and registering Prize Gaming Permits	Gambling Act 2005 (c.19), Part 13, Part 18, Section 346 and Schedule 14
Registration revocation and enforcement of Small Society Lotteries	Gambling Act 2005 (c.19), Part 11, Part 18, Section 346 and Schedule 11, Part 5
Assessment of Compliance through inspection and enforcement of breaches	Gambling Act 2005 (c.19), Part 15 and Part 18, Section 346
Power to designate officer of a licensing authority as an authorised person for a purpose relating to premises	Section 304 of the Gambling Act 2005
Power to institute criminal proceedings for offences under section 342 of the Gambling Act 2005	Section 346 of the Gambling Act 2005
Power to exchange information	Section 350 of the Gambling Act 2005
Functions relating to the determination of fees for premises licences.	The Gambling (Premises Licence Fees) (England and Wales) Regulations 2007 (S.I. 2007/479)."

2.5.4.11 Scrap Metal Dealers

Licensing of Scrap Metal Dealers	Section 2 and Section 4 and Section 9 of the Scrap Metal Dealers Act 2013 (c10)
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*Part 3, Delegations Section 2 – Regulatory Committee Functions***2.6 Planning and Environmental Protection Committee****2.6.1 Terms of reference**

2.6.1.1 To exercise the functions of the Council as listed in Schedule 2.6.5, where these are not delegated to officers as listed at section 2.6.4.

2.6.1.2 In respect of functions listed in Schedule 2.6.5, to determine an application, or to decide upon or vary appropriate conditions, limitations, terms or other restrictions upon any approval, consent, licence, permission or registration granted, or discontinuance or revocation order in cases where:

- (a) the officer with delegated authority to deal with the matter refers it to the Committee for determination;
- (b) an application has been referred to the Committee by a Member or a Parish Council from the weekly press list on proper planning grounds, or by a consultee on the delegation confirmation list and the referrers views are contradictory to the officer recommendation (this does not apply to any prior notification type application). ~~The Head of Development and Construction, after consultation with the Chair, Vice Chair and Group Representatives, may determine the application if planning reasons are not given, with a review after six months of the procedure. All referrals by a Member or a Parish Council must also provide a reason for the referral based on relevant material planning grounds. Referrals made without an accompanying reason will not be valid. Members who have made a referral to the Committee are expected to attend the Committee meeting at which the matter is discussed, where possible, or submit a written supporting statement.~~
- (c) the officer's proposed course of action falls outside the Council's agreed policies and criteria;
- (d) any planning application recommended for approval does not accord in a material way with the Development Plan;
- (e) a planning application relates to an exceptionally large scale development, or a major development which does not accord with the Development Plan;
- (f) a proposed Tree Preservation Order has unresolved objections to it.

None of (a) – (f) above shall prevent an officer determining one of these matters in cases of urgency, provided that the action taken is reported to the next Committee meeting.

2.6.1.3 In respect of issues governed by the list of functions at Schedule 2.6.5, to determine whether, and in what manner, to enforce any failure to comply with an approval, consent, licence, permission or registration granted by the Council in cases where:

- (a) the officer with delegated authority to deal with the matter refers it to the Committee for determination;
- (b) a member refers it to the Committee on proper planning grounds;
- (c) the issue falls outside the Council's agreed policies and criteria;

None of (a) – (c) above shall prevent an officer taking enforcement action in cases of urgency which warrant the service of a Stop Notice and/or injunction, subject to the consent of the Director of Governance provided that the action taken is reported to the next Committee meeting.

2.6.1.4 To receive regular progress reports on all current planning enforcement matters, and lists of planning decisions taken by officers under delegated powers.

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- 2.6.1.5 To be consulted by, and comment on, the Executive's draft proposals for Local Development Documents within the Local Development Framework at each formal stage in preparation."
- 2.6.1.6 To assess and review the performance of the services which fall within the terms of reference of the Committee.
- 2.6.1.7 To transfer enforcement functions to another enforcement authority under Smoke-free (Premises and Enforcement) Regulations 2006.

2.6.2 Call in of Decisions Made by the Committee

- 2.6.2.1 Applications determined by the Planning and Environmental Protection Committee can be called in to the Appeals and Planning Review Committee (*see Appeals and Planning Review Committee Terms of Reference for procedure para. 2.1*).

2.6.3 Planning Call-In Procedure

2.6.3.1 This paragraph only applies to a determination of planning application decisions made by the Planning and Environmental Protection Committee.

2.6.3.2 If the Planning and Environmental Protection Committee makes a determination as set out in paragraph 2.7.1 above, 30% of the Members present at the meeting where the resolution was passed can ask the Chief Executive that it be reported to a special meeting of the Appeals and Planning Review Committee.

2.6.3.3 The right under the paragraph above must be carried out within two working days of the end of the meeting by the submission of a planning call-in notice.

2.6.3.4 Signatories of a planning call-in notice or their group representatives can withdraw a planning call-in notice by notifying the Chief Executive in writing. If the planning call-in notice has been withdrawn, the original Committee decision takes effect.

2.6.3.5 The request to call-in a decision must be made in writing or electronically, using the agreed form. The form must:

- (a) set out the planning application decision that the Members wish to call in;
- (b) give the reasons why the Appeals and Planning Review Committee reconsider the decision. These must include either the incorrect application of procedure during the application process, or the relevant material planning considerations (as set out in??) not being taken into account;
- (c) be signed and dated by 30% of the Members present at the meeting where the resolution was passed.

2.6.3.6 Determination of whether a request to call-in a decision is valid or not, in accordance with the above criteria, will be determined by the Corporate Director of Growth and Regeneration, in conjunction with the Monitoring Officer.

2.6.3.7 The procedure of an Appeals and Planning Review Committee will follow the same format as a Planning and Environmental Protection Committee, including the Speaking Scheme. An application that is called-in will be

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reconsidered by the Appeals and Planning Review Committee in its entirety.

2.6.4 Planning Speaking Scheme as Agreed by the Committee

2.6.4.1 Members of the public can speak at meetings of the Planning and Environmental Protection Committee which is considering any planning application (including those referred to the Appeals and Planning Review Committee).

(a) Any Ward Councillor, Parish Council (or other groups defined in local planning policy as operating in a manner similar to a Parish Council) representative or member of the public who wish to address the Committee on any planning application or any consultation item referred from another local authority, must register with the Chief Executive by 12 noon Friday before the meeting.

(b) The following procedure will apply for each item.

- (i) Officers will introduce the item;
- (ii) Representations by Ward Councillors and the Parish Council representative;
- (iii) Members questions to the Ward Councillors and Parish Council representative;
- (iv) Objectors' representations;
- (v) Members' questions to objectors;
- (vi) Representations by the applicant, agent and any supporters;
- (vii) Members' questions to the applicant, agent and any supporters;
- (viii) Officers' comments;
- (ix) Members will debate the application and get advice from officers where appropriate;
- (x) Members will reach a decision.

2.6.4.2 The total time allowed for speeches from each of the following groups of speakers will not be more than five minutes unless the Committee decide on the day of the meeting to extend the time allowed due to unusual or exceptional circumstances:-

- (a) Objectors;
- (b) Applicant or agent and their supporters.

2.6.4.3 If more than one objector or supporter wants to speak, the Chairman may ask the supporters and objectors to appoint a spokesperson to represent their views.

The total time allowed for speeches from Ward Councillors and Parish Council representatives will not be more than ten minutes in total unless the Committee decide on the day of the meeting to extend the time allowed due to unusual or exceptional circumstances.

MPs will be permitted to address the Committee when they have been asked to represent their constituents. Proof of this fact should be submitted to the Committee. The total time allowed for speeches for MPs will not be more than five minutes unless the Committee decide on the day of the

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meeting to extend the time allowed due to unusual or exceptional circumstances.

2.6.4.4 The Chairman may:

- (a) Suspend the public's right to speak if he or she considers it necessary to maintain order at the meeting; or
- (b) Vary the order of representations if he or she feels that it is convenient and will assist the Committee in dealing with the matter provided it will not cause any prejudice to the parties concerned.

In lieu of speaking, Ward Councillors, Parish Council representatives and members of the public may submit representations in writing for consideration by the Committee. Written representations will be reported to the Committee in an update report and circulated on the day of the meeting.

If a Ward Councillor is unable to attend the Committee and submits representations in writing such representations may be read out at the Committee provided that the written representations are no more than 300 words and provided that there is sufficient time following speeches from Ward Councillors present at the Committee (i.e. within the 10 minute time allowed for speeches from Ward Councillors and Parish Council Representatives).

2.6.5 Delegations to officers

2.6.5.1 The Corporate Director Growth and Regeneration is authorised to deal with the following matters after consultation with the Chairman of the Committee and notification to (i) the Vice-Chairman, (ii) the representatives of the other political groups on the Committee of which the Chairman and Vice-Chairman are not members, (iii) relevant ward councillors, and no relevant planning objection being raised by them within 48 hours:

- (a) All planning applications not delegated to Officers and not reserved to the Committee;
- (b) the designation, revocation, variation and modification of a Tree Preservation Order which has been opposed;
- (c) Hazardous Substances Consents;
- (d) Applications made by the Council under Regulation 3 of the Town and Country Planning General Regulations 1992 in cases which the Corporate Director Growth and Regeneration –would be authorised to determine if they were private applications;
- (e) All enforcement matters, where a breach reported by a member of the public is recommended for “no further action” and where consideration is not referred to the Committee.

If an objection is received the application will be determined by the Committee.

2.6.5.2 The Corporate Director Growth and Regeneration is authorised to determine all planning applications, applications to carry out work on Protected Trees, and applications for advertisement consent, listed building consent and conservation area consent, except an application:

- (a) contrary to the provisions of an approved or draft Development Plan and which is recommended for approval;

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- (b) contrary to approved Council policies, standards or guidance, and which is recommended for approval;
- (c) which raises an issue of significance which is not covered by specific Council policies, standards or guidance
- (d) which has been referred to the Committee by a Member or a Parish Council from the weekly press list within 28 days, or by a consultee on the delegation confirmation list and the referrers views are contradictory to the officer recommendation;
- (e) which, in the opinion of the Head of Planning, Transport and Engineering Services is potentially controversial, likely to be of significant public interest or would have a significant impact on the environment;
- (f) known to be submitted by or on behalf of a Councillor, Director or Head of Service of the authority (or their spouse/partner);
- (g) which the Corporate Director Growth and Regeneration considers should be presented to the Planning and Environmental Protection Committee for determination.

2.6.5.3 The Corporate Director Growth and Regeneration is authorised to deal with the following matters subject to there being no prior referral by a Member or a Parish Council to the Planning and Environmental Protection Committee as set out in its terms of reference;

Note: From time to time the Corporate Director Growth and Regeneration may authorise in writing other competent officers of the authority to exercise specific delegated functions. The Corporate Director Growth and Regeneration may also refer any of the matters listed below to the Planning and Environmental Protection Committee for determination.

- (a) the details of all Planning Obligations,
- (b) all prior notification applications relating to agricultural, telecommunication, changes of use and householder extensions;
- (c) all planning and enforcement matters relating to Conservation (including emergency* Article 4 Directions); Hedgerows and Tree Preservation Orders and proposed Emergency* Tree Preservation Orders which includes designation, revocation, variation, and modification, and confirmation, except;
 - (i) the designation or modification of a Conservation Area (Cabinet Member for Environment Capital)
 - ~~(ii) Designation, revocation, variation and modification of Tree Preservation Orders (other than emergency orders)~~
 - (iii) any which the Corporate Director Growth and Regeneration considers should be determined by the Planning and Environmental Protection Committee.

NB *Emergency – when there is an immediate threat that a building or tree is going to be felled/demolished or pruned/modified in ways that would have a significant impact on the character or amenity of an area.

- (d) all enforcement matters including instructing the Director of Governance to consider the initiations of prosecutions in accordance with the Council's enforcement procedures except where;
 - (i) a significant breach reported by a member of the public or where there is significant public interest in the matter, is recommended for no further action;

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(ii) the Corporate Director Growth and Regeneration considers a breach should be reported to the Planning and Environmental Protection Committee for decision;

(e) Applications for the discharge or modification of covenants in agreements under Section 106 of the Town and Country Planning Act 1990;

NB The agreement of the Director of Governance shall be required to authorise the issue of an Enforcement Notice, Breach of Condition Notice, Section 215 Notice, Notices under Section 3 of the Planning (Listed Buildings and Conservation Area) 1990. The Director of Governance shall be responsible for the initiation of any criminal or civil proceedings he considers necessary including the seeking of an injunction. He shall be responsible for arranging the discharge of all legal work and advice arising from all enforcement action including ensuring that the Council is properly represented in Court.

(f) to respond to consultations from:

(i) government bodies, other authorities or from other agencies on planning, footpath or similar matters;

(ii) Area Traffic Commissioners with observations on applications for goods vehicle licences except where the Head of Development and Construction is of the opinion that the matter should be considered by the Committee.

