



## **Audit Committee**

**Date** Monday 29 November 2021  
**Time** 9.30 am  
**Venue** Council Chamber, County Hall, Durham

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### **Business**

#### **Part A**

#### **Items which are open to the Public and Press**

1. Apologies for Absence
2. Minutes of the meeting held on 30 September 2021  
(Pages 5 - 10)
3. Declarations of interest, if any
4. 2021/22 Quarter 2 Health, Safety and Wellbeing Performance -  
Report of the Occupational Health and Safety Manager  
(Pages 11 - 30)
5. External Audit Progress Report - Durham County Council -  
Report of the External Auditor (Pages 31 - 50)
6. Decision to Opt-in to the National Scheme for Auditor  
Appointments managed by Public Sector Audit Appointments  
(PSAA) - Report of the Corporate Director of Resources  
(Pages 51 - 62)
7. Local Code of Corporate Governance - Report of the Corporate  
Director of Resources (Pages 63 - 100)
8. Strategic Risk Management Progress Report for 2021/22 -  
Review 2: Period 1 June - 30 September 2021- Report of the  
Corporate Director of Resources (Pages 101 - 126)
9. Annual Governance Statement for the year ended 31 March  
2021: Actions Update - Report of the Corporate Director of  
Resources (Pages 127 - 134)
10. Protecting the Public Purse - Update Activity Report as at 30  
September 2021 - Report of the Interim Chief Internal Auditor and  
Corporate Fraud Manager (Pages 135 - 152)

11. Internal Audit Progress Report Period Ending 30 September 2021- Report of the Interim Chief Internal Auditor and Corporate Fraud Manager (Pages 153 - 168)
12. Such other business as in the opinion of the Chairman of the meeting is of sufficient urgency to warrant consideration
13. Exclusion of the public

## **Part B**

### **Items during which it is considered the meeting will not be open to public (consideration of exempt or confidential information)**

14. Protecting the Public Purse - Update Activity Report as at 30 September 2021 - Report of the Interim Chief Internal Auditor and Corporate Fraud Manager (Pages 169 - 174)
15. Internal Audit Progress Report Period Ending 30 September 2021 - Report of the Interim Chief Internal Auditor and Corporate Fraud Manger (Pages 175 - 190)
16. Such other business as in the opinion of the Chairman of the meeting is of sufficient urgency to warrant consideration

**Helen Lynch**

Head of Legal and Democratic Services

County Hall  
Durham  
19 November 2021

To: **The Members of the Audit Committee**

Councillor A Watson (Chair)  
Councillor L Fenwick (Vice-Chair)

Councillors A Jackson, M Johnson, B Kellett, M McGaun,  
R Ormerod and T Smith

**Co-opted Members:**

Mr C Robinson and Mr I Rudd

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**Contact: Jo March**

**Tel: 03000 269 709**

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## DURHAM COUNTY COUNCIL

At a Meeting of **Audit Committee** held in **Council Chamber, County Hall, Durham** on **Thursday 30 September 2021 at 9.30 am**

### **Present:**

**Councillor A Watson (Chair)**

### **Members of the Committee:**

Councillors L Fenwick (Vice-Chair), B Avery, M Johnson, M McGaun, R Ormerod and T Smith

### **Co-opted Members:**

Mr C Robinson and Mr I Rudd

### **1 Apologies for absence**

Apologies for absence were received from Councillors A Jackson and B Kellett.

### **2 Minutes**

The minutes of the meeting held on 30 July 2021 were agreed as a correct record and signed by the Chair.

### **Matter Arising**

Mr Robinson noted that at the last meeting it was reported that a detailed report would be provided on the strategic non-key risks. The Committee was informed that this information would be submitted to the meeting scheduled to be held on 29 November 2021 as part of the next scheduled Strategic Risk Management Progress Report for 2021/2022.

### **3 Declarations of interest**

There were no declarations of interest.

#### **4 2020/2021 Annual Health, Safety and Wellbeing Performance Report**

The Committee received an annual report of the Occupational Health and Safety Manager, which provided health, safety and wellbeing (HSW) performance for 2020/21 (for copy see file of Minutes).

**Resolved:**

That the report be noted

#### **5 Quarter 1 2021/2022 Health, Safety and Wellbeing Performance Report**

The Committee considered a report of the Occupational Health and Safety Manager which provided an update on the Council's Health, Safety and Wellbeing (HSW) performance for Quarter one 2021/22 (for copy see file of minutes).

The Occupational Health and Safety Manager highlighted the key areas of the report including:

- Quarter 4 incidents in numbers
- COVID 19 Health and Safety Update
- Audit and Inspections
- Fire Incidents
- HSE Inspections
- Employee Health and Wellbeing
- Occupational Health Service
- Open Water Safety
- COVID 19 Activity Data
- Potentially Violent Persons Register

**Resolved:**

That the report be agreed.

#### **6 Treasury Management Outturn 2020/2021**

The Committee considered a report of the Interim Corporate Director of Resources which provided information on the treasury management outturn position for 2020/21 (for copy see file of minutes).

Mr Rudd noted the positive position and referred to the further increase in liabilities following a five yearly rent review at Freeman's Reach, including PFI and long term lease obligations. The Interim Corporate Director of

Resources stated that the increase in liabilities included other long-term liabilities. The Member was assured that the increase in the long-term liability in respect of the property at Freeman's Reach had been expected, budgeted for and was included in the Medium Term Financial Plan.

**Resolved:**

That the report be noted.

**7 Update on the Independent Review of Local Authority Financial Reporting and Audit (Redmond Review)**

The Committee considered a report of the Interim Corporate Director of Resources which provided an update on the outcome of the Redmond Review (the Review) into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting (for copy see file of minutes).

**Resolved:**

That the report be noted.

**8 Audit Completion Report 2020/2021 - Durham County Council**

The Committee considered the Audit Completion Report of the External Auditor relating to the year ended 31 March 2021 which provided a summary of all audit conclusions (for copy see file of minutes).

In taking Members through the report, James Collins, Senior Manager, Mazars was pleased to confirm that there were no significant difficulties encountered during the audit which was carried out remotely due to the ongoing impact of COVID 19 and that they had been able to issue an unqualified opinion on the accounts. He noted that the Value for Money Assessment had not yet been fully completed and signed off but that the work had been substantially completed. He thanked the Team for their co-operation and for the standard of the accounts and working papers that had been provided.

**Resolved:**

That the report be noted.

**9 Audit Completion Report 2020/2021 - Pension Fund**

The Committee considered the Audit Completion Report of the External Auditor relating to the Durham County Council Pension Fund, for the year ended 31 March 2021 (for copy see file of minutes).

In taking Members through the report, Mark Kirkham, Partner, Mazars reported that there were good arrangements in place and a high level of compliance which had enabled the accounts to be signed off.

**Resolved:**

That the report be noted.

**10 Annual Governance Statement for the year April 2020 to March 2021**

The Committee considered a report of the Interim Corporate Director of Resources which sought approval of the Annual Governance Statement (AGS) for 2020/21.

**Resolved:**

That the report be approved.

**11 Statement of Accounts for the year ended 31 March 2021**

The Committee considered a report of the Interim Corporate Director of Resources which sought the approval of the council's statement of accounts for the financial year ended 31 March 2021 (for copy see file of minutes).

The Interim Corporate Director of Resources conveyed his thanks to the Team for the considerable effort required to complete the Statement of Accounts by the statutory deadline, noting that very few authorities had been able to achieve this, and extended his thanks to the External Auditor and his Team for their assistance throughout the process. This was endorsed by the Committee.

**Resolved:**

That the statement of accounts for the council, including the pension fund financial statements, for the financial year ended 31 March 2021 be approved.

**12 Report of the Audit Committee for the Period September 2020 to August 2021**

The Committee considered a report of the Chair of the Audit Committee that reflected the work undertaken by the Committee and which covered the period September 2020 to August 2021 and how the Committee continued to provide good governance across the Council (for copy see file of Minutes).

**Resolved:**

That the report be noted and presented to Council by the Chair.

### **13 Internal Audit Progress Report Quarter Ended 30 June 2021**

The Committee considered a report of the Interim Chief Internal Auditor and Corporate Fraud Manager, which provided details of the work that had been carried out by Internal Audit during the period 1 April 2021 to 30 June 2021 as part of the Annual Internal Audit Plan 2021/2022 (for copy see file of minutes).

**Resolved:**

That the report be noted.

### **14 Exclusion of the public**

That under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraphs 1,2,3 and 5 of Schedule 12A of the Act.

### **15 Financial Reporting Council Review of Mazars LLP's audit of Durham County Council's financial statements and the Value for Money arrangements conclusion for the year ended 31 March 2020**

The Committee considered a report of the Chair of the Audit Committee that informed of the outcome of the Financial Reporting Council Review of Mazars LLP's audit of Durham County Council's financial statements and the Value for Money arrangements conclusion for the year ended 31 March 2020 (for copy see file of Minutes).

**Resolved:**

That the report be noted.

### **16 Financial Reporting Council Review of Mazars LLP's audit of the financial statements of Durham County Council Pension Fund for the year ended 31 March 2020**

The Committee considered a report of the Chair of the Audit Committee that informed of the outcome of the Financial Reporting Council Review of Mazars LLP's audit of the financial statements of Durham County Council's Pension Fund for the year ended 31 March 2020 (for copy see file of Minutes).

**Resolved:**

That the report be noted.

## **17 Internal Audit Progress Report Quarter Ended 30 June 2021**

The Committee considered Appendices 6 and 7 of the report of the Interim Chief Internal Auditor and Corporate Fraud Manager which detailed the actions agreed by managers in response to internal audit recommendations that were outstanding (for copy see file of Minutes).

The Strategic Manager Looked After Children and Head of Transactional Services attended to provide the Committee with an update on the actions that had been implemented following Limited Assurance Opinion Audits.

**Resolved:**

That the report be noted.



**Audit Committee**

29 November 2021

**2021/22 Quarter 2 Health, Safety  
and Wellbeing Performance  
Report****Report of Corporate Management Team**

Report of Kevin Lough, Occupational Health and Safety Manager.

**Electoral division(s) affected:**

Countywide.