(g) matters relating to overhead power lines and applications under prior approval of telecommunications procedures;

(h) Other powers:

(i) determination and issue of Certificates of Alternative Development;

(ii) determination and issue of certificates of Lawful Use or Development following consultation with the Director of Governance as to the adequacy of the evidence in all cases where the evidence is either doubtful or complex;

(iii) to exercise all the relevant functions listed in schedule 2.6.5 in respect of public unmetalled footpaths, bridleways and byways open to all traffic;

(iv) authority to proceed with the stopping up of a public right of way required in connection with development where planning permission has been granted and appropriate publicity has been undertaken including instructing the Director of Governance to make the appropriate Order under the Town and Country Planning Act 1990;

(v) authority to instruct the Director of Governance to make orders under Sections 257 or 258 of the Town and Country Planning Act 1990 in respect of the creation, diversion and/or extinguishment of public rights of way with any orders being confirmed where there are no unresolved objections;

(vi) to determine, subject to no outstanding objections, applications for Definitive Map Modification Orders under the Wildlife and Countryside Act 1981. To publish Modification Orders to the Definitive Map and Statement, and to authorise the creation, extinguishment and diversion orders for public footpaths, bridleways and byways open to all traffic under the Highways

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 Act 1980 and Town and Country Planning Act 1990 and to instruct the Director of Governance to make such Orders. (NB - the Corporate Director Growth and Regeneration is also authorised to modify rights of way, at paragraph 2.6.4.6 (f) below);

- (vii) the service of notices under Section 54 of the Planning (Listed Building and Conservation Areas) Act 1990 requiring urgent work to preserve unoccupied listed buildings;
- (viii) the giving of screening and scoping opinions under the Town & Country Planning (Environmental Impact Assessment)(England & Wales) Regulations 1999.
- (ix) the making of Listed Building and conservation grants within approved budget;
- (x) identifying applications representing departures from the Development Plan;
- (xi) to maintain Public Registers under the legislation for which s/he is responsible, including registers of rights of way;
- (xii) to act as Appointing Officer under Section 10(8) of the Party Wall etc. Act 1996.
- (xiii) the right to enter land under the legislation governing the functions for which s/he is responsible;
- (xiv) applications made under the Licensing Act 2003 and the making of any representations to the courts;
- (xv) the discharge of conditions imposed on planning and related permissions, where those conditions have been complied with;
- (xvi) to determine applications to develop land without compliance with conditions previously attached;
- (xvii) to make determinations, give approvals and agree certain other matters relating to the exercise of permitted development rights;
- (xviii) to grant permission for provision, etc of services, amenities, recreation and refreshment facilities on highway, and related powers;
- (xix) to publish notice in respect of proposal to grant permission under section 115E of the Highways Act 1980;
- (xx) to authorise stopping up or diversion of highway;
- (xxi) relating to complaints about high hedges;
- (xxii) to enforce offences relating to the display of no-smoking signs;
- (xxiii) to enforce offences relating to smoking in smoke-free places;
- (xxiv) to enforce offence of failing to prevent smoking in smoke-free places.

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- 2.6.5.4 **The Corporate Director Growth and Regeneration is authorised to determine:**
- (a) applications under Prior Approval of Telecommunications Procedures; and
 - (b) those under delegation 2.6.5.3 (b) and 2.6.5.3 (f);
- in consultation with the Chairman or, if not available or inappropriate, the Vice Chairman of the Committee, where a Member or a Parish Council has exercised their power to refer an application to the Committee but there is no scheduled meeting of the Committee within the time period for response.
- 2.6.5.5 **Authorised Signatories**
- (a) Planning Decision or Building Control Notices determined by Committee - the Corporate Director Growth and Regeneration
 - (b) Notices and directions following determination by Committee, under Article 4 of the Town and Country Planning (General Permitted Development) Order 1995 or any Order revoking or re-enacting that Order with or without modification - the Corporate Director Growth and Regeneration
- 2.6.5.6 **The Corporate Director Growth and Regeneration is authorised:**
- (a) to issue licences for hoardings and scaffolding within the highway;
 - (b) to issue licences for the placing of skips within the highway;
 - (c) to exercise the non-executive powers and duties of the Council, acting on its behalf as the local highway authority, traffic authority, transport authority, parking authority and technical approval authority, including the serving of Notices as contained in the Highways Act 1980
 - (d) to create, extinguish and divert footpaths under the Highways Act 1980;
 - (e) to enter land under the legislation governing the functions for which s/he is responsible;
 - (f) to modify rights of way, in line with para 2.6.4.6 (d) above.
- 2.6.5.7 **The Corporate Director Growth and Regeneration is authorised:**
- (a) To undertake non-executive actions under the Environmental Protection Act 1990 in relation to pollution and statutory nuisance (these are set out in Schedule 2.6.5;
 - (b) To take appropriate action and issue all notices (including notices of entry) under the following legislation: Control of Pollution Act 1974; Noise and Statutory Nuisance Act 1993.
- 2.6.5.8 The **Corporate Director Growth and Regeneration** is authorised to serve notices requiring information in relation to ownership of land and property under Section 16 of the Local government (Miscellaneous Provisions) Act 1976.
- 2.6.5.9 The Corporate Director People and Communities is authorised to issue licences and ensure compliance with statutes relating to residential caravan sites, touring caravans and campsites, as listed in Schedule 2.6.5 (Section 3 Caravan Sites Control and Development Act 1960 and Section 269 Public Health Act 1936).
- 2.6.5.10 The Corporate Director Growth and Regeneration is authorised to set up and establish any Joint Planning and Environmental Protection Committee

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and to negotiate and determine the Terms of Reference of such Joint Planning and Environmental Protection Committees with neighbouring councils and local planning authorities, following consultation with the Director of Governance and Chairman of the Planning and Environmental Protection Committee.

2.6.6 Schedule of relevant functions

2.6.6.1 Town and country planning and development control functions

Determination of applications for planning permission	Sections 70(1)(a) and (b) and 72 Town and Country Planning Act 1990 (c.8)
Granting planning permission for development already carried out	Section 73A Town and Country Planning Act 1990 (ref. Schedule 7 para 8 Planning and Compensation Act 1991 (c.34).
Power to determine applications to develop land without compliance with conditions previously attached	Section 73 of the Town and Country Planning Act 1990
Declining to determine applications for planning permission	Section 70A Town and Country Planning Act 1990 (ref. Section 17 Planning and Compensation Act 1991)
Duties associated with determining planning applications	Sections 69, 76 and 92 Town and Country Planning Act 1990, Articles 8, 10 – 13, 15 – 22 and 25 – 26 Town and Country Planning (General Development Procedure) Order 1995 (SI 1995/419) and directions made thereunder
Determination of applications for planning permission by the local authority or jointly with another person	Section 316 Town and Country Planning Act 1990, Town and Country Planning General regulations 1992 (SI 1992/1492) (ref. Section 20 Planning and Compensation Act 1991 and SIs 1992/1982 and 1998/2800)
Entering into agreements regulating development or use of land	Section 106 Town and Country Planning Act 1990
Issuing certificates of existing or proposed lawful use or development	Sections 191(4) and 192(2) Town and Country Planning Act 1990 (ref. Section 10 Planning and Compensation Act 1991)
Serving completion notices	Section 94(2) Town and Country Planning Act 1990
Granting consent for the display of advertisements	Section 220 Town and Country Planning Act 1990, Town and Country Planning (Control of Adverts) Regulations 1992 (SI 1992/666)
Authorising entry onto land	Section 196A Town and Country Planning Act 1990 (ref. Section 11 Planning and Compensation Act 1991, and Sections 196A to C Town and Country Planning Act 1990)
Requiring a use of land to discontinue	Section 102 Town and Country Planning Act 1990

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Revocation/amendment of Planning Permission	Section 97 Town and Country Planning Act 1990
Power to make determinations, give approvals and agree certain other matters relating to the exercise of permitted development rights	Parts 6, 7, 11, 17, 19,20, 21 to 24, 26,30 and 31 of Schedule 2 to the Town and Country Planning (General Permitted Development) Order 1995
Power to issue a temporary stop notice	Section 171E of the Town and Country Planning Act 1990
Duties relating to applications for listed building consent and conservation area consent	Paragraph 2(6)(a) of Schedule 2 to the Planning and Compensation Act 1991, Paragraph 9(6) of Schedule 13 to the Environment Act 1995 and paragraph 6(5) of Schedule 14 to that Act.
Serving planning contravention, breach of condition or stop notices	Sections 171C, 187A and 183(1) Town and Country Planning Act 1990 (ref. Sections 1,2 and 9 Planning and Compensation Act 1991)
Issuing enforcement notices	Section 172 Town and Country Planning Act 1990 (ref. Section 5 Planning and Compensation Act 1991)
Applying for injunctions restraining a breach of planning control	Section 187B Town and Country Planning Act 1990 (ref. Section 3 Planning and Compensation Act 1991)
Determining applications for hazardous substances consent, and related powers	Sections 9(1) and 10 Planning (Hazardous Substances) Act 1990 (c.10)
Duty to determine conditions which may apply to old mining permissions, relevant planning permissions relating to dormant sites or active phase I or II sites, or mineral permissions relating to mining sites	Schedule 2 Para 2(6)(a) Planning and Compensation Act 1991, Schedule 13 Para 9(6) and Schedule 14 Para 6(5) Environment Act 1995 (c.25)

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Requiring proper maintenance of land	Section 215(1) Town and Country Planning Act 1990
Determining applications for listed building consent, and related powers	Sections 16(1) and (2), 17, 27(2) and 33(1) Planning (Listed Buildings and Buildings in Conservation Areas) Act 1990 (c.9)
Determining applications for conservation area consent	Sections 16(1) and 74(3) Planning (Listed Buildings and Buildings in Conservation Areas) Act 1990 (c.9) (ref. Town and Country Planning (Listed Buildings and Buildings in Conservation Areas) Regs 1990, SI 1990/1519)
Duties relating to applications for listed building and conservation area consent	Sections 13(1), 14(1) and 14(4) Planning (Listed Buildings and Buildings in Conservation Areas) Act 1990, Regs 3 – 6 and 13 Town and Country Planning (Listed Buildings and Buildings in Conservation Areas) Regulations 1990, Paras 8, 15 and 22 DoE Circular 14/97
Serving building preservation notices, and related powers	Sections 3(1) and 4(1) Planning (Listed Buildings and Buildings in Conservation Areas) Act 1990
Issuing enforcement notices in relation to demolition of unlisted buildings in conservation areas	Section 38 Planning (Listed Buildings and Buildings in Conservation Areas) Act 1990
Acquiring listed buildings in need of repair, and serving repairs notices	Sections 47 – 48 Planning (Listed Buildings and Buildings in Conservation Areas) Act 1990
Applying for injunctions in relation to listed buildings	Section 44A Planning (Listed Buildings and Buildings in Conservation Areas) Act 1990 (ref. Schedule 3 Para 7 Planning and Compensation Act 1991, c.34)
Executing urgent works	Section 54 Planning (Listed Buildings and Buildings in Conservation Areas) Act 1990
Determination of applications to designate a neighbourhood area (including whether the designated area should be a business area)	Sections 61G, 61H and 61I of the Town and Country Planning Act 1990 (as amended by section 116 and Schedule 9 of the Localism Act 2011)
Designation of an organisation or body as a neighbourhood forum and withdrawal of an organisation or body's designation as a neighbourhood forum	Section 61F of the Town and Country Planning Act 1990 (as amended by section 116 and Schedule 9 of the Localism Act 2011)

*Part 3, Delegations Section 2 – Regulatory Committee Functions*2.6.6.2 Miscellaneous functions

Obtaining information as to interests in land	Section 330 Town & Country Planning Act 1990 (c.8)
Obtaining particulars of persons interested in land	Section 16 Local Government (Miscellaneous Provisions) Act 1976 (c.57)

2.6.6.3 Tree and hedgerow related functions

Powers relating to the protection of important hedgerows	The Hedgerows Regulations 1997 (SI 1997/1160)
Powers relating to the preservation of trees	Sections 197 – 214D Town and Country Planning Act 1990, Trees Regulations 1999 (SI 1999/1892)
Powers relating to complaints about high hedges	Part 8 of the Anti-Social Behaviour Act 2003

2.6.6.4 Highway and rights of way related functions

Power to authorise stopping up or diversion of highway	Section 247 of the Town and Country Planning Act 1990
Creating footpaths bridleways or restricted byways by agreement	Section 25 Highways Act 1980 (c.66)
Creating footpaths bridleways and restricted byways	Section 26 Highways Act 1980
Duty to keep a register of information with respect to maps, statements and declarations	Section 31A Highways Act 1980
Power to grant permission for provision, etc of services, amenities, recreation and refreshment facilities on highway, and related powers	Section 115E, 115F and 115K of the Highways Act 1980
Duty to publish notice in respect of proposal to grant permission under section 115E of the Highways Act 1980	Section 155G of the Highways Act 1980
Stopping up footpaths bridleways and restricted byways	Section 118 Highways Act 1980
Determining applications for public path extinguishments orders	Sections 118ZA and 118C(2) Highways Act 1980
Making rail crossing extinguishments orders	Section 118A Highways Act 1980
Making special extinguishments orders	Section 118B Highways Act 1980

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Diverting footpaths bridleways and restricted byways	Section 119 Highways Act 1980
Making public path diversion orders	Sections 119ZA and 119C(4) Highways Act 1980
Making rail crossing diversion orders	Section 119A Highways Act 1980
Making special diversion orders	Section 119B Highways Act 1980
Requiring applicants for an order to enter into an agreement	119C(3) Highways Act 1980
Making an SSSI diversion order	Section 119D Highways Act 1980
Duty to keep a register with respect to applications under sections 118ZA, 118C, 119ZA and 119C Highways Act 1990	Section 121B Highways Act 1980
Declining to determine certain applications	Section 121C Highways Act 1980
Duty to assert and protect the rights of the public to use and enjoyment of public highways	Section 130 Highways Act 1980
Duty to serve notice of proposed action in relation to obstruction	Section 130A Highways Act 1980
Applying for variation of order under section 130B Highways Act 1990	Section 130B(7) Highways Act 1980
Authorising temporary disturbance of the surface of a footpath bridleway or restricted byway	Section 135 Highways Act 1980
Temporarily diverting a footpath bridleway or restricted byway	Section 135A Highways Act 1980
Functions relating to the making good of damage and removal of obstructions	Section 135B Highways Act 1980
Removal of obstructions from the Highway	Section 143 Highways Act 1980
Powers related to the removal of things so deposited on the highway as to be a nuisance	Section 149 Highways Act 1980
Extinguishing certain rights of way	Section 32 Acquisition of Land Act 1981 (c.67)
Duty to keep definitive map and statement under review	Section 53 Wildlife and Countryside Act 1981 (c.69)
Including modifications in other orders	Section 53A Wildlife and Countryside Act 1981

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Duty to keep register of prescribed information with respect to applications under section 53(5) Wildlife and Countryside Act 1981	Section 53B Wildlife and Countryside Act 1981
Preparing map and statement by way of consolidation of definitive map and statement	Section 57A Wildlife and Countryside Act 1981
Designating a footpath as a cycle track	Section 3 Cycle Tracks Act 1984 (c.38)
Extinguishing a public right of way over land acquired for clearance	Section 294 Housing Act 1981 (c.68)
Authorising stopping-up or diversion of a footpath or bridleway	Section 257 Town and Country Planning Act 1990
Extinguishing public rights of way over land held for planning purposes	Section 258 Town and Country Planning Act 1990
Entering into agreements with respect to means of access	Section 35 Countryside and Rights of Way Act 2000 (c.37)
Providing access in the absence of agreement	Section 37 Countryside and Rights of Way Act 2000
Allowing the deposit of a builder's skip on the highway	Section 139 Highways Act 1980 (c.66)
Licensing planting, retention and maintenance of trees, etc in part of the highway	Section 142 Highways Act 1980
Authorising erection of stiles etc on footpaths or bridleways	Section 147 Highways Act 1980
Licensing works in relation to buildings, etc which obstruct the highway	Section 169 Highways Act 1980
Consenting to temporary deposits or excavations in streets	Section 171 Highways Act 1980
Consenting to temporary deposits or excavations in streets	Section 171 Highways Act 1980
Dispensing with obligations to erect a hoarding or fence	Section 172 Highways Act 1980
Restricting the placing of rails, beams, etc over highways	Section 178 Highways Act 1980
Consenting to construction of cellars, etc under streets	Section 179 Highways Act 1980
Consenting to making of openings into cellars, etc under streets, and pavement lights and ventilators	Section 180 Highways Act 1980

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Granting a street works license	Section 50 New Roads and Street Works Act 1991 (c.22)
Power to enforce offences and issue proceedings relating to unauthorised street works	Sections 54, 55, 57, 70, 74, 74A New Roads and Street Works Act 1991
Registering common land or town and village greens, except where this power is exercised solely to give effect to: <ul style="list-style-type: none"> - exchange of land effected by order under Section 19(3), or Para 6(4) Schedule 3, Acquisition of Land Act 1981 (c.67), or - order under Section 147 Enclosure Act 1845 (c.8 & 9 Vict. c. 118) 	Regulation 6 Commons Registration (New Land) Regulations 1969 (SI 1969/1843)
Registering variation in rights of common	Regulation 29 Commons Registration (General) Regulations 1966 (SI 1966/1471, amended by SI 1968/658)

2.6.6.5 Environmental protection and control functions

Any functions relating to contaminated land	Part IIA of the Environmental Protection Act 1990 (c.43) and subordinate legislation under that Part
Service of an abatement notice in respect of statutory nuisance	Section 80(1) of the Environmental Protection Act 1990
Discharge of any function relating to the control of pollution or the management of air quality	Pollution Prevention & Control Act 1999 (c.24), Part IV of the Environment Act 1995 (c.25),
	Part I of the Environmental Protection Act 1990 (c.43), Clean Air Act 1993 (c.11)
The passing of a resolution that Schedule 2 to the Noise and Statutory Nuisance Act 1993 should apply in the authority's area	Section 8 Noise and Statutory Nuisance Act 1993 (c.40)
Inspection of the authority's area to detect any statutory nuisance	Section 79 Environmental Protection Act 1990
Investigation of any complaint as to the existence of a statutory nuisance	Section 79 Environmental Protection Act 1990
Consenting to the operation of a loudspeaker	Schedule 2 Noise and Statutory Nuisance Act 1993 (c.40)

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Issuing 'site licences' authorising the use of land as a caravan site	Section 3(3) Caravan Sites Control and Development Act 1960 (c.62)
Issuing licences for use of moveable dwellings as camping sites	Section 269(1) Public Health Act 1936 (c.49)
Making closing orders with respect to take-away food shops	Section 4 Local Government (Miscellaneous Provisions) Act 1982 (c.30)
Any function regarding complaints of noise at night	Noise Act 1996

2.6.6.6 Health

Power to enforce offences relating to the display of no-smoking signs	Section 6(5) of the Health Act 2006
Power to enforce offences relating to smoking in smoke-free places	Section 7(4) of the Health Act 2006
Power to enforce offence of failing to prevent smoking in smoke-free places	Section 8(4) of the Health Act 2006
Power to transfer enforcement functions to another enforcement authority	Smoke-free (Premises and Enforcement) Regulations 2006

2.7 Planning Call-In Procedure

- ~~2.7.1 This paragraph only applies to a determination of planning application decisions made by the Planning and Environmental Protection Committee.~~
- ~~2.7.2 If the Planning and Environmental Protection Committee makes a determination as set out in paragraph 2.7.1 above, 30% of the Members present at the meeting where the resolution was passed can ask the Chief Executive that it be reported to a special meeting of the Appeals and Planning Review Committee.~~
- ~~2.7.3 The right under paragraph 2.7.2. above must be carried out within two working days of the end of the meeting by the submission of a planning call-in notice.~~
- ~~2.7.4 Signatories of a planning call-in notice or their group representatives can withdraw a planning call-in notice by notifying the Chief Executive in writing. If the planning call-in notice has been withdrawn, the original Committee decision takes effect.~~

2.7 Peterborough Health and Wellbeing Board**Purpose and Terms of Reference****2.7.1. Background and context:**

The Peterborough Health and Wellbeing Board has been established to provide a strategic leadership forum focussed on securing and improving the health and wellbeing of Peterborough residents.

2.7.2. The aims are:

2.7.2.1 To bring together the leaders of health and social care commissioners to develop common and shared approaches to improving the health and wellbeing of the community.

2.7.2.2 To actively promote partnership working across health and social care in order to further improve health and wellbeing of residents.

2.7.2.3 To influence commissioning strategies based on the evidence of the Joint Strategic Needs Assessment.

2.7.3. Its functions are:

2.8.3.1 To develop a Health and Wellbeing Strategy for the city which informs and influences the commissioning plans of partner agencies.

2.8.3.2 To develop a shared understanding of the needs of the community through developing and keeping under review the Joint Strategic Needs Assessment and to use this intelligence to refresh the Health & Wellbeing Strategy.

2.8.3.3 To keep under review the delivery of the designated public health functions and their contribution to improving health and wellbeing and tackling health inequalities.

2.8.3.4 To consider the recommendations of the Director of Public Health in their Annual Public Health report.

2.8.3.5 To consider options and opportunities for the joint commissioning of health and social care services for children, families and adults in Peterborough to meet identified needs (based on the findings of the Joint Strategic Needs Assessment) and to consider any relevant plans and strategies regarding joint commissioning of health and social care services for children and adults.

2.8.3.6 To identify areas where joined up or integrated commissioning, including the establishment of pooled budget arrangements would benefit improving health and wellbeing and reducing health inequalities.

2.8.3.7 By establishing sub groups as appropriate give consideration to areas of joint health and social care commissioning, including but not restricted to services for people with learning disabilities.

2.8.3.8 To oversee the development of Local HealthWatch for Peterborough and to ensure that they can operate effectively to support health and wellbeing on behalf of users of health and social care services.

2.8.3.9 To keep under consideration, the financial and organisational implications of joint and integrated working across health and social care services, and to make recommendations for ensuring that performance and quality standards for health

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and social care services to children, families and adults are met and represent value for money across the whole system.

- 2.8.3.10 To ensure effective working between the Board and the Greater Peterborough Partnership ensuring added value and an avoidance of duplication.

2.7.4 Membership

- 2.7.4.1 Membership of the Health and Wellbeing Board will be composed of the following:

Peterborough City Council:

The Leader of the Council / Deputy Leader – Chairman of the Board
 Cabinet Member Adults & Health Integration
 Cabinet Member Public Health
 An Opposition Councillor
 The Corporate Director People and Communities
 Service Director Adults and Communities
 The Director of Public Health

Cambridgeshire and Peterborough Clinical Commissioning Group

Local Chief Officer for Peterborough City and Borderline LCG
 2 GP members representing Peterborough City Local Commissioning Group – Vice Chairman of the Board
 1 GP member representing Borderline Local Commissioning Group

Lincolnshire

1 GP representing South Lincolnshire CCG

National Commissioning Board

1 representative of the NCB Local Area Team

Peterborough Healthwatch

1 member

The Board will also include as co-opted members the following:

Independent Chair of Local Safeguarding Children's Board and Peterborough Safeguarding Adults Board
 The Chair of the Safer Peterborough Partnership (Claire Higgins)

- 2.8.4.2 The membership will be kept under review periodically.

- 2.8.4.3 The Board shall co-opt other such representatives or persons in a non-voting capacity as it sees relevant in assisting it to undertake its functions effectively.

2.8.5 Meetings

- 2.8.5.1 The meetings of the Board and its decision-making will be subject to the provisions of the City Council's Constitution including the Council Procedure Rules and the Access to Information Rules, insofar as these are applicable to the Board in its shadow form.

- 2.8.5.2 The Board will meet in public.

- 2.8.5.3 The minimum quorum for the Board shall be 5 members which should include at least one elected member, one statutory director (DCS/DASS/DPH) and a CCG/LCG member.

- 2.8.5.4 The Board shall meet periodically and at least quarterly. Additional meetings shall be called at the discretion of the Chairman where business needs require.

2.8.5.5 Administrative arrangements to support meetings of the Board shall be provided through the City Council's Governance team.

2.8.6 Governance and Approach

2.8.6.1 The Board will function at a strategic level, with priorities being delivered and key issues taken forward through the work of the partnership organisations.

2.8.6.2 Decisions taken and work progressed will be subject to scrutiny of the City Council's Scrutiny Commission for Health Issues.

2.8.7 Wider Engagement

2.8.7.1 The Health and Wellbeing Board will develop and implement a communications engagement strategy for the work of the Board, including how the work of the Board will be influenced by stakeholders and the public.

2.8.7.2 The Board will ensure that its decisions and the priorities it sets take account of the needs of all of Peterborough's communities and groups are communicated widely.

2.8.8 Review

2.8.8.1 These Terms of Reference will be reviewed periodically.

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1. ANNUAL MEETING OF THE COUNCIL

1.1. Timing and business

In a year when there is an ordinary election of councillors, the annual meeting will take place within 21 days of the retirement of the outgoing councillors. In any other year, the annual meeting will take place in March, April or May.

1.1.1 The Ceremonial Meeting (Mayor Making)

The Meeting will:

- i. elect a person to preside if the chair of Council (the Mayor) is not present;
- ii. elect the chair of Council (the Mayor);
- iii. elect the vice chair of Council (the Deputy Mayor); and
- iv. receive the retiring mayor's report.

1.1.2 The Business Meeting

The Meeting will:

- i. approve the minutes of the last meeting;
- ii. receive any announcements from the Mayor;
- iii. receive a report from the Returning Officer on the outcome of City Elections;
- iv. upon retirement of the previous Leader, which shall be at least once every four years, elect the Leader of the executive (the Cabinet)
- v. be notified by the Leader of the number of members to be appointed to the Cabinet, those Members' names and their intended portfolio of responsibilities;
- vi. appoint a licensing committee, a health and wellbeing board, at least one overview and scrutiny committee and such other committees as are required or the Council considers appropriate to deal with matters that are neither reserved to the Council nor are executive functions (as set out or will be set out in Part 3(2) of this Constitution). No member of the Executive will be allowed to be a member of a Scrutiny Committee or Commission;

- vii. receive the Leader's scheme of delegation of executive functions (as set out at Part 3(3) of this Constitution);
 - viii. approve a programme of ordinary meetings of the Council for the year; and
 - ix. consider any business set out in the notice convening the meeting.
- 1.1.3 Unless otherwise determined by statute, the Mayor may vary the order of the agenda at his/her absolute discretion and may allocate or re-allocate an appropriate time for the transaction of each item.
- 1.2. Selection of Councillors on Committees and Outside Bodies
- 1.2.1 At the annual (business) meeting, the council meeting will:
- i. decide which committees to establish for the municipal year;
 - ii. decide the size and terms of reference for those committees;
 - iii. decide the allocation of seats to political groups in accordance with the political balance requirements;
 - iv. receive nominations of councillors to serve on each committee and outside body;
 - v. appoint to those committees, standing sub-committees and outside bodies except where appointment to those bodies has been delegated by the Council or is exercisable only by the executive; and
 - vi. appoint the Chairs and Vice-Chairs of all the Council's committees, other than those which the Council has decided should be appointed by the committee itself.
- 1.2.2 The Council may decide at subsequent meetings to dissolve committees, alter their terms of reference or to appoint new committees.
- 1.2.3 The Council shall always have the power to exercise any power delegated to a committee, sub-committee or an officer.