**Purpose of the Report**

1. To provide an update on the council's Health, Safety and Wellbeing (HSW) performance for Quarter two 2020/21.

**Executive summary**

2. As the Country entered into the latter phases of COVID roadmap recovery, the Health and Safety (H&S) and Occupational Health Services (OHS) continued to provide significant organisational support and interventions. These included provision of revised and updated risk assessments, safe working procedures and guidance to services, including schools.
3. A range of Council related activities still involved significant planning and risk assessment in relation to COVID safety measures. These included council meetings, committees and reopening of Council services. A large number of schools were in COVID outbreak situations prior to summer holiday period commencing and requiring extensive support to control infection related risks.
4. There were four fire related incidents during Quarter two, with no injuries and only minor property damage. CDDFRS undertook five audits of council premises during the quarter with positive outcomes and premises being broadly compliant with fire safety legislative standards.
5. Further proactive work was undertaken during the quarter in relation to employee mental health and wellbeing. This ranged from the preparation of a new employees wellbeing survey, winter flu campaign delivery, promotion of the employee assistance programme and the launch of a new employee wellbeing portal on the intranet.
6. The city safety group and county wide open water safety group convened during this quarter to review open water safety interventions. The new city centre action plan was progressed in terms of initial actions

and the formation of a Student induction week group. There was also extensive communications and awareness initiatives targeted at public safety in open water and cold-water shock via the Councils dying to be cool campaign.

7. Incident statistics show a total of 268 accidents and incidents compared to 329 in the previous quarter. It was positive to report that there were no RIDDOR specified injuries following three in quarter 1 of 2021/22.

**Recommendation(s)**

8. That Audit Committee note and agree the contents of this report.

**268**

Accidents, incidents and near misses reported  
(329 in Q1 2021/22, 229 in Q4 2020/21, 259 in Q3 2020/21)



**96%**

Of all reported accidents are either no injury or near miss



**Main Accident/Incident Causes**



0 RIDDOR 'specified' injury, and 7 over 7 days absence RIDDOR injuries

**154** Health Surveillance appointments attended



35 psychological work-related incidents in Q2 2021/22 (compared to 48 in Q1 2021/22, 16 in Q4 2020/21, 41 in Q3 2020/21)

• Better Health at Work *Maintaining Excellence* Award status application progressing

4 fire related incidents



5 CDDFRS inspections of council premises



70 H&S Safety Audits and inspections of DCC premises and activities

**0**

Enforcement related actions or advice from HSE/CDDFRS following inspections and audit activity at various DCC sites



108 LTSA management referral appointments in OHS

128 physiotherapy sessions attended

29 EAP telephone counselling sessions

114 calls to EAP

## Background

9. The HSWSG has been established to ensure that suitable priority is given to the management of HS&W within the council. The group monitors the development, implementation and review of the Corporate H&S Policy to ensure that it is consistently applied throughout the council and that performance standards are achieved. Key reporting topics, including COVID, are detailed below.

## COVID 19 H&S Update

10. During Quarter two, the governments COVID roadmap final steps were achieved and step four implemented on 19 July 2021 after a four week pause. This meant that most legal restrictions ended, removing social distancing and social contact restrictions and enabling remaining businesses to reopen. All adults were offered a first dose of the vaccine.
11. The Councils risk assessments and safe working procedures changed to reflect this change in guidance. Council guidance was also adapted to reflect rules regarding self-isolating as a contact which changed from 16 August for people who were fully vaccinated, and for under 18s. Those not fully vaccinated still needed to isolate if they were contacts, and everyone still had to isolate if they tested positive, to protect themselves and others.
12. In September, the Government undertook a further review to assess the country's preparedness for autumn and winter, which considered whether to continue or strengthen public and business guidance heading towards the winter. The Council also supported NHS partners in planning and preparation for the commencement of COVID booster vaccinations in Quarter three. The provision of County hall as a vaccination site was agreed and a repeat of the previous vaccination programme expected to take place. Hospital trusts leading on vaccinating their staff with boosters as well as supporting the delivery of vaccination to primary and social care staff.
13. A number of schools in the county experienced COVID outbreaks during this quarter and these continued to be supported, managed and monitored by the Education oversight multi agency group. Plans were also being made for the return of schools in September and the expected testing arrangements which would be required for Autumn term. It was positive to report that during this reporting period there were no other workplace related outbreaks.
14. During the reporting quarter there was a continuation of council and elected member related meetings and committees. Work was undertaken to ensure that meeting venues were COVID secure and meetings were held in appropriate venues to ensure that social distancing could be maintained. Spennymoor leisure centre was again utilised following the elections for full council meetings.

## Fire Incidents

15. There were 4 fire related incidents at Council premises or staffed premises or on-board Council vehicles during Quarter two. These were at:
- Harbour View Extra Care Scheme
  - Greenfields Community College
  - Trinity School
  - Annfield Plain Waste Transfer Station

## Fire Inspections – County Durham and Darlington Fire and Rescue Service

16. There were 5 Fire and Rescue Service inspections of Council premises during Quarter two. These were at Greenfield Community College, Lumley Infants School, St Hilds Primary School, Tanfield School and Walworth School. The outcome of the inspections was that the premises were deemed to be broadly compliant with fire safety legislation.

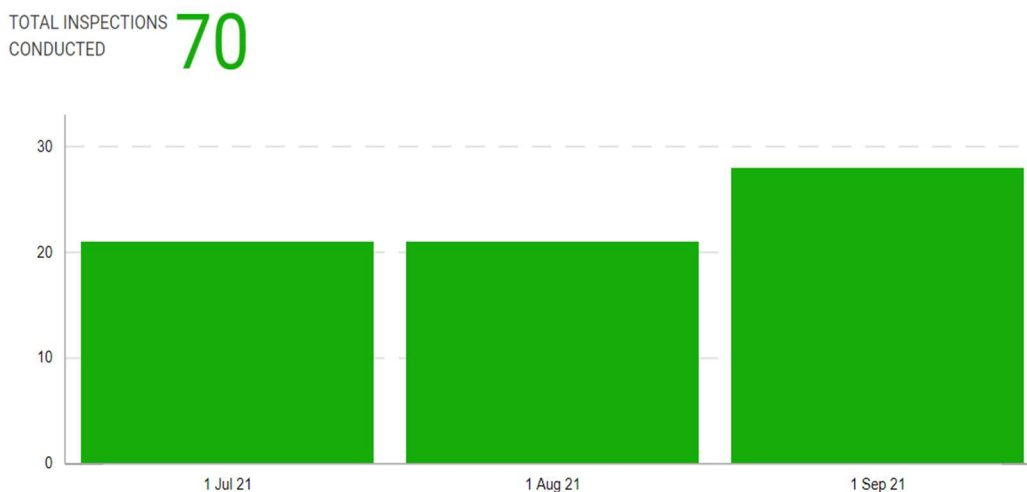
## Enforcement Body Interventions & Significant Incidents

17. HSE inspectors visited Morrison Busty depot during the quarter. They inspected the asbestos removal works for the refurbishment project and feedback from inspectors was that they were satisfied with how the work was being carried out in accordance with asbestos regulations.

## Audits and Inspections

18. There were a total of 70 audits and inspections undertaken by the H&S team during quarter 2. As per Chart 1 below inspections and audits increased throughout the quarter with most undertaken in September 2021.

Chart 1 – Audit and Inspection Activity for Quarter 2.



19. These audits were undertaken across a range of council service areas as per below Chart 2:

Chart 2 Audit and Inspections per service area

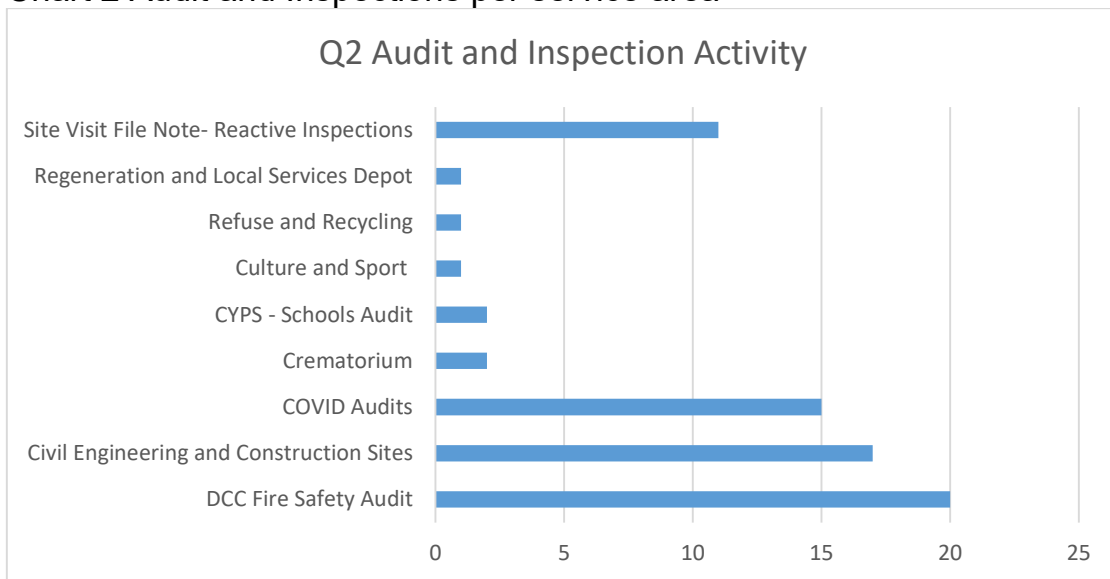
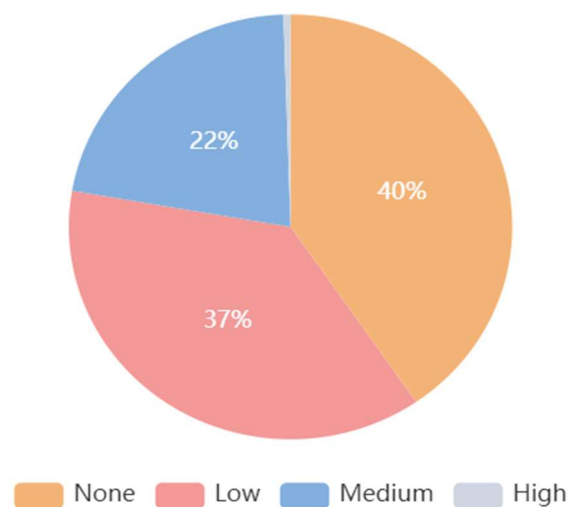


Chart 3 Compliance Actions by Priority



### Employee Health and Wellbeing

20. The employee better health at work group met regularly throughout this period and identified ongoing interventions and communications which were again aimed at raising awareness of support and interventions available and ensuring employees were able to access this where required.
21. Further work was undertaken to plan for the delivery of the employee engagement survey. The survey which forms part of the requirement of the Better Health at Work maintaining excellence award, would repeat the survey undertaken in 2020 as part of the gold award criteria. This would provide further insights into employee health and wellbeing and

support an organisational action plan for the maintaining excellence award evidence portfolio.