2. ORDINARY MEETINGS OF COUNCIL

- 2.1 Ordinary meetings of the Council will take place in accordance with a programme decided at the Council's annual meeting. The order of business at ordinary meetings will be as follows:
- i. elect a person to preside if the Mayor and Deputy Mayor are not present;

- ii. approve the minutes of the last meeting;
- iii. receive any declarations of interest from members;
- iv. receive any announcements from the Mayor and Leader (which, with the exception of the Mayor, will normally be limited to five minutes), followed by any question on the announcement from a leader of an opposition group (which will normally be limited to one minute);
- v. receive questions from, and provide answers to, the public in accordance with Standing Order 15;
- vi. receive petitions from the public and Members in accordance with Standing Order 16;
- vii. consider petitions in accordance with the Council's petition scheme;
- viii. Receive questions from, and provide answers to, Members in accordance with Standing Order 17.2;
- ix. deal with any business from the last Council meeting;
- x. receive reports from the Cabinet for consideration, including consideration of proposals from the Cabinet in relation to the Council's budget and policy framework and receive questions and answers on any of those reports;
- xi. receive any reports from the Council's committees and overview and scrutiny committees for consideration and receive questions and answers on any of those reports;
- xii. receive reports about and receive questions and answers on decisions made by members of the Cabinet since the last meeting of Council;
- xiii. receive any reports about and receive questions and answers on the business of joint arrangements and external organisations, including the Combined Authority;
- xiv. consider motions; and
- xv. consider any other business specified in the summons to the meeting.

3. ORDINARY MEETINGS OF COUNCIL AND COMMITTEES

3.1 Business

Unless otherwise determined by statute, the Mayor/Chairman may vary the order of the agenda at his/her absolute discretion and may allocate or re-allocate an appropriate time for the transaction of each item.

3.2 Urgency

The Mayor/Chairman may determine that an item of business that has not been open to public inspection, both as an item set out in the agenda and any accompanying published report, may be considered because he or she is of the opinion that, by reason of special circumstances, which shall be specified in the minutes, the item should be considered at the meeting as a matter of urgency.

4. EXTRAORDINARY MEETINGS AND VARIATIONS

4.1. Calling extraordinary meetings of Council

Those listed below may request the proper officer to call Council meetings in addition to ordinary meetings:

- (a) the Council by resolution;
- (b) the Mayor (or the Deputy mayor if the mayor is unable to act);
- (c) the Monitoring Officer; or
- (d) any five members of the Council if they have signed a requisition presented to the Mayor and he or she has refused to call a meeting or has failed to call a meeting within seven days of the presentation of the requisition.

4.2 Calling an Extraordinary Meeting of a Committee or Sub-Committee

In the case of Committee meetings, the Chairman of a Committee or Sub-Committee can, in consultation with the political group representatives, call an extraordinary meeting of the Committee at any time. A special meeting will also be called if three Members of the Committee or Sub-Committee ask the Chief Executive in writing to call a meeting.

4.3 Business at an Extraordinary Meeting of Council or a Committee or Sub-Committee

The business to be conducted at an extraordinary meeting shall be restricted to the item of business contained in the request for the extraordinary meeting and there shall be no consideration of previous

minutes or reports from committees etc. except that the Mayor/Chairman may at his/her absolute discretion permit other items of business to be conducted for the efficient discharge of the Council's business.

- 4.4 Variation to the meeting schedule, timings and cancellation of meetings
 - 4.4.1 Variations to the meeting schedule will be determined by the Chairman after prior consultation with the Group representatives. The Mayor determines any variation to the Council schedule, in consultation with Group Leaders.
 - 4.4.2 If there is disagreement about the timing of an additional meeting between the Chairman and Group representatives, the meeting will start at the normal time for meetings of that Committee as identified within the Annual Calendar of meetings approved by Council.
 - 4.4.3 Any meeting may be cancelled if there is insufficient business to consider. This will be determined by the Chairman after prior consultation with the Group representatives. For Council, the Mayor will determine in consultation with Group Leaders.

5. PRIVATE MEETING TO NOMINATE THE MAYOR ELECT

- 5.1 The Chief Executive will invite Members to hold a private meeting each year to nominate the Mayor Elect. This meeting will usually be held in February or March. The notice of the meeting will not be published and the proceedings will have no legal effect.
- 5.2 There is a written protocol for the nomination of the Mayor Elect and this can be found within Part 5 Section 8 of the Council's Constitution.

6. APPOINTMENT OF MEMBERS OF COMMITTEES AND SUB-COMMITTEES IN YEAR INCLUDING SUBSTITUTE MEMBERS

- 6.1 Appointment of Chair or Vice Chair in year vacancy

The Council may remove the Chairman or Vice-Chairman or they can resign. In the event that the Chairman or Vice-Chairman resigns or for some other reason becomes permanently incapacitated, the Council may appoint another Chairman or Vice-Chairman at its next meeting following the resignation or permanent incapacity and in the meantime the Committee may elect a temporary Chairman or Vice-Chairman until a new appointment is made by the Council. Unless otherwise stated in the Constitution, the Chair and Vice-Chair of a Committee or Sub-Committees shall be a Councillor.

- 6.2 Appointment of Members to Committees in year vacancy

If a vacancy arises on a Committee or Sub-Committee because a Member of a Committee or a Sub-Committee has resigned their seat by sending a written notice to the Chief Executive or because a Member has resigned, died or otherwise ceased to be a Member, the Chief Executive will appoint a Member to fill the vacancy if the relevant political group asks him or her to do so, in accordance with the seat allocations approved by Council under the Local Government and Housing Act 1989 and the Regulations made thereunder.

6.3 Substitute Members

6.3.1 Number

For each Committee or Sub-Committee, the Council may appoint the same number of substitutes in respect of each political group as that group holds ordinary seats on that committee or sub-committee, however the total number of substitutes made by a political group at a meeting may not exceed 50% of the political group's seat allocation on that committee.

6.3.2 Powers and duties

Substitute members will have all the powers and duties of any ordinary member of the committee but will not be able to exercise any special powers or duties exercisable by the person they are substituting.

6.3.3 Substitution

Substitute members may attend meetings in that capacity only:

- (a) to take the place of the ordinary member for whom they are the designated substitute;
- (b) where the ordinary member will be absent for the whole of the meeting; and
- (c) after notifying the monitoring officer by noon on the day of the meeting of the intended substitution.

6.3.4 When the ordinary member and a designated substitute are unable to attend a meeting, a nominated substitute member of the same group may attend the meeting after notifying the Monitoring Officer by 12 noon.

7. ATTENDANCE AT COMMITTEES OR SUB-COMMITTEES

7.1 The Mayor and the political group leaders can join the debate at any meeting of a Committee but they cannot vote at them.

- 7.2 A Cabinet Member can attend any meeting of a Scrutiny Committee or Scrutiny Commission at which a report under their portfolio is being considered, Cabinet Members can also be invited to attend a Scrutiny Committee meeting at the request of the Committee. The Member will not be allowed to vote.
- 7.3 A Member who has moved a motion at a Council meeting which has been referred to any Committee or Sub-Committee will have notice of the meeting when the motion will be considered, at which they will be entitled to introduce the motion. The Member will not be allowed to vote.
- 7.4 A Committee or Sub-Committee can invite any member who is not a member of the Committee to attend and speak at any one of their meetings. The Member will not be allowed to vote.
- 7.5 Members representing wards in respect of which a report containing exempt or confidential information relates, can attend the meeting at which the report is considered, unless the Chief Executive or the Monitoring Officer advises that the report must remain confidential and it is not necessary for Members (other than Members of the Committee or Sub-Committee) to be at the meeting in order to carry out their duties as a ward member.

8. COMMITTEE AND SUB-COMMITTEE POWERS AND DUTIES AND DELEGATION TO COMMITTEES AND SUB-COMMITTEES

- 8.1 The Monitoring Officer is responsible for maintaining and updating the terms of reference of all the Council's Committees.
- 8.2 All Committees can appoint a sub-committee from within its own membership and can delegate any of their powers and duties to the sub-committees, subject to any conditions the Committee sets for the Sub-Committee.

9. WORKING PARTIES FOR COMMITTEES

- 9.1 Committees can only appoint working parties where it would not be appropriate to refer the matter to a Scrutiny Committee or Scrutiny Commission. The Committee will decide how many Members and officers working parties will have, and their terms of reference which will be time limited. A working party will not have any powers, but will make recommendations and a report to the Committee that appointed it.

10. TIME AND PLACE OF MEETINGS

- 10.1 The time and place of meetings will be determined by the monitoring officer and notified in the summons.

11. NOTICE OF AND SUMMONS TO MEETINGS

- 11.1 The proper officer will give notice to the public of the time and place of any meeting in accordance with the Access to Information Standing Orders (Procedure Rules). At least five clear days before a meeting, the monitoring officer will send a summons signed by him or her by post to every member of the Council or leave it at their usual place of residence. The summons will give the date, time and place of each meeting and specify the business to be transacted (the agenda) and will be accompanied by the relevant reports.

12. CHAIR OF MEETING

- 12.1 The person presiding at the meeting may exercise any power or duty of the Mayor/Chairman.

13. QUORUM

- 13.1 The quorum of a meeting of Council will be one quarter of the whole number of members.
- 13.2 The quorum of an appointed Committee or Sub-Committee will be more than half of the Members present, apart from the Employment Committee and the Appeals Committee (Service Issues), where the quorum will be three.
- 13.3 During any meeting if the Mayor/Chairman counts the number of members present and declares there is not a quorum present, then the meeting will adjourn immediately. Remaining business will be considered at a time and date fixed by the Mayor/Chairman. If he or she does not fix a date, the remaining business will be considered at the next ordinary meeting.

14. DURATION OF MEETING

- 14.1 Meeting recess

The Mayor/Chairman will adjourn the meeting for a period of ten minutes at a convenient time after two hours.

- 14.2 Interruption of the meeting

Where four hours have elapsed after the commencement of any Council meeting (and in the case of an Extraordinary meeting when two hours have elapsed since commencement of the meeting) the Mayor/Chairman shall interrupt the meeting and call for the vote immediately on the item under discussion. Any Member speaking must immediately cease doing so and sit down. The vote will be taken without further discussion. This rule will not apply to meetings of a quasi-judicial or regulatory nature.

14.3 Motions and recommendations not dealt with

If there are other motions or recommendations on the agenda that have not been dealt with within the four hour period (or two hour period in the case of an Extraordinary meeting), they are deemed formally moved and seconded (together with any amendments). No speeches will be allowed on these items and the vote will be taken in the usual way. This rule will not apply to meetings of a quasi-judicial or regulatory nature.

14.4 Recorded vote

If a recorded vote is called for during this process it will be taken immediately.

14.5 Motions which may be moved

During the process set out in Standing Order 14.2 above, the only other motions which may be moved are that a matter be withdrawn or that a matter be delegated or referred to an appropriate body or individual for decision or report.

14.6 Close of the meeting

When all motions and recommendations have been dealt with, the Mayor/Chairman will declare the meeting closed.

15. QUESTIONS BY THE PUBLIC AT MEETINGS OF COUNCIL

15.1 General

15.1.1 Members of the public who are residents of the City may ask questions of Members of the Cabinet, the Chair of a Committee, the Chair of an Overview and Scrutiny Committee/Commission or a leader of a political group on the Council at meetings of the Council, other than the Annual Meeting and, except at the discretion of the Mayor, Extraordinary Meetings.

15.1.2 The total time allocated for Questions by the Public shall be limited to 30 minutes.

15.2 Order of questions

The order in which questions shall be presented to the meeting shall be determined by a draw for each section of the meeting. The draws shall be conducted by the monitoring officer (or senior officer appointed for this purpose). The draws may be attended by any Member of the Council by prior notice delivered in writing to the monitoring officer before the deadline for submission of questions.

15.3 Notice of questions

A question may only be asked if notice has been given by delivering it in writing or by electronic mail to the monitoring officer no later than midday five working days before the day of the meeting. Each question must give the name and address of the questioner and must name the member of the Council to whom it is to be put.

15.4 Number of questions

At any one meeting no person may submit more than two questions and no more than two such questions may be asked on behalf of one organisation.

15.5 Scope of questions

If the monitoring officer considers a question:

- is not about a matter for which the local authority has a responsibility or which affects the City;
- is illegal, improper, defamatory, frivolous or offensive;
- is substantially the same as a question which has been put at a meeting of the Council in the past six months; or
- requires the disclosure of confidential or exempt information

he or she will inform the Mayor who will then decide whether or not to reject the question.

15.6 Record of questions

The monitoring officer will enter each question in a book open to public inspection and will immediately send a copy of the question to the member to whom it is to be put. Rejected questions will include reasons for rejection.

Copies of all questions will be circulated to all members and will be made available to the public attending the meeting.

15.7 Asking the question at the meeting

The Mayor will invite the questioner to put the question to the member named in the notice. Three minutes are allowed for putting the question. If a questioner who has submitted a written question is unable to be present, they may ask the Mayor to put the question on their behalf. The Mayor may ask the question on the questioner's behalf, indicate that a written reply will be given or decide, in the absence of the questioner, that the question will not be dealt with.

15.8 Supplemental question

A questioner who has put a question in person may also put one supplementary question without notice to the member who has replied to his or her original question. A supplementary question must arise directly out of the original question or the reply. The Mayor may reject a supplementary question on any of the grounds in Standing Order 15.5 above. One minute is allowed for putting the supplementary question.

15.9 Answers

Three minutes are allowed for answering a question and two minutes are allowed for answering a supplementary question. Any question which cannot be dealt with, either because of lack of time or because of the non-attendance of the member to whom it was to be put, will be dealt with by a written answer.

15.10 Reference of question to the Cabinet or a committee

Unless the Mayor decides otherwise, no discussion will take place on any question, but any member may move that a matter raised by a question be referred to the Cabinet or the appropriate committee or sub-committee. Once seconded, such a motion will be voted on without discussion.

15.11 There are no speaking rights at committee meetings other than those laid out in the Planning Speaking Scheme, which is available to view within the Committees terms of reference at Part 3 Section 2 of the Constitution.

16. PETITIONS PRESENTED AT COUNCIL

16.1 Petitions may be presented to the Council. The person presenting the petition will be allowed to address the meeting briefly (not exceeding one minute) to outline the aims of the petition. The Mayor will refer the matter to another appropriate body of the Council within whose terms of reference it falls without discussion and in accordance with the Council's petition scheme, detailed in Part 5 Section 9 of the Constitution, unless a relevant item appears elsewhere on the Agenda.

17. QUESTIONS BY MEMBERS AT COUNCIL

17.1 On reports of Cabinet or Committees

At a meeting of the Council, other than the Annual Meeting, a Member of the Council may ask the Leader or the chair of a committee or any representative of the Council on the Combined Authority any question without notice upon an item of the report of the Cabinet or a committee or from the Combined Authority when that item is being received or under consideration by the Council.

17.2 Questions on notice at full Council

17.2.1 Subject to Standing Order 17.4, a member of the Council may ask:

- the Mayor;
- the Leader or member of the Cabinet;

- the chair of any committee or sub-committee; or
- any representative of the Council on the Combined Authority.

up to two questions on any matter in relation to which the Council has powers or duties or which affects the City.

17.2.2 The total time allocated for Questions under this item shall be limited to 30 minutes for questions to the Mayor, Leader or member of the Cabinet, or the chair of any committee or sub-committee, and 15 minutes for questions to any representatives of the Council on the Combined Authority.

17.3 Questions on notice at committees and sub-committees

Subject to Standing Order 17.4, a member of a committee or sub-committee may ask the chair of it a question on any matter in relation to which the Council has powers or duties or which affect the City and which falls within the terms of reference of that committee or sub-committee.

17.4 Notice of questions

A member may only ask a question under Standing Order 17.2 or 17.3 if either:

- a) they have given at least five working days notice in writing of the question to the monitoring officer; ~~or~~
- b) the question relates to urgent matters, they have the consent of the Mayor to whom the question is to be put and the content of the question is given to the monitoring officer by noon on the day of the meeting; ~~or~~
- c) the question is not substantially the same as a question which has been put at a meeting of the Council in the past six months.

17.5 Response

An answer may take the form of:

- a) a direct oral answer of up to three minutes;
- b) by reference to published material of the Council which is readily available to Members; or
- c) where the reply cannot conveniently be given orally, a written answer will be circulated later to the questioner.

17.6 Supplementary question

Every question, which will be limited to one part, will be asked and answered without discussion. Upon receiving the answer, the Member who put the question shall be allowed one supplementary question, of up to one minute, provided that it arises directly out of the original question or the reply and does not introduce any new subject matter.

The supplementary question will be asked and answered orally, but the person to whom the supplementary question has been asked will have up to two minutes to answer or may decline to answer.

18. MOTIONS ON NOTICE

18.1 Notice

Except for motions which can be moved without notice under Standing Order 19, written notice of every motion, must be delivered to [the proper officer] by ten o'clock six clear working days before the date of the meeting (not including the day of the meeting). These will be entered in a book open to public inspection.

18.2 Motion set out in agenda

Motions for which notice has been given will be listed on the agenda in the order in which notice was received, unless the member giving notice states, in writing, that they propose to move it to a later meeting.

18.3 Scope

If the monitoring officer considers that a motion:

- is not about a matter for which the local authority has a responsibility or which affects the City;
- is illegal, improper, defamatory, frivolous or offensive;
- is substantially the same as a question which has been put at a meeting of the Council in the past six months; or
- requires the disclosure of confidential or exempt information

he or she will inform the Mayor who will then decide whether or not to reject the motion.

19. MOTIONS WITHOUT NOTICE

19.1 The following motions may be moved without notice:

- a) to appoint a chair of the meeting at which the motion is moved;

- b) in relation to the accuracy of the minutes;
- c) to change the order of business in the agenda;
- d) to refer something to an appropriate body or individual;
- e) to appoint a committee or member arising from an item on the summons for the meeting;
- f) to receive reports or adoption of recommendations of committees or officers and any resolutions following from them;
- g) to withdraw a motion;
- h) to amend a motion;
- i) to proceed to the next business;
- j) that the question be now put;
- k) to adjourn a debate;
- l) that the meeting continue beyond 4 hours in duration (2 in the case of an extraordinary meeting);
- m) to suspend a particular standing order;
- n) to exclude the public and press in accordance with the Access to Information Standing Orders;
- o) to not hear further a member named under Standing Order 27.3 or to exclude them from the meeting Standing Order 27.4; and
- p) to give the consent of the Council where its consent is required by this Constitution.

20. STANDING ORDERS OF DEBATE

20.1 No speeches until motion seconded

No speeches may be made after the mover has moved a proposal and explained the purpose of it until the motion has been seconded.

20.2 Right to require motion in writing

Unless notice of the motion has already been given, the Mayor may require it to be written down and handed to him/her before it is discussed.

20.3 Secunder's speech

When seconding a motion or amendment, a member may reserve their speech until later in the debate.

20.4 Content and length of speeches

Speeches must be directed to the question under discussion or to a personal explanation, statement of accuracy or point of order.

No speech may exceed five minutes by the mover of the motion or by three minutes in all other cases without the consent of the Mayor.

20.5 Budget Meetings

Rule 20.4 above, in respect of the length of speeches, shall not apply to a debate on the Budget where speeches shall not be subject to any time limit.

20.6 When a member may speak again

A member who has spoken on a motion may not speak again whilst it is the subject of debate, except:

- a) to speak once on an amendment moved by another member;
- b) to move a further amendment if the motion has been amended since he or she last spoke;
- c) if his/her first speech was on an amendment moved by another member, to speak on the main issue (whether or not the amendment on which he or she spoke was carried);
- d) in exercise of a right of reply;
- e) on a point of order;
- f) by way of personal explanation and
- g) statement of accuracy.

20.7 Amendments to motions

- a) An amendment to a motion must be relevant to the motion and will either be:
 - (i) to refer the matter to an appropriate body or individual for consideration or reconsideration;
 - (ii) to leave out words;

- (iii) to leave out words and insert or add others; or
- (iv) to insert or add words.

as long as the effect of (ii) to (iv) is not to negate the motion.

- b) Except in relation to motions that can be moved without notice under Standing Order 19, written notice of every intended amendment to a motion or to recommendations from Cabinet or the Council's committees:
 - (i) must be delivered to the monitoring officer in its initial form not later than noon two working days before the date of the meeting (not including the day of the meeting) at which the motion is to be considered; and
 - (ii) must be delivered to the monitoring officer in its intended final form not later than noon one working day before the date of the meeting (not including the day of the meeting) at which the motion is to be considered. If no withdrawal, confirmation or change is received by the monitoring officer, it will be assumed that the amendment is to be considered in its initial form.

No other amendment may be moved at the meeting except where the Mayor may permit, at his or her absolute discretion and to ensure the efficient or proper discharge of the Council's business, a further amendment or amendments to be moved.

- c) Only one amendment may be moved and discussed at any one time. No further amendment may be moved until the amendment under discussion has been disposed of.
- d) If an amendment is not carried, other amendments to the original motion may be moved.
- e) If an amendment is carried, the motion as amended takes the place of the original motion. This becomes the substantive motion to which any further amendments are moved.
- f) After an amendment has been carried, the Mayor will read out the amended motion before accepting any further amendments, or if there are none, put it to the vote.

20.8 Alteration of motion

- a) A member may alter a motion of which he or she has given notice with the consent of the meeting. The meeting's consent will be signified without discussion.

- b) A member may alter a motion which he or she has moved without notice with the consent of both the meeting and the seconder. The meeting's consent will be signified without discussion.
- c) Only alterations which could be made as an amendment may be made.

20.9 Withdrawal of motion

A member may withdraw a motion which he or she has moved with the consent of both the meeting and the seconder. The meeting's consent will be signified without discussion. No member may speak on the motion after the mover has asked permission to withdraw it unless permission is refused.

20.10 Right of reply

- a) The mover of a motion has a right to reply at the end of the debate on the motion, immediately before it is put to the vote.
- b) If an amendment is moved, the mover of the original motion has the right of reply at the close of the debate on the amendment, but may not otherwise speak on it.
- c) The mover of the amendment has no right of reply to the debate on his or her amendment.

20.11 Motions which may be moved during debate

When a motion is under debate, no other motion may be moved except the following procedural motions:

- a) to withdraw a motion;
- b) to amend a motion;
- c) to proceed to the next business;
- d) that the question be now put;
- e) to adjourn a debate;
- f) that the meeting continue beyond 4 hours in duration (or two hours if an extraordinary meeting);
- g) to exclude the public and press in accordance with the Access to Information Standing Orders;

- h) to not hear further a member named under Standing Order 27.3 or to exclude them from the meeting under Standing Order 27.4; and
- i) that a specific standing order be suspended

20.12 Closure motions

- a) A member may move, without comment, the following motions at the end of a speech of another member;
 - (i) to proceed to the next business;
 - (ii) that the question be now put;
 - (iii) to adjourn a debate; or
 - (iv) to adjourn a meeting.
- b) If a motion to proceed to next business is seconded and the Mayor thinks the item has been sufficiently discussed, he or she will give the mover of the original motion a right of reply and then put the procedural motion to the vote.
- c) If a motion that the question be now put is seconded and the Mayor thinks the item has been sufficiently discussed, he or she will put the procedural motion to the vote. If it is passed he or she will give the mover of the original motion a right of reply before putting his/her motion to the vote.
- d) If a motion to adjourn the debate or to adjourn the meeting is seconded and the Mayor thinks the item has not been sufficiently discussed and cannot reasonably be so discussed on that occasion, he or she will put the procedural motion to the vote without giving the mover of the original motion the right of reply.

20.13 Point of order

A member may raise a point of order at any time. The Mayor will hear them immediately. A point of order may only relate to an alleged breach of these Council Standing Orders or the law. The member must indicate the Standing Order or rule of law and the way in which he or she considers has been broken. The ruling of the Mayor on the matter will be final.

20.14 Personal explanation

A member may make a personal explanation at any time. A personal explanation may only relate to some material part of an earlier speech by the member which may appear to have been misunderstood in the present debate. The ruling of the Mayor on the admissibility of a personal explanation will be final.

20.15 Statement of accuracy

A member may make a request to the Mayor to make a statement of accuracy at any time. If permitted, the statement will be limited to the accuracy of a fact cited by the member speaking and may not exceed thirty seconds. The ruling of the Mayor on the admissibility of a statement of accuracy will be final.

21. STATE OF THE CITY DEBATE BY COUNCIL

21.1 Calling of debate

The Leader may call a state of the City debate annually on a date and in a form to be agreed with the Mayor.

21.2 Form of debate

The Leader will decide the form of the debate with the aim of enabling the widest possible public involvement and publicity. This may include holding workshops and other events prior to or during the state of the City debate.

21.3 Chairing of debate

The debate will be chaired by the Mayor.

21.4 Results of debate

The results of the debate will be:

- (a) disseminated as widely as possible within the community and to agencies and organisations in the area; and
- (b) considered by the Leader in proposing the budget and policy framework to the Council for the coming year.

22. PREVIOUS DECISIONS AND MOTIONS

22.1 Motion to rescind a previous decision

A motion ~~or amendment~~ to rescind a decision made at a meeting of Council within the past six months cannot be moved unless the notice of motion is signed by at least five members, to include members from more than one political group.

22.2 Motion similar to one previously rejected

A motion or amendment in similar terms to one that has been rejected at a meeting of Council in the past six months cannot be moved unless

the notice of motion or amendment is signed by at least five members. Once the motion or amendment is dealt with, no one can propose a similar motion or amendment for six months.

23. VOTING

23.1 Majority

Unless this Constitution provides otherwise, any matter will be decided by a simple majority of those members voting and present in the room at the time the question was put.

23.2 Mayor's/Chairman's casting vote

If there are equal numbers of votes for and against, the Mayor/Chairman will have a second or casting vote. There will be no restriction on how the Mayor/Chairman chooses to exercise a casting vote.

23.3 Show of hands

Unless a recorded vote is demanded under Standing Orders 23.4 and 23.5, the Mayor/Chairman will take the vote by show of hands, or if there is no dissent, by the affirmation of the meeting.

23.4 Recorded vote

If one quarter of members present and entitled to vote at the meeting demand it, the names for and against the motion or amendment or abstaining from voting will be recorded in writing and entered into the minutes.