22. There were further improvements made to the employee wellbeing portal during this period in relation to increased promotion and highlighting of key areas such as financial Awareness, fertility/bereavement, and the menopause. In relation to menopause awareness eight sessions and 160 training places were arranged and made available for employees for this year.
23. The annual employee assistance programme report was produced by Health Assured. Content of the report was noted by the employee better health at work group and actions taken forward accordingly as part of the overall better health at work action plan.
24. Occupational Health Service (OHS) also continued to deliver employee related management referral services during the quarter and supported employees and their managers during the process. A full breakdown of occupational health triage and testing is detailed in the supporting OHS Quarter two report.
25. Planning and preparation for delivery and provision for the winter flu vaccination campaign commenced during this quarter. This would include a repeated targeted vaccination offer for prioritised council staff, delivered by Occupational Health Services at on site locations across the County.

### **Occupational Health Service**

26. The OHS continues to provide face to face appointments at Annand House with a covid 19 risk assessment in place to enable us to deliver essential OH services including immunisations, inoculation injury follow-up which includes a blood test, physiotherapy, drivers medicals, school crossing patroller assessments and statutory health surveillance.
27. A second part-time temporary OH screening nurse has commenced in post to assist with the backlog of health surveillance created by the pandemic.
28. Records management project to digitise and archive paper occupational health records continues at County Hall. Three temporary admin staff have been recruited to carry out this project.

## Management Referrals

29. During Quarter 2, 265 employees participated in clinical consultations with the OHS, following management referral in relation to Long Term Sickness Absence (LTSA), Short Term Sickness Absence (STSA), Management Concerns (Man Con) Reviews, and Re referral appointments, Long Term Sickness Absence/Short Term Sickness Absence (LTSA/STSA) and Covid. The number of referrals in Q2 this year has risen from the Q2, 2020/21, an increase of 40 referrals which represents a 18% increase.

Chart 1

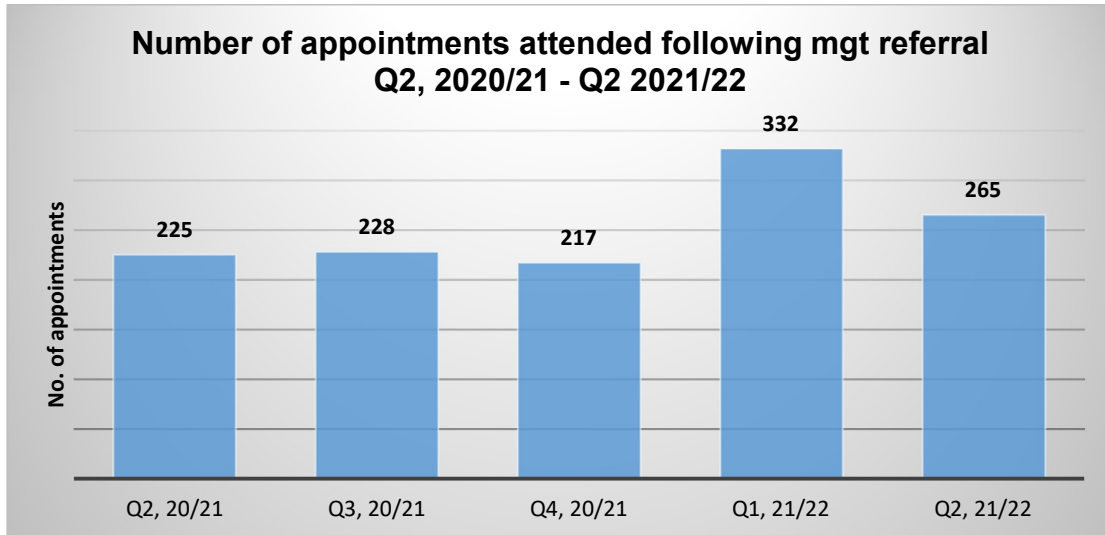
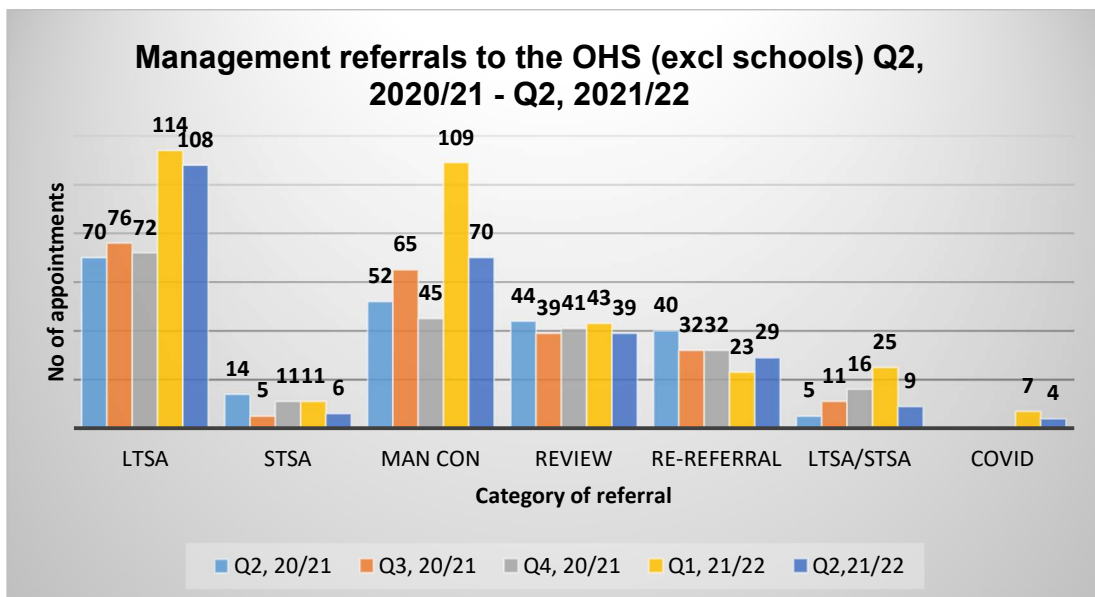


Chart 2 shows the categorisation of management referral appointments attended.

Chart 2

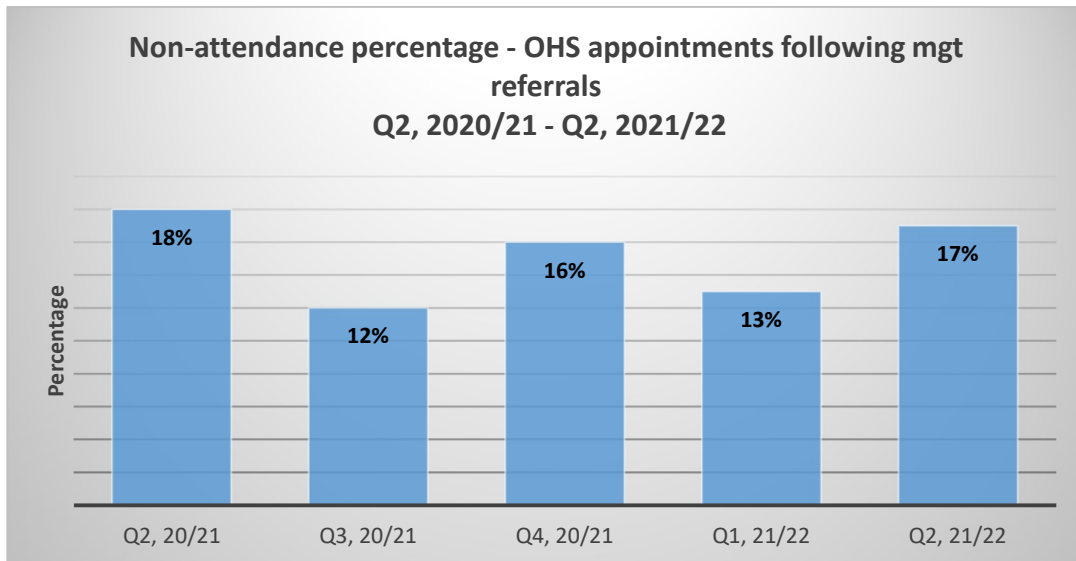




## Management Referrals - Non Attendance

30. During Q2 53 employees did not attend their allocated appointment following management referral. This represents a 17% non-attendance rate. See Chart 3

Chart 3



## Management Referrals – Employee Attribution

31. During Quarter 2, 108 employees were seen for LTSA of which 24% (n=26) stated to the OHS that they consider the underlying cause to be due to work related factors. Of the employees, 88% (n=23) identified this was due to 'psychological' reasons, 12% (n=3) identified as 'musculoskeletal'. See Charts 4 & 7.
32. Chart 6 shows the cause of absence categories for non-work related LTSA seen in the OHS, 18% (n=15) were due to psychological reasons and 43% (n=35) were due to musculoskeletal problems.