23.5 Budget decision

At a budget decision meeting of the Council the names of the persons who cast a vote for the decision or against the decision or who abstained from voting will be recorded in writing and entered into the minutes of the proceedings of that meeting

For the purposes of this Standing Order:

- (a) "budget decision" means a meeting of the Council at which it—
 - (i) makes a calculation (whether originally or by way of substitute) in accordance with any of sections 31A, 31B, 34 to 36A, 42A, 42B, 45 to 49, 52ZF, 52ZJ of the Local Government Finance Act 1992; or
 - (ii) issues a precept under Chapter 4 of Part 1 of that Act,

and includes a meeting where making the calculation or issuing the precept as the case may be was included as an item of business on the agenda for that meeting; and

(b) references to a vote are references to a vote on any decision related to the making of the calculation or the issuing of the precept as the case may be.

23.6 Right to require individual vote to be recorded

Where any member requests it immediately after the vote is taken, their vote will be so recorded in the minutes to show whether they voted for or against the motion or abstained from voting.

23.7 Voting on appointments

If there are more than two people nominated for any position to be filled and there is not a clear majority of votes in favour of one person, then the name of the person with the least number of votes will be taken off the list and a new vote taken. The process will continue until there is a majority of votes for one person.

24. MINUTES

24.1 Signing the minutes

The Mayor/Chairman will sign the minutes of the proceedings at the next suitable meeting. The Mayor/Chairman will move that the minutes of the previous meeting be signed as a correct record. The only part of the minutes that can be discussed is their accuracy.

24.2 There is no requirement to sign minutes of previous meeting at extraordinary meeting

Where in relation to any meeting, the next meeting for the purpose of signing the minutes is a meeting called under paragraph 3 of Schedule 12 to the Local Government Act 1972 (an Extraordinary Meeting), then the next following meeting (being a meeting called otherwise than under that paragraph) will be treated as a suitable meeting for the purposes of paragraph 41(1) and (2) of Schedule 12 relating to signing of minutes.

24.3 Form of minutes

Minutes will contain all motions and amendments in the exact form and order the Mayor put them.

25. RECORD OF ATTENDANCE

- 25.1 All members present during the whole or part of a meeting must sign their names on the attendance sheets before the conclusion of every meeting to assist with the record of attendance.

26. EXCLUSION OF PRESS AND PUBLIC

- 26.1 Members of the public and press may only be excluded either in accordance with the Access to Information Standing Orders in Part 4 of this Constitution or Standing Order 28 (Disturbance by Public).

27. MEMBERS' CONDUCT

- 27.1 Speaking and address system

When a member speaks at full Council they must stand and address the meeting through the Mayor. If more than one member stands, the Mayor will ask one to speak and the others must sit. Other members must remain seated whilst a member is speaking unless they wish to make a point of order, a point of personal explanation or a statement of accuracy. This rule will not apply to Committee or Sub-Committee meetings.

- 27.2 Mayor/Chairman

When the Mayor/Chairman speaks or stands during a debate or otherwise indicates that the meeting should come to order, any member speaking at the time must stop and sit down. The meeting must be silent.

- 27.3 Member not to be heard further

If a member persistently disregards the ruling of the Mayor/Chairman by behaving improperly or offensively or deliberately obstructs business, the Mayor/Chairman or another Member may move that the Member be not heard further. If seconded, the motion will be voted on without discussion.

- 27.4 Member to leave the meeting

If the Member continues to behave improperly after such a motion is carried, the Mayor/Chairman or another Member may move that either the Member leaves the meeting or that meeting is adjourned a specified period. If seconded, the motion will be voted on without discussion.

- 27.5 General disturbance

If there is a general disturbance making orderly business impossible, the Mayor/Chairman may adjourn the meeting for as long as he or she thinks necessary.

27.6 Conflicts of Interest

Members of the Council are under a duty to base their decision making on a consideration of the public interest. Members must avoid conflict between personal interest and the public interest, declare any personal interest when it arises and resolve any conflict between the two interests, at once, and in favour of the public.

28. DISTURBANCE BY PUBLIC

28.1 Removal of member of the public

If a member of the public interrupts proceedings, the Mayor/Chairman will warn the person concerned. If they continue to interrupt, the Mayor/Chairman will order their removal from the meeting room.

28.2 Clearance of part of meeting room

If there is a general disturbance in any part of the meeting room open to the public, the Mayor/Chairman may call for that part to be cleared.

29. SUSPENSION ~~AND AMENDMENT~~ OF COUNCIL PROCEDURE STANDING ORDERS

29.1 Suspension

All of these Council Standing Orders of Procedure except Standing Order 23.5 and 24.2 may be suspended by motion on notice or without notice if at least one half of the whole number of members of the Council are present. Suspension can only be for the duration of the meeting.

~~29.2 Amendment~~

~~Any motion to add to, vary or revoke these Council Standing Orders of Procedure will, when proposed and seconded, stand adjourned without discussion to the next ordinary meeting of the Council.~~

30. PHOTOGRAPHY AND AUDIO/VISUAL RECORDING OF MEETINGS

30.1 Any member of the public may film, audio record, take photographs and use social media to report the proceedings of any meeting that is open to the public.

Section 4 - General Standing Orders

1. INTERESTS OF MEMBERS

- 1.1 If a Member has any disclosable pecuniary interests or other interests (within the meaning of the Members' Code of Conduct) the member shall disclose them to the meeting unless they are already entered in the register of members' interests or have been notified to the Monitoring Officer in writing (a "pending notification"). The Member need not leave the meeting, but may neither speak nor vote, unless a dispensation has been granted by the Monitoring Officer (to speak) or the Audit Committee (to speak and vote).
- 1.2 Members will give notice to the Monitoring Officer of all their respective interests under the Members' Code of Conduct.
- 1.3 Members of the public will be able to inspect the Register kept by the Monitoring Officer under Section 81 of the Local Government Act 2000 during normal office hours.
- 1.4 If a Member has a disclosable pecuniary interest or other interest under the Members' Code of Conduct they will declare the interest in accordance with the requirements of the Code of Conduct.
- 1.5 Although a member with a disclosable pecuniary interest is not required to leave the meeting while the matter is considered, if the Member chooses to do so the Member will be called back once the item has been dealt with.

2. OFFICERS' INTEREST IN CONTRACTS

The Monitoring Officer will record in a special book any notice an officer gives under Section 117 of the Local Government Act 1972 of a financial interest in a contract. The book will be open during office hours for the public to inspect.

3. SEALING DOCUMENTS

- 3.1 The Council will not attach its common seal to any document unless the sealing has been authorised in accordance with this Constitution
- 3.2 The following person or people will attach the seal:
 - (a) the Chief Executive, the Corporate Director Resources, the Solicitor to the Council or any lawyer authorised by him or her;
 - (b) the Mayor, the Deputy Mayor or another Member, together with the Chief Executive or the Solicitor to the Council or any lawyer authorised by him or her.

4. AUTHORITY TO SIGN DOCUMENTS

- 4.1 The Chief Executive, the Corporate Director Resources, the Solicitor to the Council or any solicitor authorised by him/her can sign on behalf of the Council:
 - (a) any contract (without the seal); and
 - (b) any document which that officer considers is proper and necessary to give effect to a resolution;

as long as nothing in this paragraph prevents any other person from being authorised to sign the document, where this Constitution allows.

5. CONTRACTS

5.1 The Chief Executive, the relevant Director, Head of Service or Assistant Director can approve any action and/or expenditure in respect of contracts provided that the action and/or expenditure is:

- (a) contained within an approved capital or revenue budget;
- (b) not contrary to the Council's Budget or Major Policy Framework; and
- (c) in line with Contract Regulations and Financial Regulations

6. EMERGENCY ACTION BY THE CHIEF EXECUTIVE

6.1 When the Chief Executive feels that circumstances make it necessary for the Council to take urgent action which would not otherwise be in accordance with the Constitution the Chief Executive is deemed to have delegated authority for this purpose, in consultation with the Leader and the ~~lead Member for Scrutiny—the Chairman of the Strategic Growth Scrutiny Committee~~ Chairman of the relevant Scrutiny Committee.

6.2 A report on this action, and why it was necessary will be made to the next meeting of the Cabinet and the relevant Scrutiny Committee ~~or Scrutiny Commission~~.

7. GENERAL AUTHORITY OF THE SOLICITOR TO THE COUNCIL

7.1 If the Council has to issue any document in legal proceedings, the Solicitor to the Council may sign it unless someone else is authorised to do so by this Constitution.

7.2 The Solicitor to the Council has the authority to take all legal proceedings on behalf of the Council unless someone else is authorised to do so by this Constitution.

7.3 The Solicitor to the Council has the authority to defend all legal proceedings brought against the Council and to take any steps he or she considers necessary to do this.

7.4 If the Chief Executive is absent, the Solicitor to the Council will deal with all procedural matters within this Constitution.

8. MONITORING OFFICER

Each Chief Officer will immediately tell the Monitoring Officer of any proposal, decision or omission connected to their department which may lead to a report to the Council by the Monitoring Officer under Section 5 of the Local Government and Housing Act 1989.

9. SUSPENDING STANDING ORDERS

Any paragraph within Part 4 of this Constitution except Section 1, paragraph 13.15, Section 2 paragraph 13.4, Section 3 paragraph 6 and 7 and Section 5, be suspended by motion on notice or without notice if at least one half of the whole number of

Members of the Council are present. Suspension can only be for the duration of the meeting.

10. VARYING AND CANCELLING STANDING ORDERS

When an addition or variation to, or cancellation of these standing orders is proposed and seconded, the motion will be postponed without discussion to the next ordinary meeting, unless the Monitoring Officer advises that the matter need not be postponed.

11. INTERPRETATION OF STANDING ORDERS

The Mayor's ruling on how to apply these Standing Orders will not be challenged at any meeting. His or her interpretation will be fully recorded in the Minutes.

12. STANDING ORDERS AND PROCEDURE RULES TO BE GIVEN TO MEMBERS

The Chief Executive will give each Member access to a copy of the Constitution and any legal provisions that regulate our proceedings and business.

13. POLITICAL GROUPS

13.1 Members who may, from time to time, be selected as leaders of political groups will be known as 'The Leader of the (name of group) Group'. The Member will give the Chief Executive written notice of their appointment for him or her to report to the Council's annual meeting, or at any other time when a new selection is made.

13.2 If a political group has given notice that a Member is authorised to act in place of the Leader of the Group, the Member will be entitled to act for the relevant leader if the leader is absent or incapable or unwilling to act. The Member will give the Chief Executive notice that they are authorised to act, and will then receive any documents which the Leader of the Group would have been entitled to.

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Petition Scheme

Peterborough City Council

Peterborough City Council Petitions Scheme

1. Introduction

- 1.1. The Council welcomes petitions and recognises that petitions are one way in which people can let us know their concerns. All petitions sent or presented to the **C**ouncil will receive an acknowledgement from the Council within **45** working days of receipt.
- 1.2. This acknowledgement will set out what we plan to do with the petition. We will treat something as a petition if it is identified as being a petition, or if it seems to us that it is intended to be a petition.
- 1.3. Paper petitions can be sent to: Democratic Services, Town Hall, Peterborough, PE1 1HG.

A petition template is available at Appendix 1 and this will help you to see what information we need in order to consider your petition under the terms of the council scheme.

- 1.4. Petitions can also be presented to a meeting of the **full C**ouncil. These meetings take place approximately every 6 weeks, dates and times can be found here:

[Council Meetings](#)

- 1.5. If you would like to present your petition to the **C**ouncil, or would like your councillor or someone else to present it on your behalf, please contact Democratic Services on (01733) 747474 at least 10 working days before the meeting and they will talk you through the process.
- 1.6. Any written petition can be submitted at a meeting of the full Council. The lead petitioner will have one minute to present the petition, which will be received by the Council without comment.
- 1.7. If your petition has received 50 signatories or more from people who live, work or study in Peterborough it ~~can then trigger~~ **will be eligible for** submission ~~of the petition~~ to the Cabinet or Scrutiny Committee or **Commission** alongside or in advance of the business your petition is seeking to affect. If this is the case we will discuss with the lead petitioner the options for enabling this to take place.
- 1.8. If your petition has received 500 signatories or more from people who live, work or study in Peterborough it ~~can trigger~~ **will be eligible for submission to** a **F**ull Council **for** debate and if this is the case we will discuss with the lead petitioner the options for enabling this to take place.

1.9. The outcome of all petitions submitted in writing are published in a report for the Council's Cabinet to consider.

2. Petitions that cannot be dealt with through this Scheme – Planning and Licensing decisions

2.1 The following matters are excluded from this petition scheme

- Any matter relating to a planning decision, including about a development plan document or community infrastructure levy (a new local levy that authorities can choose to introduce to help fund infrastructure in their area.)
- Any matter relating to an alcohol, gambling or sex establishment licensing decision.*
- Any matter where there is an appeals procedure in place

A 'Licensing Decision' is:

- Any decision in relation to an application for the grant, variation or review of any authorisation under Part 3 or 4 of the Licensing Act 2003 (premises licences and club premises licences) or any hearing or appeal in respect of any such application.
- Any decision in relation to the application for the grant, renewal or transfer of a licence under Schedule 3 to the Local Government (Miscellaneous Provisions) Act 1982 (control of sex establishments), a request for the variation of any term, condition or restriction contained in such a licence or the revocation of such a licence.
- Any decision in relation to any application for a licence, permit or registration under the Gambling Act 2005, a request for a variation of any term, condition or restriction associated with any such licence, permit or registration or the revocation of any such licence, permit or registration.