Chart 4

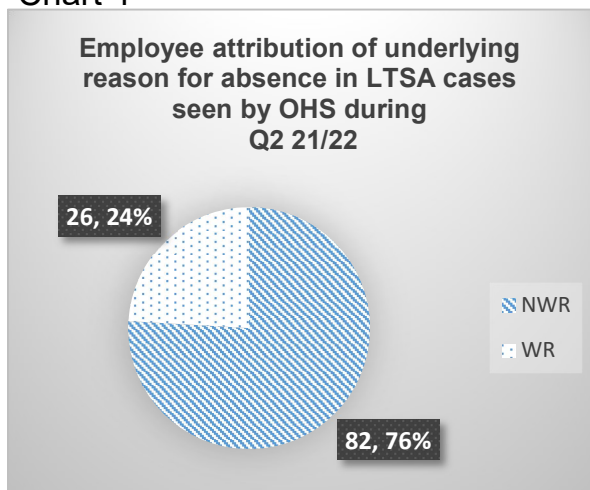


Chart 5

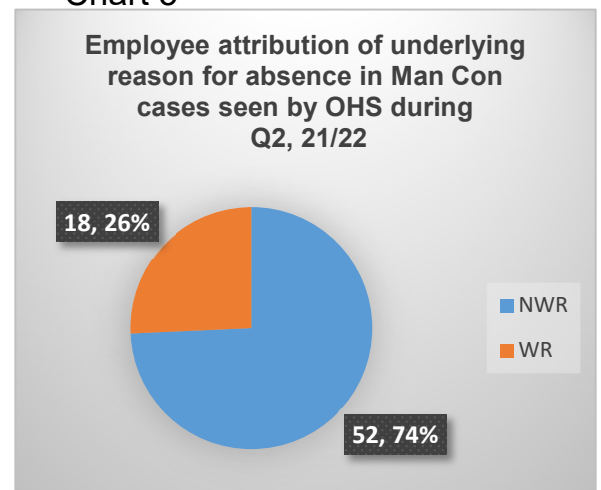


Chart 6

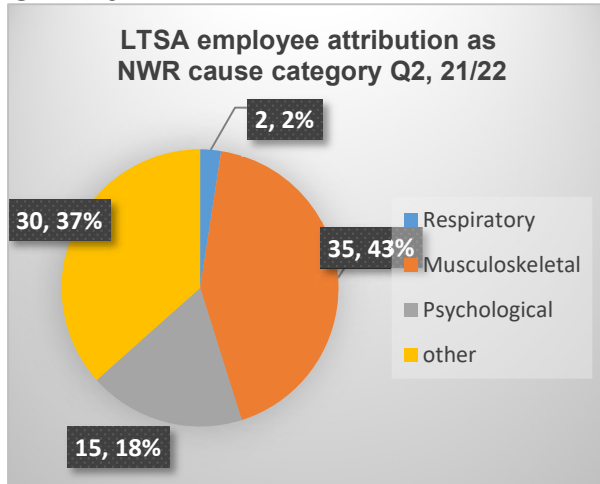
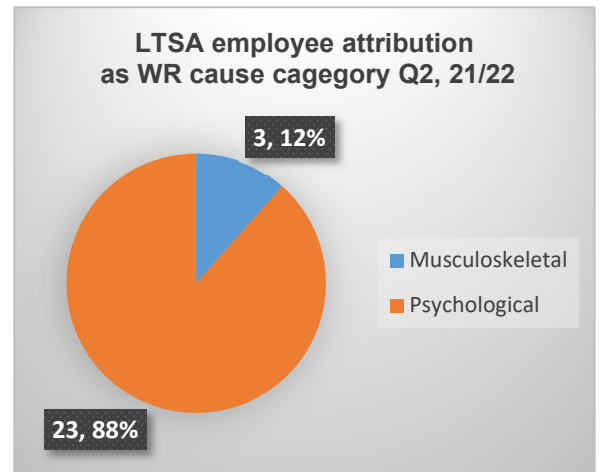


Chart 7



33. Management concern referrals are made when the employee is not absent from work and advice is required relating to work that is affecting the employees health or their health is affecting their work.

34. During Q2,70 employees were seen as a management concern, 26% (n=18) of these referrals stated to the OHS that they consider the underlying cause to be due to work related factors. Of the 70 employees seen 67%(n=12) of the work related and 17%(n=9) of the non-work related were due to psychological reasons, by referring to the OHS support, advice and signposting to EAP can be given at an early stage and hopefully prevent an absence from work. Musculoskeletal problems accounted for 31% of non-work related and 22% of work-related management concern referrals, identifying these issues before they result in an absence from work and allow early intervention which could include referral to physiotherapy. Although not all absences are work related, they can have an impact on work and the wellbeing of employees.

35. Routine physiotherapy clinics now run two days per week in the OHS at Annand House under contract with the OHS, the clinics are a combination of telephone assessments and face to face physiotherapy appointments, should following the physiotherapy initial assessment by telephone the physiotherapist deem this to be clinically required. At the time of preparing this report (06/10/21) the waiting time for an initial assessment is 6 working days. The OHS will continue to monitor this waiting time and report to this group.

Chart 8

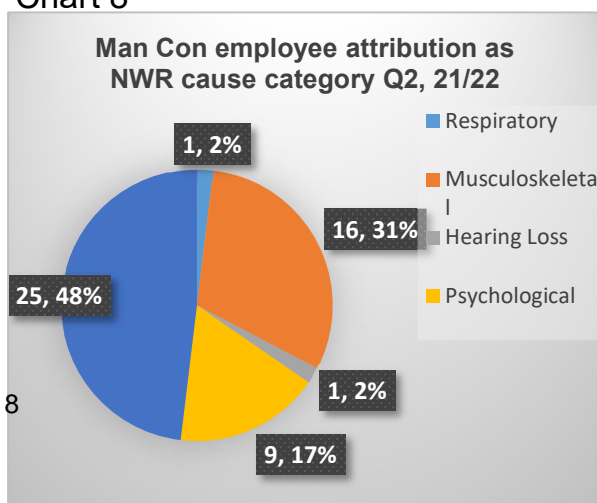
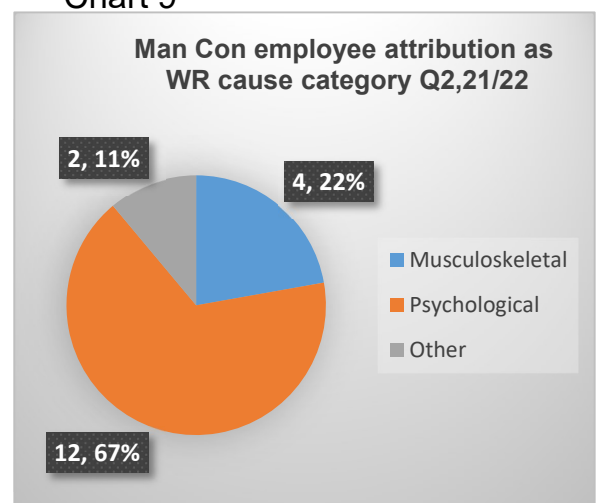


Chart 9



## Support Services

36. During Quarter 2, the OHS provided the following additional support services. See Table 1.

Table 1

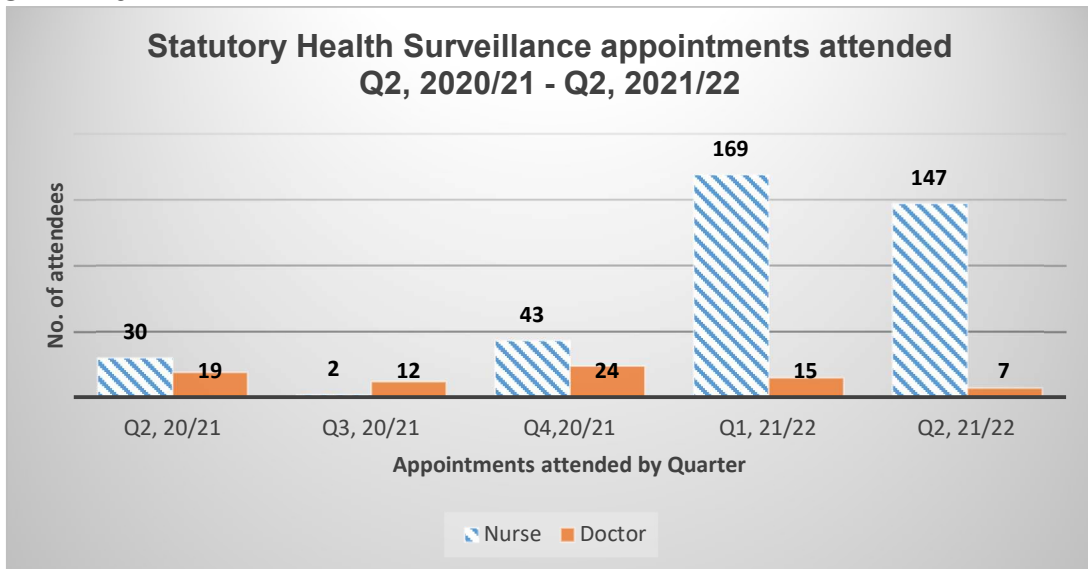
Additional Support services accessed via the OHS	A&HS	CYP S	NC C	RE G	Res	CM	Service not detailed	Q2	Q1	Q4	Q3	Q2
								21/22	21/22	20/21	20/21	20/21
								Total	Total	Total	Total	Total
Number of routine physiotherapy referrals	5	4	15	12	10	0	-	46	37	40	21	27
Number of routine physiotherapy sessions	25	16	32	29	24	0	-	126	121	111	109	110
Number of 'face to face' counselling referrals	0	0	0	1	0	0	-	1	1	0	0	0
Number of 'face to face' counselling sessions	0	5	0	0	0	0	-	5	0	0	0	0
Total number of calls to the EAP	15	14	18	11	23	0	33	114	144	128	135	121
Telephone EAP structured counselling cases	0	1	2	1	5	0	6	15	22	18	11	8
Telephone EAP structured counselling sessions	0	17	1	0	6	0	5	29	90	50	52	33

## Health Surveillance

37. During the pandemic the Occupational Health Service (OHS) has continued to provide Statutory Health Surveillance programmes to employees in line with the guidelines issued by the HSE in relation to health surveillance. The HSE advice was reviewed on 30th September 2021 and is as follows:

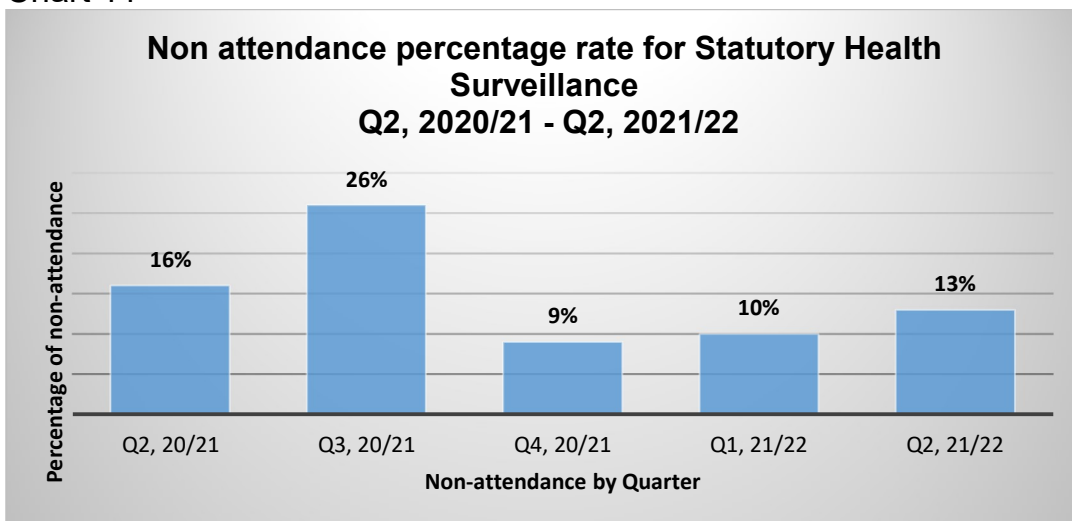
38. During Quarter 2, a total of 154 employees attended OHS appointments for routine statutory health surveillance, 147 with an Occupational Health Nurse and 7 with the Senior Occupational Health Physician.

Chart 10



39. During Quarter 2, 13% (n=22) employees failed to attend their appointment with the OHS in relation to statutory health surveillance. See Chart 11.

Chart 11



## Immunisation

40. During Q2 despite the current pandemic the OHS have continued to provide Hepatitis B immunisation to employees whose job role has been identified via risk assessment as requiring an offer of Hepatitis B immunisation, administering a total of 5 vaccines.
41. During Q2 planning for DCC Flu campaign onsite offer to employees working with vulnerable clients was completed. Onsite clinics are

being delivered by OHS nurses in October and further 'mop-up' clinics in the OHS planned for November.

## **Covid Response**

42. During the restrictions in place due to the coronavirus outbreak the OHS have continued to provide Occupational Health provision to DCC and external contracts. This has been done remotely when possible and in line with guidance from the HSE, DVLA, Faculty of Occupational Medicine and the NHS.
43. The OHS have provided advice to managers via management referral specifically relating to employees with health conditions and working during the covid pandemic, returning to the workplace and those who continue to suffer the effects of having covid. The OHS have also provided advice to managers and employees via email and telephone on a variety of covid related matters.

## **Open Water Safety**

44. The City Safety Group and county wide Open Water Safety Group both met during the reporting period. Both groups were supported by multiagency attendance and reviewed plans for risk assessment and controls for open water across the county, including the city centre.
45. The City Safety Group made progress against the revised action plan which was agreed and implemented in Quarter one. A student induction week subgroup was formed and tasked with safety related planning for the induction week in early October 2021. Members of the task and finish group included representatives from the police, fire and rescue service, university, licensing and neighbourhood wardens.
46. Work commenced in relation to a safety related review of the new developments within the City centre and specifically the Milburngate development which will incorporate additional night-time economy areas. Contact was made with the Royal Society for the Prevention of Accidents (RoSPA) to undertake a risk review of new development areas and also review previous risk assessments of the river corridor throughout the City centre.
47. The County wide open water safety group also met during Quarter 2. Information regarding a plan for a review of previous risk assessments that were undertaken in higher risk open water related locations across the county was considered along with incident updates and county wide water safety related intelligence. Work in relation to the summer water safety related campaigns also commenced and in particular the councils drying to be cool campaign was launched with partners via social media and local press related coverage and interviews.

## Violence and Aggression – Potentially Violent Persons Register (PVPR)

48. At the close of Quarter two 2021/22, there were 47 live entries on the PVPR register. The 12 month rolling figures for PVPR live entries are as follows:

Year	Quarter	PVPR live entries
2020/21	3	62
2020/21	4	63
2021/22	1	55
2021/22	2	47
Number of Live Records		47
Number of Additions		8
Number of Removals		16
Number of Warning Letters Sent		0
Number of PVPR Appeals		0

49. Breakdown by service of PVPR views in the last quarter is as follows:

- CYPS - 25 viewed 38 times
- AHS - 41 viewed 208 times
- N&CC - 30 viewed 58 times
- REG - 70 viewed 134 times
- RES - 57 viewed 437 times
- Members - 4 viewed 14 times

50. The below tables detail the Corporate risk that may have an impact on Health and Safety at the end of October 2021.

## Health and Safety Related Strategic Risks

Ref	Service	Risk	Treatment
1	AHS	R0685 - Failure/inability to respond to and recover from the COVID-19 pandemic, leading to delayed economic recovery and adverse impacts on employee resilience and the health and wellbeing of the wider community.	Treat
2	CYPS	0227 - Failure to protect a child from death or serious harm (where service failure is a factor or issue).	Treat
3	REG	R0490 - Serious injury or loss of life due to Safeguarding failure (Transport Service).	Existing controls are considered adequate.
4	AHS	R0562 - Failure to protect a vulnerable adult from death or serious harm (where service failure is a factor or issue).	Treat
5	NCC	R0565 - Breach of duty under Civil Contingencies Act by failing to prepare for, respond to and recover from a major incident, leading to a civil emergency.	Treat
6	RES	R0611 - Serious breach of Health and Safety Legislation.	Existing controls are considered adequate.
7	REG	R0614 - Potential serious injury or loss of life due to the Council failing to meet its statutory, regulatory and best practice responsibilities for property and land.	Treat
8	RES	R0681 - Potential violence and aggression towards members and employees from members of the public	Existing controls are considered adequate.
9	NCC	R0452 - Demand pressures on the Community Protection inspections and interventions arising from the COVID-19 pandemic and the UK exit from the EU may lead to an adverse impact on public health and safety in Co Durham.	Treat

## Statistical Information

51. The H&S team in conjunction with service H&S providers continue to record, monitor and review work related accidents, incidents and ill health. This data is captured through internal reporting procedures and the Corporate H&S Accident Recording Database (HASARD). It is important to note that when setting future performance targets this data should be utilised.

## Main implications

### Legal

52. Compliance with statutory legislative requirements reduce risks of enforcement action and/or prosecution against the council or individuals. It will also assist in defending civil claims against the council from employees and members of the public, including service users.

### Finance

53. Compliance with legislative requirements will reduce increased service delivery costs, financial penalties associated with H&S sentencing guidelines 2016 and successful civil claims against the council. Financial costs may be insured to some degree and uninsured in some cases, with poor outcomes possibly leading to increased insurance premiums. Financial implications also include staff absence associated with physical and mental ill health, staff training, retention, recruitment and productivity.

### Staffing

54. In relation to impact on staffing due to employee absence from injury or ill health, attendance management, employee complaints and grievances, recruitment, selection and retention of employees.

## Conclusions

55. The move towards the end of the Governments COVID roadmap in this quarter resulted in further significant support related work for services across the council. H&S and OHS services once again worked in partnership with internal and external stakeholders to successfully continue to ensure that council services were delivered as safely as possible.
56. Whilst concerning to see infection rates still being prevalent in schools, it was positive to note that cases associated with Council workplaces remained extremely low. The COVID educational oversight group remained effective in controlling outbreak situations



within schools and proactively dealing with pre-outbreak support and guidance.

57. The number of risk-based audits and inspections from the H&S service showed further signs of increasing across a range of services as Council activities continued to return to business as usual. It was positive to note that 70 proactive and reactive audits and inspections were undertaken with outcomes communicated and resolved with local service managers and reported into service H&S consultative forums.
58. Resumption of services and activities inevitably meant that accidents and incidents have steadily started to increase in 2021/22 with 597 being recorded in the first two quarters, compared to 801 for 2020/21 in total.
59. The council has again been proactive in its approach to mental health and wellbeing. The provision of a new employee health and wellbeing portal was another example of support and guidance in this area.

#### **Other useful documents**

- Occupational Health quarter two 2020/21 Report
- Health, Safety and Wellbeing statistical quarter two 2020/21 report

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## Appendix 1: Implications

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**Legal Implications** - Failure to comply with statutory legislative requirements may result in enforcement action and/or prosecution against the council or individuals. There are risks from civil claims against the council from employees and members of the public, including service users.

**Finance** – Failure to comply with statutory legislative requirements may result in enforcement action, including prosecution against the council or individuals. These enforcement actions may result in increased service delivery costs, financial penalties associated with H&S sentencing guidelines 2016 and successful civil claims against the council. Financial costs may be insured to some degree and uninsured in some cases, with poor outcomes possibly leading to increased insurance premiums.

**Consultation** - Service Grouping strategic managers and operational management staff have been consulted in the preparation of this report.

**Equality and Diversity / Public Sector Equality Duty** - Equality Act compliance ensures consistency in what the council and its employees need to do to make their workplaces a fair environment and workplace reasonable adjustments are required.

**Climate change**- None

**Human Rights** - The right to a safe work environment, enshrined in Article 7 of the International Covenant on Economic, Social and Cultural Rights, links with numerous human rights, including the right to physical and mental health and well-being and the right to life.

**Crime and Disorder** – None.

**Staffing** – Potential impact on staffing levels due to injury and ill health related absence, staff retention and replacement staff.

**Accommodation** – The report references H&S related risks associated with workplaces some of which may have impact on accommodation design and provision of safety systems and features.

**Risk** – This report considers physical and psychological risks to employees, service users and members of the public. Risks also relate to the failure to comply with statutory legislative requirements, which may result in civil action being brought against the council and enforcement action, including prosecution against the council or individuals. These enforcement actions may result in financial penalties, loss of reputation and reduction in business continuity.

**Procurement** – None

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# Auditor's Annual Report

Durham County Council – year ended 31  
March 2021

November 2021



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Our reports are prepared in the context of the 'Statement of responsibilities of auditors and audited bodies' issued by Public Sector Audit Appointments Ltd. Reports and letters prepared by appointed auditors and addressed to Members or officers are prepared for the sole use of the Council. No responsibility is accepted to any member or officer in their individual capacity or to any third party.

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# 01

## Section 01: **Introduction**

# 1. Introduction

## Purpose of the Auditor's Annual Report

Our Auditor's Annual Report (AAR) summarises the work we have undertaken as the auditor for Durham County Council ('the Council') for the year ended 31 March 2021. Although this report is addressed to the Council, it is designed to be read by a wider audience including the public and other external stakeholders.

Our responsibilities are defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice ('the Code') issued by the National Audit Office ('the NAO'). The remaining sections of the AAR outline how we have discharged these responsibilities and the findings from our work. These are summarised below.



### Opinion on the financial statements

We issued our audit report on 30 September 2021. Our opinion on the financial statements was unqualified.



### Value for money arrangements

In our audit report we explained that we had not completed our work on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources and had not issued recommendations in relation to identified significant weaknesses in those arrangements at the time of reporting. Section 3 confirms that we have now completed this work and provides our commentary on the Council's arrangements.



### Wider reporting responsibilities

At the time of preparing this report the group audit instructions have not been issued by the NAO. As a result our whole of government accounts work has not yet been concluded. We are unable to issue our audit certificate which will formally close the audit for the 2020/21 financial year until this work is complete.



# 02

Section 02:

## **Audit of the financial statements**

## 2. Audit of the financial statements

### The scope of our audit and the results of our opinion

Our audit was conducted in accordance with the requirements of the Code, and International Standards on Auditing (ISAs).

The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Council and whether they give a true and fair view of the Council's financial position as at 31 March 2021 and of its financial performance for the year then ended. Our audit report, issued on 30 September 2021 gave an unqualified opinion on the financial statements for the year ended 31 March 2021.

### Qualitative aspects of the Council's accounting practices

We reviewed the Council's accounting policies and disclosures and concluded they comply with the 2020/21 Code of Practice on Local Authority Accounting, appropriately tailored to the Council's circumstances.

Draft accounts were received from the Council on 18 June 2021 and were of a good quality.

### Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties and we have had the full co-operation of management.

Given the ongoing impact of COVID-19 the whole audit was completed remotely.