However, a petition that alleges a systematic failure to deliver services in the above areas is within the scope of this Scheme (e.g. while a petition on an individual planning application could not be taken, a petition about the council's failure to deliver an effective service for planning applications would be within the scope of this scheme).

2.2 If you wish to submit a petition on a planning or licensing matter, the arrangements are as follows:

- Petitions relating to licensing decisions should be e-mailed to eh.licensing@peterborough.gov.uk Further information on how to submit a review to a licenced premises is available through the council website ([Licences](#)) or by contacting the licensing team on 01733 453491
- Petitions relating to planning decisions should be e-mailed to planningcontrol@peterborough.gov.uk or sent to the following address:

Planning & Building
Growth & Regeneration
Town Hall
Bridge Street

Peterborough
PE1 1HG

Further information on how to have your say on planning applications is available through following this link: [Search Planning Applications](#)

3. What are the guidelines for submitting a petition

3.1. Petitions may be submitted to the full Council, the Cabinet or Committees and Sub-Committees of the Council, or directly to the Council Offices. Under the terms of this scheme they must include:

- A clear and concise statement covering the subject of the petition. It should state what action the petitioners wish the council to take
- The name, address and signature of any person supporting the petition (you are deemed to have 'signed' the petition if you have added your name and address to it.)
- A minimum of 20 signatures of people who live, work or study in the Peterborough local authority area

3.2. Petitions should be accompanied by contact details, including an address, for the petition organiser who must also live, work or study in the Peterborough local authority area. This is the person we will contact to explain how we will respond to the petition. The contact details of the petition organiser will not be placed on the website. If the petition does not identify a petition organiser, we will contact signatories to the petition to agree who should act as the petition organiser.

3.3. If your petition does not reach the minimum requirement of 20 signatures, particularly where the issue relates to a small locality, we will seek to advise you of other ways in which your views could be considered. A petition with fewer than 20 names will be considered if the signatories comprise a majority of the residents and/or stakeholders affected by the issue raised.

3.4. A short form is available to download here (see Appendix 1), which enables you to easily set out the main summary information we require when you submit your petition.

3.5. If you want to submit a petition to a specific meeting of the Council, Cabinet or any Committee meeting (including Scrutiny commissions Committees) then you need to ensure that we receive a completed petitions submission form or at the very least, provide us with details of the petition subject matter, number of signatures and your contact details by no later than 12.00 noon on the working day before that meeting to enable it to be submitted there.

3.6. Please note petitions submitted by the petitioner to meetings of the Council will not be discussed in detail at that point, unless there is an

agenda item specifically relating to that issue. Petitions received in this way will be passed to the appropriate ~~C~~councillor, officer or forum for proper consideration.

- 3.7. Petitions which are considered to be vexatious, abusive or otherwise inappropriate will not be accepted. We will explain the reasons for this in our acknowledgement of the petition.
- 3.8. In the period immediately before an election or referendum we may need to deal with your petition differently. ~~—if~~ if this is the case we will explain the reasons and discuss the revised timescale which will apply.
- 3.9. If a petition does not follow the guidelines set out above, the Council may decide not to do anything further with it. In that case, we will write to you to explain the reasons.

4. What will the Council do when it receives my petition?

- 4.1. An acknowledgement will be sent to the petition organiser within ~~4~~5 working days of receiving the petition. It will let them know what we plan to do with the petition and when they can expect to hear from us again. It will also be published on our website and on our e-petitions site where all petitions received will be registered.

4.2 A response will be provided to the petition organiser within 15 working days of the acknowledgement being sent.

- 4.3. If the petition has enough signatories to ~~trigger permit~~ a Scrutiny Committee, Cabinet, or Council debate, then the acknowledgment will confirm this and tell you when and where the meeting will take place. If the petition needs more investigation, we will tell you the steps we plan to take.

- 4.4. If we can do what your petition asks for, the ~~acknowledgement~~ may response will confirm that we have taken the action requested and the petition will be closed. If some other action is proposed or intended, the ~~acknowledgement response~~ will explain this.

- 4.5. We reserve the right to verify signatories as required. Please ensure you include a valid address and postcode that relates to your home address (if you live ~~or study~~ in Peterborough), ~~or~~ work address (if you work or run a business in Peterborough), or place of study (if you study in Peterborough). These details will be taken into account when identifying if there are enough signatories from people who live, work or study in Peterborough to trigger a full Council debate.

4.6 Please ensure that when you submit your petition that you identify who your petition organiser is, with relevant contact information.

- 4.7 Any petition that is a duplicate or near duplicate of another petition that the Council has already received will not normally be considered within a 12 month period although officers will exercise their discretion in individual cases. You are advised to check the details of previous petitions on our e-petitions site or contact us for advice at the start of your petition.
- 4.8 To ensure that people know what we are doing in response to the petitions we receive, the details of all the petitions submitted to us including those pending action will be published on our website, except in cases where this would be inappropriate.

5. Full council debates

- 5.1. If a petition contains more than 500 signatures from people who live, work or study in the city, it will ~~trigger the right become eligible for to be~~ debated by a meeting of the full Council. This means that the issue raised in the petition will be discussed at a meeting which all councillors can attend.
- 5.2. If the petition organiser wishes to take up this opportunity, they will be given five minutes to present the petition at the next available meeting of the full Council. The petition will then be discussed by councillors. Full Council will decide how to respond to the petition at this meeting.

5.3 The debate will be conducted and concluded as follows:

5.3.1 The debate on an individual petition will be unlimited, with Members able to speak for up to three minutes each, except for the relevant Cabinet Member's initial contribution, which shall be for up to five minutes.

5.3.2 The petition organiser will be given five minutes to present the petition at the beginning of the debate.

5.3.3 The Mayor will facilitate discussion of the petition by Members, offering the relevant Cabinet member the opportunity to make the first contribution.

5.3.4 At the conclusion of the debate, the Mayor will offer a "right of reply" to the petition organiser, so that they may respond for up to three minutes to any matters raised in the debate.

5.3.5 The Mayor shall then offer the "right of reply" to the relevant Cabinet Member who shall respond for up to three minutes and then propose a course of action to be taken in response to the petition. The courses of action available to the Council will be either to:

- Note and take no action for the reasons put forward in the debate;
- Take the action requested by the petition (if it's within the Council's remit to do so); or

- Refer the petition to either Cabinet, a Cabinet Member, or the relevant Scrutiny Committee for consideration having regards to the comments made in the course of debate;

5.3.6 The Mayor shall seek a seconder for the motion proposed by the relevant Cabinet Member and then enquire as to whether alternative courses of action wish to be proposed, as set out in paragraph 5.3.5. Any motion proposed will need to be seconded;

5.3.7 If only one motion has been proposed and seconded, the Mayor will call for a vote on that motion, which will either be carried or defeated;

5.3.8 Should multiple motions have been proposed and seconded, the Mayor will call for a vote on each motion in turn until a motion is carried and an outcome is achieved.

5.4 The petition organiser will receive written confirmation of the outcome of the full Council debate, of the Council's decision and any explanation in the event of Council not being able to take the action which has been requested.

6. E-petitions

6.1. The council welcomes e-petitions which are created and submitted through our website www.peterborough.gov.uk/ePetitions. E-petitions must follow the same guidelines as paper petitions. E-petitions will not trigger the same submission or reporting steps as a petition made in writing but the response will be published on the E-petition pages.

6.2. The petition organiser will need to provide us with their name, postal address and email address. You will also need to decide how long you would like your petition to be open for signatories. Most petitions run for six months, but you can choose a shorter or longer timeframe. You may wish to time the ending of the petition to coincide with a relevant meeting or decision. It may be helpful to discuss this with our petition administrator. If so, please contact us via email at petitions@peterborough.gov.uk.

6.3. When you create an e-petition, it may take five working days before it is published online. This is because we have to check that the content of your petition is suitable before it is made available for signature.

6.4. If we feel we cannot publish your petition for some reason, we will contact you within this time to explain. You will be able to change and resubmit your petition if you wish. If you do not do this within 10 working days, a summary of the petition and the reason why it has not been accepted will be published under the 'rejected petitions' section of the website.

6.5. When an e-petition has closed for signature, it will automatically be submitted to **Governance Democratic** Services. In the same way as a

paper petition, you will receive an acknowledgement within 15 working days.

- 6.6. A petition acknowledgement and response will be emailed to everyone who has signed the e-petition and elected to receive this information. The acknowledgment and response will also be published on this website.

7. How do I 'sign' an e-petition?

- 7.1. You can see all the e-petitions currently available for signature here www.peterborough.gov.uk/ePetitions.
- 7.2. When you sign an e-petition you will be asked to provide your name, your postcode and a valid email address. When you have submitted this information you will be sent an email to the email address you have provided. This email will include a link which you must click on in order to confirm the email address is valid. Once this step is complete you will have been added as a signatory to the petition. People visiting the e-petition will be able to see your name and the ward to where your postcode relates in the list of those who have signed it, but your contact details will not be visible.

8. What can I do if I feel my petition has not been dealt with properly?

If you feel that we have not dealt with your petition properly, please contact Democratic Services on (01733 747474) who will review your complaint and will advise you of the action which is intended. Please provide a short explanation of the reasons in your communication with us.

9. Other ways to have your say

- 9.1 Peterborough City Council is always interested in your feedback on our services or how we can work together better with our partners to improve things in our city.
- 9.2 There are a wide range of ways you can get involved and have your say, from submitting individual comments on specific issues to participating in consultations that regularly input to shaping our local services.
- 9.3 You can get involved by writing to us, attending meetings and events or participating online.
- 9.4 To find out more visit our website www.peterborough.gov.uk.
- 9.5 If you have a complaint about the Council, we would like to ensure this is sorted out as soon as possible. If you have a problem with a Council service please try and talk to a member of staff, as they may be able to resolve it straight away.

9.6 If it is not possible for you to talk to a member of staff or you prefer to contact us in a different way, please see the details below.

9.7 **Contact us:**

By phone: 01733 296 331

By e-mail: complaints@peterborough.gov.uk

By letter: You can write to the department or service concerned.

**Peterborough City Council
Petitions Submission Form**

Please complete the summary details on this form to assist us in directing your petition to the right place and include it with your petition.

Please note contact details for the petition organiser will not be made public other than name and postcode.

Petition subject	
Action requested by the petitioners	
Number of signatures (please give overall number if combination of paper and e-petition)	
Any eligible petition with 20 signatures or over will be automatically be considered by the Council. However if you prefer the petition can be presented for submission at a relevant public meeting of the council, prior to consideration of the issue raised. Please advise if you wish to submit your petition in this way. Yes/No (please circle)	
Name of Councillor submitting petition on behalf of petitioners (if appropriate)	
Contact details of petition organiser	Name:
	Address:
	Tel:
	Email:

Council use only
Date petition received:

Appendix 2

Peterborough City Council Petitions Scheme

Guidance for councillors

Introduction and background

This guidance has been produced to help councillors and officers understand the revised petitions scheme and their role in supporting it.

This could be through:

- Representing your Ward by:
 - Presenting a Petition at a Public Meeting on behalf of a Ward Member (an individual may not be confident enough to present the issue themselves)
 - Acting as Lead Petitioner on a topic that you know your community is concerned about.
- Being asked to consider the topic of petition at a meeting, gather evidence and views on the issue and then draw your conclusions and make recommendations (or make a decision if the issue is referred to you as the relevant Executive Member).

The Scheme gives local people a right to a public response if they sign an eligible petition (provided the petition is not of a vexatious, abusive or otherwise inappropriate nature).

What do I need to do?

Governance Services are responsible for the management of the Petitions Scheme overall and so if you have any queries that cannot be answered by reading this guidance or the Petitions scheme itself, please contact them for assistance.

Currently support to the petitions process is provided by officers in Governance Services

Representing your Ward

Setting up a Petition yourself

If you decide to set up a petition on behalf of your Ward (as Lead Petitioner) or are advising someone else about it there are a few things you will need to consider first, such as whether the issue has already been considered in the last 12 months, is the wording factually accurate etc.?

Please see the scheme for help in the first instance.

Receiving a Petition & submitting it on behalf of your ward member or group

Governance Services need to be aware of all petitions we receive as an organisation.

Therefore, if you receive one directly this needs to be registered with Governance Services along with some key basic information.

All new petitions received now need to have a summary sheet (submission form) attached (see Appendix 2 on the scheme) to assist with management and tracking of the petition. If you are handed/receive a petition by the public please ensure some basic contact information is taken in order that we can follow up on these details.

Under the scheme, a petition can be directly submitted to Governance Services and officers will register the petition and get agreement about how it should be considered/actioned and then process it accordingly. This is helpful in ensuring the issue is addressed promptly without the delay of waiting for a meeting to present it.

However, the Lead Petitioner may prefer to submit a petition to a public meeting of the Council, which can have more Governance value placed upon the action.

The Lead Petitioner themselves can submit the petition or (if not you), you can be asked to submit and present the petition on their behalf if they are unable to attend the meeting or feel uncomfortable with public speaking.

If you are asked to undertake this, please ensure the petition is submitted to Governance Services no later than 12.00 noon on the working day before that meeting.

The process for dealing with the petition once submitted

When a petition is first received, the council needs to respond within 15 working days to advise the Lead Petitioner (and others online through the e-petition system) what we plan to do with the petition.