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# 2. Audit of the financial statements

## Internal control recommendations

We considered the internal controls in place that are relevant to the preparation of the financial statements. We did this to design audit procedures that allow us to express our opinion on the financial statements, but this did not extend to us expressing an opinion on the effectiveness of internal controls. We identified the following deficiencies in internal control as part of our audit.

### Description of deficiency

Our consideration of related party declarations included consideration of Members' declarations. We noted in some instances that declarations had not been received for the year ended 31 March 2021.

There are compensating controls in the Council constitution which sets out the requirements of Members regarding declarations of interest, including declarations where necessary at Council meetings. In particular the Constitution makes clear that 'Members must ensure they keep the register updated and acknowledge that its contents will be published on the Authority's website and will be open to the public to inspect.' We would consider it best practice for Members to make an annual declaration.

### Potential effects

Declared interests are not captured or up to date. This increases the risk the related party disclosures are inaccurate and potential conflicts of interest are not identified. This could impact the public perception of transparency.

### Recommendation

The Council should ensure all Members make a declaration at least annually.

### Management response

In March 2021 Democratic Services requested that all Members return related party declaration of interest forms for the 2020/21 financial year. Despite issuing several reminders, 12 out of 126 Member declarations were not received; 8 of these relate to Members who are no longer serving. The Corporate Director of Resources will contact the Group Leaders of the remaining 4 Members to ensure their returns are completed in the coming year.

### Description of deficiency

As part of our testing of property plant and equipment we test the existence of assets to obtain audit evidence about ownership. We selected a sample of infrastructure assets from the Council's fixed asset register. For one item the terminology in the fixed asset register did not make it clear what the asset was (CIF Speed Visor Projects 09/10) and, given the asset was purchased in 2009/10 financial year, the records to identify the asset were not available. As a result management was unable to provide sufficient evidence of what this asset was and therefore that it still existed and was still owned/used by the Council. The net book value of this asset was £0.0008m at 31 March 2021. We have extrapolated the error to assess the impact on the accounts and the result is a non material and trivial potential misstatement of £0.181million. We have raised the matter as a deficiency as the Council should ensure assets reflected in the Balance Sheet still exist and are operational as at 31 March.

### Potential effects

The Council recognises in its Balance Sheet assets that no longer exist or it no longer uses.

### Recommendation

Management should review the infrastructure asset register and in particular historic assets and confirm they still exist and are still operational.

### Management response

The infrastructure asset register will be reviewed in the coming year.

## 2. Audit of the financial statements

### Internal control recommendations

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#### Description of deficiency

Backup restoration and disaster recovery tests were not performed during the period of audit. While we are not aware of any events requiring backup restoration or disaster recovery, we consider this a risk to the organisation.

#### Potential effects

A lack of testing of backup restoration and disaster recovery can lead to deficiencies in the effectiveness of the Council's resilience remaining undetected for extended periods.

#### Recommendation

Backups and disaster recovery should be tested at least annually and the results captured and any deficiencies remediated in a timely manner.

#### Management response

Undertaking business continuity tests over the past 18 months has been a challenge, due to Covid controls and social distancing restrictions, though I'm mindful that there's never a good time to test. However, we're busy developing a full DR/BC testing plan for next year, as restrictions are lifting. This will give us operational confidence that we can recover from an incident as expected. The plan should be reported and available by mid-December.

Additionally, we've deployed new cyber security systems that will protect our backups, improving both our ability to recover from a cyber attack and also reducing the time to recover. Some data has already been moved to the new system, and the remaining data will be moved into this 'cyber vault' over the next few months. This was the result of an MHCLG cyber audit that was undertaken last year, and was funded by central government.

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# 03

Section 03:

**Commentary on value for money  
arrangements**

# 3. VFM arrangements – Overall summary

## Audit approach

We are required to consider whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:

- **Financial sustainability** - How the Council plans and manages its resources to ensure it can continue to deliver its services.
- **Governance** - How the Council ensures that it makes informed decisions and properly manages its risks.
- **Improving economy, efficiency and effectiveness** - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

At the planning stage of the audit, we undertake work so we can understand the arrangements that the Council

has in place under each of the reporting criteria; as part of this work we may identify risks of significant weaknesses in those arrangements. Where we identify significant risks, we design a programme of work (risk-based procedures) to enable us to decide whether there is a significant weakness in arrangements. Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest there are further risks of significant weaknesses. We have identified no risks of significant weakness.

Where our risk-based procedures identify actual significant weaknesses in arrangements, we are required to report these and make recommendations for improvement. We have identified no actual significant weaknesses in arrangements requiring reporting or recommendations for improvement.

The table below summarises the outcomes of our work against each reporting criteria. On the following page we outline further detail of the work we have undertaken against each reporting criteria, including the judgements we have applied.

Reporting criteria	Commentary page reference	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability	11	No	No
Governance	13	No	No
Improving economy, efficiency and effectiveness	15	No	No

# 3. VFM arrangements – Financial Sustainability

## Overall commentary on the Financial Sustainability reporting criteria

### How the Council identifies significant financial pressures that are relevant to its short and medium-term plans

The Council has an established process for developing its Medium Term Financial Plan (MTFP). The Council's arrangements have delivered significant levels of savings in recent years. We considered the timetable for the MTFP and confirmed that it allows for early engagement with stakeholders. We confirmed the MTFP is revisited on a regular basis and adjusted to reflect any changes impacting on the Council's financial position such as changes in economic outlook and changes in central government funding. The current MTFP (11) factors in the impact of COVID-19, although it acknowledges the uncertainty generated by the pandemic.

We confirmed that there is regular budget monitoring including quarterly reports to the Council's Cabinet. The outturn report for 20/21 was presented to the July Cabinet meeting and the overall reported position was not significantly different to that reported during the financial year and records departmental overspends of over £43 million compared with the budget. This position is associated with additional costs and lost income which are mainly the result of the COVID-19 pandemic. The report notes the Council received £44m additional grant income from central government to support the Council in meeting the pressures created by the pandemic. Other pressures included reduction in income collected in the Collection Fund but despite these factors the report notes that

'After taking into account the impact of the second and third national lockdowns, updated estimates of cost, lost income and additional government funding subsequently received, it is forecast that the council 2020/21 budget will be underspent by £9.2 million, representing 2.11% of the net expenditure budget of £437 million'.

This is evidence of the effectiveness of financial management arrangements despite the pressures created by the pandemic.

### How the Council plans to bridge funding gaps and identifies achievable savings

The MTFP arrangements include the identification of savings. The latest MTFP (11) details the savings required over the life of the MTFP. Savings of £42.7 million are needed to balance the budget over the 2021/22 to 2024/25 period. The Council has a good track record of identifying and delivering savings. As reported in the MTFP, in the 10 years since 2011, the Council has delivered £244 million of savings. In 2020/21 (MTFP 10) the Council delivered savings totalling £7.4 million which is 92% of the £8 million target for the year.

The MTFP recognises the increasing difficulty of identifying savings and managing the impact on front line services. The total savings required per the MTFP (11) for 2021/22 to balance the budget amount to £12.8 million. We tested a small sample of the savings plans and obtained information from management on the process for identifying the saving, the scrutiny and approval of the savings and the monitoring of the saving. We identified no evidence of a weakness in arrangements.

### How the Council plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities

Over the last year the Council has built on the new County Durham partnership Vision 2035 document and developed a refreshed three year Council Plan which was agreed by Cabinet in October 2020. This sets out the Council's contribution to delivering the vision of More and Better Jobs, Long and Independent Lives and Connected Communities, along with a fourth ambition of an Excellent Council.

We confirmed that the MTFP was developed on reasonable assumptions including forecast funding streams, identification of budget pressures, deduction of savings targets required and ability to draw from the Budget Support Reserve if required. The MTFP recognises the ongoing pressure the Council faces and the potential impact on service delivery. In-year monitoring reports detail the pressures faced by the Council, whether savings are being achieved, and if resources need to be redirected to areas in need.

Our review of MTFP (11) did not identify a reliance on 'one off' measures to balance the budget. The assumptions in the MTFP and recent outturn against budget confirms the Council has a track record of prudent assumptions in the MTFP.

The MTFP has been updated to reflect current pressures. MTFP (11) includes a £5 million forecast budget pressure in children's services and officers have confirmed that arrangements are in place to attempt to address the pressures faced in the medium term.

Our work did not identify any evidence to indicate a significant weakness in arrangements.

# 3. VFM arrangements – Financial Sustainability

## Overall commentary on the Financial Sustainability reporting criteria - continued

### How the Council ensures that its financial plan is consistent with other plans

The latest MTFP report considers implications, including workforce, equality, legal, human rights, and risks. A summary of this is detailed in Appendix 1 of the MTFP (11).

In line with the Prudential Code and the Council’s Capital Strategy, revenue implications of capital investment decisions are fully considered and form part of the MTFP planning and budget setting process to ensure such investments are fully funded. A detailed Capital plan is included in the MTFP. The Capital Member Officer Working Group (MOWG) remains in place and consider current and future capital programmes.

The Corporate Overview and Scrutiny Management Board considers the MTFP at various stages throughout the year and allows for Member scrutiny and challenge. MTFP (11) was considered by the Board at its February 2021 meeting.

We note the extensive consultation that takes place before the final approval of the MTFP by the Council and the timetable for future MTFPs aims to deliver the needs of MTFP (12) onwards. This covers the period 22/23-26/27. The delivery of the MTFP (11) timetable is evidenced by the approval of the plan ahead of the start of the 2021/22 financial year.

Savings plans are risk assessed to advise Members of the potential impact with initial proposals being risk assessed for impact on communities and service delivery. Each saving proposal includes an equality impact assessment. We have considered this in current and prior year savings process with no significant changes in the process noted.

The annual MTFP process includes reviewing the Council’s earmarked reserves. We confirmed a review was completed in 2020/21 to ensure funding set aside remains in line with strategic and statutory priorities of the Council. This is evidenced in the outturn reports presented to Cabinet during the financial year.

Our work did not identify any evidence to indicate a significant weakness in arrangements.

### How the Council identifies and manages risks to financial resilience

The MTFP outlines uncertainties, challenges, and risks facing the Council over the life of the Plan. MTFP(11)

details risks associated with future funding and the ongoing economic uncertainty created by COVID-19. We confirmed that areas of pressure faced in the 2020/21 financial year are reflected in the MTFP (11). These include the demand pressures faced in some services provided by the Council, such as looked after children. Despite these uncertainties the MTFP (11) still includes £10 million of additional short-term investments across a number of key front line service areas, such as highways, clean and green initiatives, and town and villages investment.

The Council has an established risk management framework and the Audit Committee receives regular risk management updates.

The Council has a Property Investment Strategy in place which governs the Councils property investment decisions. We confirmed that management reported to Cabinet on the Council’s commercial activities in February 2021.

There was regular reporting of the Council’s 2020/21 financial position to Cabinet through out the year. The outturn report presented to the July 2021 Cabinet meeting was consistent with the financial position reported during the year and did not indicate a weakness in the Council’s budget monitoring and reporting arrangements.



# 3. VFM arrangements – Governance

## Overall commentary on the Governance reporting criteria

### How the Council monitors and assesses risk and how the Council gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

The Council has an active internal audit team the Internal Audit Plan and Head of Internal Audit Report is reviewed by the Council's Audit Committee. As detailed in the plan the Council uses a risk-based approach to determine the priorities of the internal audit activity, consistent with the Council's goals. The plan is discussed with service leads ahead of being finalised.

We confirmed that the Audit Committee received regular updates on the Audit Plan. Internal Audit reviews highlight weaknesses and recommends actions when required to strengthen processes or procedures. These are regularly reported to Audit Committee which holds management to accounts where weaknesses are identified. The Audit Committee monitors management actions in response to recommendations and this is reported on a regular basis. The Audit Committee challenges management if recommendations are not implemented within the agreed timeframe.

The Head of Internal Audit Opinion was presented to the Audit Committee meeting in June 2021. This provides moderate overall assurance opinion on the adequacy and effectiveness of internal control operating across the Council in 2020/21. The report notes that 'The moderate opinion provides assurance that there is a sound system of control in place however there are some weaknesses and evidence of ineffective controls'. We have met with the Head of Internal Audit to discuss the Audit Plan and matters arising. We have identified no evidence of a weakness in arrangements.

A Counter Fraud Plan is in place and we confirmed there is also regular reporting to the Audit Committee on counter fraud activities, including fraud investigations. The Protecting the Public Purse report was presented to the June Audit Committee which detailed the work of the Council's Frau Team. We observed that the Council has a counter fraud response and strategy which includes fraud governance and arrangements to prevent, detect and pursue fraud.

As part of our audit procedures we considered the Councils Annual Governance Statement. This included consideration of the Statement and our cumulative audit knowledge. We identified no matters indicating a significant weakness in arrangements.

### How the Council approaches and carries out its annual budget setting process

The Council's MTFP arrangement includes the identification and evaluation of risks to the Council's finances. We have reviewed the budget setting arrangements through observation and discussions with officers. No matters have been identified indicating a significant weakness in arrangements. Overall the Council is aware of the financial pressure it faces. We confirmed that scenario plans are in place to identify the potential financial impact of risks occurring.

### How the Council ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed

We have reviewed Council minutes and confirmed there was regular reporting of the financial position during 2020/21 financial year. This included detail of movements in the budget and forecast outturn between quarters. The reports detailed the in-year pressures as well as planned mitigations. The outturn position was not significantly different to that reported to Members during the year and did not indicate a weakness in arrangements. As well as being reported to Senior Management Team and Cabinet, reports are also presented to service scrutiny committees.

The Council has a good records of delivering against its budgeted and this is evidence of effective arrangements for budgetary control.

The financial statements timetable is approved by the Audit Committee and was delivered in 2020/21. Our audit of the financial statement did not identify any matters to indicate a significant weakness in the accuracy of the financial information reported or the process for preparing the accounts. It is our experience that management takes action to address audit matters in a timely and appropriate manner.

# 3. VFM arrangements – Governance

## How the Council ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency.

We have reviewed Council minutes in the year and have not identified any evidence of a weakness in arrangements. The reports we reviewed support informed decision-making and were clear in the decision or recommendation Members were asked to make.

The Council publishes on its website a notice of key decisions. This includes officer decisions under the Officer Scheme of Delegations.

Overview and Scrutiny meetings provide an opportunity to challenge decisions. The Corporate Overview and Scrutiny Management Board is in place to oversee and coordinate the work and our work identified no matters that indicate a significant weakness in arrangements.

Area Action Partnerships are in place and involve partners, local people and organisations in the Council's work, to allow various public, voluntary and community organisations as well as individuals to have a say in how local services are provided to their area.

The Council implemented measures to ensure that services could continue despite the restrictions arising during the COVID-19 pandemic. The arrangements included live streaming to allow the public to observe Council meetings.

## How the Council monitors and ensures appropriate standards are maintained

The Council's Constitution is reviewed at least annually and sets out how the Council operates, how decisions are made and the rules and procedures which are followed to ensure that these are efficient and transparent to local people. Supporting the Constitution are codes of conduct for Members and officers. Registers of gifts and hospitality and registers of interest are maintained for Members and officers and are available on the Council website. The Statement of Accounts records material related party transactions as well of senior officer pay and Member allowances. We considered these disclosures and compared them with the interests declared. While we identified areas of improvement we are satisfied they do not indicate a significant weakness in arrangements.

Performance in complying with the CIPFA Financial Management Code was reported to the Audit Committee in June 2021. The report did not identify any matters to indicate a significant weakness in arrangements and the conclusions reached were consistent with our understanding of the Council's arrangements. The report identified areas of improvement but we are satisfied these were not indications of a significant weakness in arrangements.

We confirmed that contract procedure rules are in place and require procurement decisions to comply with appropriate standards. Contract registers are available on the Council website.

The Standards Committee is responsible for promoting and maintaining high standards of conduct by Members. It is responsible for advising and arranging relevant training relating to the requirements of the Code of Conduct. We considered the Committee's Annual Report for 2020/2021 and identified no evidence of a weakness in arrangements.

There is regular reporting of treasury management activity that details the Council's investments, cash and borrowing positions. The Treasury Management Strategy was approved ahead of the 2020/21 financial year and sets out the Council's measures against which treasury management can be assessed. The measures include those designed to mitigate risk to the Council's finances and we identified no evidence to indicate a weakness in arrangements.

# 3. VFM arrangements – Improving Economy, Efficiency and Effectiveness

## Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria

### How financial and performance information has been used to assess performance to identify areas for improvement

The Council has performance management framework, reporting against a series of indicators quarterly to Corporate Management Team, Cabinet and Scrutiny. Corporate performance against key performance indicators is presented to Cabinet on a quarterly basis. Our work on those reports identified no evidence of a significant weakness in arrangements. We also considered the Council's Transformation Programme and how data is used to inform and identify areas for potential improvement. And we note the Council is developing an online (near) real-time performance dashboard using business intelligence and reporting services tools to provide more immediate views and visualisations of performance as part of a business intelligence programme.

The Council's financial performance is reported on a regular basis to Cabinet with details of the financial position along with rationale for any changes and factors to be taken into account. Reports include HR implications and equality impact assessments.

### How the Council evaluates the services it provides to assess performance and identify areas for improvement

The Cabinet has monitored performance during the year. Performance is measured against the County Durham Vision 2035 and the new Council Plan and the format of reports has been realigned to the ambitions detailed in the new Council vision. The quarterly reporting arrangement tracks performance against previous month, year and in some cases national or regional comparisons. Risk ratings are used to identify any under or /over performance on the of 132 key target/ tracker indicators. Cabinet reporting is supported by quarterly Corporate Management Team performance discussions, and Service Grouping and Service Performance Clinics/ meetings. Arrangements were also designed to incorporate the Councils COVID-19 response strategy.

The Council is developing the Durham Insight which is a shared intelligence, research and knowledge base for the County. This includes rapid data reporting designed to drive improvements in the Councils COVID-19 response and includes a public COVID-19 dashboard and insight page on Durham Insight, and data reports for the Local Resilience Forum and service continuity.

Assessment by service regulators was limited in the 2020/21 year as a results of the COVID-19 pandemic but the Council has arrangements for responding to the most recent Ofsted inspection of Children's Services. Ofsted completed a short inspection visit in July 2021 which focused on Children in Care. The Ofsted focused visit letter (available on the Ofsted website) identifies no matters indicating a significant weakness in

arrangements. Officers have confirmed action plans are being developed to address the actions highlighted by Ofsted.

### How the Council ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve

The County Durham Partnership monitors performance towards implementing County Durham Vision 2035 through individual performance reporting to each thematic partnership: Health and Wellbeing Board, Safer Durham Partnership, Economic Partnership, Environment & Climate Change. The fourteen Area Action Partnerships are designed to engage with communities and identify and address local priorities and use locality budgets to drive improvements.

The Council uses various channels of communication and feedback mechanisms, including social media (Twitter, Facebook, Instagram and YouTube) to reach out to and meet the needs of its communities. During the pandemic, meetings have been streamed live and recordings of meetings are available on the Council website. The impact of the pandemic has seen an increase in the use of Council on-line services, including the 'do it online' option.

# 04

Section 04:

**Other reporting responsibilities and  
our fees**

# 4. Other reporting responsibilities and our fees

## Matters we report by exception

The Local Audit and Accountability Act 2014 provides auditors with specific powers where matters come to our attention that, in their judgement, require specific reporting action to be taken. Auditors have the power to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to the law; and
- issue an advisory notice.

We have not exercised any of these statutory reporting powers.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. We did not receive any such objections or questions.

## Reporting to the NAO in respect of Whole of Government Accounts consolidation data

The NAO, as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data and to carry out certain tests on the data. At the time of preparing this report we have not yet received instructions from the NAO on what procedures are required. As such this work is outstanding. Until this work is concluded we cannot issue our audit certificate.

## 4. Other reporting responsibilities and our fees

### Fees for work as the Council's auditor

We reported our proposed fees for the delivery of our work under the Code of Audit Practice in our Audit Strategy Memorandum presented to the Audit Committee in February 2021. Having completed our work for the 2020/21 financial year, we can confirm that our fees are as follows:.

Area of work	2019/20 fees	2020/21 fees
Planned fee in respect of our work under the Code of Audit Practice	£193,030	£193,030
Additional fees in respect of new VFM approach	£0	£27,300
Additional fees in respect of additional work on PPE valuation and pension liability valuation.	£17,400	£17,400
<b>Total fees</b>	<b>£210,430</b>	<b>£237,730</b>

Additional fees are subject to Public Sector Auditor Appointments (PSAA) approval.

### Fees for other work

In 2020/21 the Council has engaged Mazars LLP for the following non-audit services:

- Housing Benefit Assurance - £15,000 plus VAT (£18,800 in 2019/20)
- Teachers Pension Assurance - £4,950 plus VAT (£4,900 in 2019/20)

## Mazars

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Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services\*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

\*where permitted under applicable country laws.