Depending on the nature of the issue raised, a Governance Services Officer may ask for information about any related forthcoming forums/meetings/work activity where the issue could be considered.

Once this dialogue has taken place with all relevant Officers and Members an approach will be agreed and the Lead Petitioner notified.

Next steps

The Governance Services Officer will then put in place any arrangements for consideration at a meeting etc. and normal reporting timescales will apply where a relevant Officer may be asked to provide a report on the issue in question.

If the issue can be considered by an Executive Member or Officer in the normal course of their duty, then the Governance Services Officer will make that request and they will have 1 month to respond.

Following the conclusion of these activities, the outcome will be passed to the Lead Petitioner and published on our website to enable others to see the Council response as laid out within our petitions scheme unless an exception is explicitly made by Council.

We are keen to ensure that even where the Council cannot do what the petitioner asks for, that the response given explains the reasoning behind it to aid understanding and where feasible suggests other options for support in getting the issue resolved.

Who do I contact if I have a query?

If the Petitions Scheme itself doesn't have the answer, please contact Governance Services on
Tel: (01733) 452537
Email: petitions@Peterborough.gov.uk

To see our Petitions scheme information up on our Council website please follow this link:

[Part 5 Codes of Conduct Good Practice and Protocols](#)

AUDIT COMMITTEE	AGENDA ITEM No. 14
26 JUNE 2017	PUBLIC REPORT

Report of:	Councillor Aitken, Chair of Audit Committee	
Cabinet Member(s) responsible:	Councillor Seaton, Resources Portfolio Holder	
Contact Officer(s):	Dan Kalley, Senior Democratic Services Officer	Tel. 296334

FEEDBACK REPORT

RECOMMENDATIONS
<p>It is recommended that Audit Committee:</p> <ol style="list-style-type: none"> 1. Note the Feedback Report and work completed since the last meeting

1. ORIGIN OF REPORT

1.1 This is a standard report to Audit Committee which forms part of its agreed work programme.

2. PURPOSE AND REASON FOR REPORT

2.1 This standard report provides feedback on items considered or questions asked at previous meetings of the Committee. It also provides an update on any specific matters which are of interest to the Committee or where Committee have asked to be kept informed of progress.

3. IMPLICATIONS

Financial Implications

3.1 There are none.

Legal Implications

3.2 There are none.

Equalities Implications

3.3 There are none.

4. APPENDICES

4.1 Appendix A - Feedback report

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AUDIT COMMITTEE: RECORD OF ACTION TAKEN

MUNICIPAL YEAR: MAY 2017 - APRIL 2018

AGENDA ITEM	ACTION ARISING	OFFICER RESPONSIBLE	ACTION TAKEN	ACTION RAISED	SIGN OFF DATE
Cambridgeshire and Peterborough City Council Combined Authority Questioning Process	The Cambridgeshire and Peterborough City Council Combined Authority Questioning Process Protocol be approved for inclusion within the Council's Constitution.	Kim Sawyer	Agreed at Council 12 April 2017	3 April 2017	12/04/2017
Cambridgeshire and Peterborough City Council Combined Authority Questioning Process	The amendment to Council Standing Orders be approved to allow for a report to be received by Council on the actions and decisions of the Cambridgeshire and Peterborough Combined Authority and to allow Members the opportunity to submit questions on notice to the Combined Authority Council representatives (with the recommendation of 15 minutes being allocated).	Kim Sawyer	Agreed at Council 12 April 2017	3 April 2017	12/04/2017

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AUDIT COMMITTEE	AGENDA ITEM No. 15
26 JUNE 2017	PUBLIC REPORT

Report of:	Councillor Aitken, Chair of Audit Committee	
Cabinet Member(s) responsible:	Councilor Seaton, Resources Portfolio Holder	
Contact Officer(s):	Dan Kalley, Senior Democratic Services Officer	Tel. 296 334

WORK PROGRAMME 2017/18

R E C O M M E N D A T I O N S
<p>It is recommended that the Audit Committee:</p> <ol style="list-style-type: none"> Notes and agrees the Work Programme for the municipal year 2017/18.

1. ORIGIN OF REPORT

1.1 This is a standard report to the Audit Committee which forms part of its agreed work programme. This report provides details of the Draft Work Programme for the following municipal year.

2. PURPOSE AND REASON FOR REPORT

2.1 The Work Programme is based on previous year's agendas. The programme can be refreshed throughout the year in consultation with senior officer and the Committee membership to ensure that it remains relevant and up to date. In addition, any delays in reporting issues are recorded so that they do not drop off the committee agenda.

2.2 Training for members on specific aspects of the Audit Committee agenda are available throughout the year and will be arranged on request and will take place on a separate day to that of the committee meeting.

3. IMPLICATIONS

Financial Implications

3.1 There are none

Legal Implications

3.2 There are none

Equalities Implications

3.3 There are none

4. APPENDICES

4.1 Appendix A - Work Programme 2017/18

APPENDIX A

DATE: 26 JUNE 2017			
		Section / Lead	Description
Standard	Apologies for Absence		
Standard	Declarations of Interest		
Standard	Minutes of previous Meeting	Democratic Services Dan Kalley	
	Internal Audit: Annual Audit Opinion	Internal Audit Steve Crabtree	To receive, consider and endorse the annual Audit Opinion of Internal Audit for the year ended 31 March 2017.
	Investigations Team Annual Report 2016 / 2017	Internal Audit Steve Crabtree	To receive, consider and endorse the annual report on the investigation of fraud and irregularities for the year ended 31 March 2017
	Draft Annual Governance Statement	Internal Audit Steve Crabtree	To receive, consider and endorse the draft Annual Governance Statement for the year ended 31 March 2017
	Capital and Treasury Outturn 2016 / 2017	Finance Sian Warren	To receive, consider and endorse the Capital and Treasury outturn 2016/2017
	Draft Statement of Accounts 2016 / 2017	Finance Marion Kelly	To receive, consider and comment on the draft Statement of Accounts for the year ended 31 March 2017
	Audit Plan Update	EY	To receive an update on the Audit Plan from EY, to review their proposed approach and scope for the 2016/17 audit in accordance with requirements, and to ensure that the EY audit is aligned with the Committee's service expectations.

	Fees report	Finance Paul Cook	To approve the fees for the Municipal year 2017/2018
	Update on Constitution	Dem Services Pippa Turvey	To receive an update on changes to the PCC Constitution.
	INFORMATION AND OTHER ITEMS		
	Use of Regulation of Investigatory Powers Act 2000 (RIPA)	Governance Ben Stevenson	To receive an update on the use of RIPA during the financial year reporting activity when required.
	Approved Write-Offs Exceeding £10,000	Marion Kelly	To receive an update on write offs approved, which exceed the Council's financial regulation threshold of £10,000.
Standard	Feedback report	Democratic Services Dan Kalley	
Standard	Draft Work Programme 2017 / 2018	Democratic Services Dan Kalley	

OTHER POSSIBLE AGENDA ITEMS

	Governance Reports	Governance Ben Stevenson	Major changes to governance arrangements, policies and procedures requiring approval. Examples would include updates to Financial Regulations or Contract Rules.
	Member Reports	Governance Ben Stevenson	Specific reports relating to the Members Code of Conduct and / or the Hearing Panel (sub-committee to the Audit Committee)

DATE: 25 SEPTEMBER 2017

		Section / Lead	Description
Standard	Apologies for Absence		
Standard	Declarations of Interest		
Standard	Minutes of previous Meeting	Democratic Services Dan Kalley	
	Risk Management: Strategic Risks	Governance Kevin Dawson	To receive details of the strategic risks impacting on the Council and the mitigating actions to address these.
	Audit of Statement of Accounts To Those Charged with Governance (ISA260)	Finance Marion Kelly & EY	To receive the final Statement of Accounts for the year ended 31 March 2017 incorporating the Annual Governance Statement together with the annual report to those charged with governance following their scrutiny by External Audit.
	Budget Monitoring Report Final Outturn 2016 / 2017	Finance Marion Kelly	To receive, consider and endorse the final outturn position for the year ended 31 March 2017
	INFORMATION AND OTHER ITEMS		
	Use of Regulation of Investigatory Powers Act 2000 (RIPA)	Governance Ben Stevenson	To receive an update on the use of RIPA during the financial year reporting activity when required. To also include the outcome of a recent Surveillance Commission Inspection.
	Approved Write-Offs Exceeding £10,000	Finance Marion Kelly	To receive an update on write offs approved, which exceed the Council's financial regulation threshold of £10,000.
Standard	Feedback report	Democratic Services Dan Kalley	

Standard	Work Programme 2016 / 2017	Democratic Services Dan Kalley	
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OTHER POSSIBLE AGENDA ITEMS

	Governance Reports	Governance Ben Stevenson	Major changes to governance arrangements, policies and procedures requiring approval. Examples would include updates to Financial Regulations or Contract Rules.
	Member Reports	Governance Bens Stevenson	Specific reports relating to the Members Code of Conduct and / or the Hearing Panel (sub-committee to the Audit Committee)

DATE: 20 NOVEMBER 2017

		Section / Lead	Description
Standard	Apologies for Absence		
Standard	Declarations of Interest		
Standard	Minutes of previous Meeting	Democratic Services Dan Kalley	
	Internal Audit: Mid Year Progress Report	Internal Audit Steve Crabtree	To receive an update on progress against the Annual Audit Plan together with details of any concerns
	Use of Consultants	Finance Marion Kelly	To receive an update on the Use of Consultants across the organisation
	Treasury Management	Finance Marion Kelly	To receive an update on the policy and effectiveness of treasury management
	INFORMATION AND OTHER ITEMS		
	Use of Regulation of Investigatory Powers Act 2000 (RIPA)	Governance Ben Stevenson	To receive an update on the use of RIPA during the financial year reporting activity when required.
	Approved Write-Offs Exceeding £10,000	Marion Kelly	To receive an update on write offs approved, which exceed the Council's financial regulation threshold of £10,000.

Standard	Feedback report	Democratic Services Dan Kalley	
Standard	Work Programme 2017 / 2018	Democratic Services Dan Kalley	

OTHER POSSIBLE AGENDA ITEMS

	Governance Reports	Governance Ben Stevenson	Major changes to governance arrangements, policies and procedures requiring approval. Examples would include updates to Financial Regulations or Contract Rules.
	Member Reports	Governance Ben Stevenson	Specific reports relating to the Members Code of Conduct and / or the Hearing Panel (sub-committee to the Audit Committee)

DATE: 12 FEBRUARY 2018

		Section / Lead	Description
Standard	Apologies for Absence		
Standard	Declarations of Interest		
Standard	Minutes of previous meeting	Democratic Services Dan Kalley	
	External Audit: Annual Audit Letter and Other External Reports.	EY	To receive and approve the External Audit report in relation to issues identified as part of their audit works
	INFORMATION AND OTHER ITEMS		
	Use of Regulation of Investigatory Powers Act 2000 (RIPA)	Governance Ben Stevenson	To receive an update on the use of RIPA during the financial year reporting activity when required.
	Approved Write-Offs Exceeding £10,000	Finance Marion Kelly	To receive an update on write offs approved, which exceed the Council's financial regulation threshold of £10,000.
	Member Dispensations on Allowances Rules	Governance Kim Sawyer	To consider a report following a recommendation made by members in regards to the dispensations granted.

Standard	Feedback report	Democratic Services Dan Kalley	
Standard	Work Programme 2017 / 2018	Democratic Services Dan Kalley	

OTHER POSSIBLE AGENDA ITEMS

	Governance Reports	Governance Ben Stevenson	Major changes to governance arrangements, policies and procedures requiring approval. Examples would include updates to Financial Regulations or Contract Rules.
	Member Reports	Governance Ben Stevenson	Specific reports relating to the Members Code of Conduct and / or the Hearing Panel (sub-committee to the Audit Committee)

DATE: 26 MARCH 2018

		Section / Lead	Description
Standard	Apologies for Absence		
Standard	Declarations of Interest		
Standard	Minutes of previous Meeting	Democratic Services Dan Kalley	
	Risk Management: Strategic Risks	Governance Kevin Dawson	To receive an update on the strategic risks for the Council
	Internal Audit: Draft Internal Audit Plan 2017 / 2018	Internal Audit Steve Crabtree	To receive and approve the Internal Audit Plan 2017 / 2018
	Draft Annual Audit Committee Report	Democratic Services Dan Kalley	To receive the Draft Annual Audit Committee Report prior to submission to Council
	External Audit plan	EY	To receive and approve the Draft External Audit Plan
	INFORMATION AND OTHER ITEMS		
	Use of Regulation of Investigatory Powers Act 2000 (RIPA)	Governance Ben Stevenson	To receive an update on the use of RIPA during the financial year reporting activity when required.

	Approved Write-Offs Exceeding £10,000	Steven TBC	To receive an update on write offs approved, which exceed the Council's financial regulation threshold of £10,000.
Standard	Feedback report	Democratic Services Dan Kalley	
Standard	Work Programme 2017 / 2018	Democratic Services Dan Kalley	

OTHER POSSIBLE AGENDA ITEMS

	Governance Reports	Governance Ben Stevenson	Major changes to governance arrangements, policies and procedures requiring approval. Examples would include updates to Financial Regulations or Contract Rules.
	Member Reports	Governance Ben Stevenson	Specific reports relating to the Members Code of Conduct and / or the Hearing Panel (sub-committee to the Audit Committee)

To be rescheduled:			
		Section / Lead	Description