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**Audit Committee**

**29 November 2021**



**Decision to Opt-in to the National Scheme for Auditor Appointments managed by Public Sector Audit Appointments (PSAA)**

**Ordinary Decision**

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**Report of Paul Darby, Corporate Director of Resources**

**Electoral division(s) affected:**

Countywide

**Purpose of the Report**

- 1 To seek Members' approval to accept the invitation from Public Sector Audit Appointments (PSAA) to opt into the national sector-led arrangement for the appointment of external auditors with effect from 1 April 2023.

**Executive Summary**

- 2 The current auditor appointment arrangement covers the period up to and including the audit of the 2022/23 accounts, after which they expire.
- 3 In February 2017, the Council agreed to opt into the 'appointing person' national auditor appointment arrangements, established by PSAA for the period covering the accounts for 2018/19 to 2022/23.
- 4 PSAA is currently undertaking a procurement for the next appointing period, covering audits for five financial years from 2023/24 to 2027/28.
- 5 The council must now make a decision about its external audit arrangements from 2023/24 onwards.
- 6 Options for the council include arranging to carry out its own procurement process to appoint its external auditor, or do so in conjunction with other bodies, or join, and take advantage of, the national collective scheme administered by PSAA.

- 7 This report recommends that the sector-wide procurement conducted by PSAA will produce better outcomes and will be less burdensome for the council than a procurement undertaken locally for the following reasons:
- a) collective procurement should reduce costs for the sector and for individual authorities compared to a multiplicity of smaller local procurements;
  - b) if it does not use the national appointment arrangements, the council will need to establish its own auditor panel with an independent chair and independent members to oversee a local auditor procurement and ongoing management of an audit contract;
  - c) it is the best opportunity to secure the appointment of a qualified, registered auditor - there are only nine accredited local audit firms, and a local procurement would be drawing from the same limited supply of auditor resources as PSAA's national procurement; and
  - d) supporting the sector-led body offers the best way of ensuring there is a continuing and sustainable public audit market into the medium and long term.
- 8 Should the council wish to take advantage of the national auditor appointment arrangements, under the local audit regulations, a decision is required to be agreed by full Council. The opt-in period started on 22 September 2021 and closes on 11 March 2022. To opt into the national scheme from 2023/24, the council needs to return completed opt-in documents to PSAA by 11 March 2022, backed by a Council resolution to support these arrangements.

### **Recommendation**

- 9 It is recommended that Members agree to accept the PSAA invitation to opt into the sector-led option for the appointment of external auditors for five financial years commencing 1 April 2023 and propose that full Council formally approves the decision at their meeting to be held on 26 January 2022.

## **Background**

- 10 Under the Local Government Audit and Accountability Act 2014 (“the Act”), the council is required to appoint an auditor to audit its accounts for each financial year. The council has three options:
  - a) to appoint its own auditor, which requires it to follow the procedure set out in the Act;
  - b) to act jointly with other authorities to procure an auditor following the procedures in the Act; or
  - c) to opt into the national auditor appointment scheme administered by a body designated by the Secretary of State as the ‘appointing person’. The body currently designated for this role is PSAA.
- 10 To opt into the national scheme, the council must make a decision at a meeting of the Full Council.

## **The Appointed Auditor**

- 11 The auditor appointed at the end of the procurement process will undertake the statutory audit of the councils Statement of Accounts (including any associated specific grant returns) and Best Value assessment of the council in each financial year, in accordance with all relevant codes of practice and guidance. The appointed auditor is also responsible for investigating questions raised by electors and has powers and responsibilities in relation to Public Interest Reports and statutory recommendations.
- 12 The auditor must act independently of the council and the main purpose of the procurement legislation is to ensure that the appointed auditor is sufficiently qualified and independent.
- 13 The auditor must be registered to undertake local audits by the Financial Reporting Council (FRC) who employ authorised Key Audit Partners to oversee the work. There is a currently a shortage of registered firms and Key Audit Partners.
- 14 Auditors are regulated by the FRC, which will be replaced by a new body with wider powers, the Audit, Reporting and Governance Authority (ARGA) during the course of the next audit contract.
- 15 Councils therefore have very limited influence over the nature of the audit services they are procuring, the nature and quality of which are determined or overseen by third parties.

## **Options for the council to appoint itself or via a joint arrangement**

- 16 Should the council wish to appoint its own external auditor under the Act, it would need to:
- a) establish an independent auditor panel to make a stand-alone appointment. The auditor panel would need to be set up by the council itself, and the members of the panel would have to be wholly, or a majority of independent members as defined by the Act. Independent members for this purpose are independent appointees, excluding current and former elected members (or officers) and their close families and friends. This means that elected members would not have a majority input to assessing bids and choosing to which audit firm to award a contract for the council's external audit.
  - b) manage the contract for its duration, overseen by the auditor panel.
- 17 Alternatively, the Act enables the council to join with other authorities to establish a joint auditor panel. Again, this will need to be constituted of wholly or a majority of independent appointees. Further legal advice would be required on the exact constitution of such a panel having regard to the obligations of each authority under the Act and the council would need to liaise with other local authorities to assess the appetite for such an arrangement.
- 18 These two options would be more resource-intensive and without the bulk buying power of the sector-led procurement service, would likely result in a more costly process for the council to implement. It would also be more difficult to manage quality and independence requirements through a local appointment process. The council would not be able to influence the scope of the audit and the regulatory regime would inhibit the council's ability to affect quality.
- 19 The council and its auditor panel would need to maintain ongoing oversight of the contract. Local contract management cannot, however, influence the scope or delivery of an audit.

## **The national auditor appointment scheme**

- 20 PSAA is specified as the 'appointing person' for principal local government under the provisions of the Act and the Local Audit (Appointing Person) Regulations 2015. PSAA let five year audit services contracts in 2017 for the first appointing period, covering audits of the accounts from 2018/19 to 2022/23. It is now undertaking the work needed to invite eligible bodies to opt in for

the next appointing period, from the 2023/24 audit onwards, and to complete a procurement for audit services.

- 21 PSAA is a not-for-profit organisation whose costs are around 4% of the scheme. Any surplus generated is distributed back to scheme members.
- 22 The benefits of opting into the national scheme are as follows:
  - a) the appointment of a suitably qualified audit firm to conduct audits for five financial years commencing 1 April 2023;
  - b) appointing the same auditor to other opted-in bodies that are involved in formal collaboration or joint working initiatives to the extent this is possible with other constraints;
  - c) managing the procurement process to ensure both quality and price criteria are satisfied. PSAA has sought views from the sector to help inform its detailed procurement strategy;
  - d) ensuring suitable independence of the auditors from the bodies they audit and managing any potential conflicts as they arise during the appointment period;
  - e) minimising the scheme management costs and returning any surpluses to scheme members;
  - f) consulting with authorities on auditor appointments, giving the council the opportunity to influence which auditor is appointed;
  - g) consulting with authorities on the scale of audit fees and ensuring these reflect scale, complexity, and audit risk; and
  - h) ongoing contract and performance management of the contracts once these have been let.
- 23 The national offer provides the appointment of an independent auditor with limited administrative cost to the council. By joining the scheme, the council would be acting with other councils to optimise the opportunity to influence the market that a national procurement provides.

### **Pressures in the current local audit market and delays in issuing opinions**

- 24 Much has changed in the local audit market since audit contracts were last awarded in 2017. At that time the audit market was relatively stable, there had been few changes in audit requirements

and local audit fees had been reducing over a long period. 98% of bodies who were eligible, opted into the national scheme and attracted very competitive bids from audit firms. The resulting audit contracts took effect from 1 April 2018.

- 25 During 2018, a series of financial crises and failures in the private sector led to questioning about the role of auditors and the focus and value of their work. Four independent reviews were commissioned by Government:
- a. Sir John Kingman's review of the Financial Reporting Council (FRC), the audit regulator;
  - b. the Competition and Markets Authority review of the audit market;
  - c. Sir Donald Brydon's review of the quality and effectiveness of audit; and
  - d. Sir Tony Redmond's review of local authority financial reporting and external audit.
- 26 The recommendations are now under consideration by Government, with the clear implication that significant reforms will follow. A new audit regulator (ARGA) is to be established, and arrangements for system leadership in local audit are to be introduced. Further change will follow as other recommendations are implemented.
- 27 The Kingman review has led to an urgent drive for the FRC to deliver rapid, measurable improvements in audit quality. This has created a major pressure for audit firms to ensure full compliance with regulatory requirements and expectations in every audit they undertake. By the time firms were conducting 2018/19 local audits during 2019, the measures they were putting in place to respond to a more focused regulator were clearly visible.
- 28 To deliver the necessary improvements in audit quality, firms were requiring their audit teams to undertake additional work to gain deeper levels of assurance. However, additional work requires more time, posing a threat to the firms' ability to complete all their audits by the target date for publication of audited accounts. Delayed opinions are not the only consequence of the FRC's drive to improve audit quality. Additional audit work must also be paid for.

As a result, many more fee variation claims have been needed than in prior years.

- 29 This situation has been accentuated by growing auditor recruitment and retention challenges, the complexity of local government financial statements and increasing levels of technical challenges as bodies explore innovative ways of developing new or enhanced income streams to help fund services for local people. These challenges have increased in subsequent audit years, with COVID-19 creating further significant pressure for finance and audit teams.
- 30 None of these problems is unique to local government audit. Similar challenges have played out in other sectors, where increased fees and disappointing responses to tender invitations have been experienced during the last two years.

### **The invitation**

- 31 PSAA is now inviting the council to opt in for the second appointing period, for 2023/24 to 2027/28, along with all other eligible authorities. Based on the level of opt-ins, it will enter into contracts with appropriately qualified audit firms and appoint a suitable firm to be the council's auditor. A copy of the PSAA invitation to the council is provided in Appendix 2 to this report.

### **The next audit procurement**

- 32 The prices submitted by bidders through the procurement exercise will be the key determinant of the value of audit fees paid by opted-in bodies. PSAA will:
  - a) seek to encourage realistic fee levels and benefit from the economies of scale associated with procuring on behalf of a significant number of bodies;
  - b) continue to pool scheme costs and charge fees to opted-in bodies in accordance with the published fee scale as amended following consultations with scheme members and other interested parties. Pooling means that everyone within the scheme will benefit from the prices secured via a competitive procurement process - a key tenet of the national collective scheme;
  - c) continue to minimise its own costs, around 4% of scheme costs, and as a not-for-profit company will return any surplus funds to scheme members. (In 2019 it returned a total £3.5 million to relevant bodies and returned a further £5.6 million in 2021).

- 33 PSAA will seek to encourage market sustainability in its procurement. Firms will be able to bid for a variety of differently sized contracts so that they can match their available resources and risk appetite to the contract for which they bid. They will be required to meet appropriate quality standards and reflect realistic market prices in their tenders, informed by the scale fees and the supporting information provided about each audit. Where regulatory changes are in train, which affect the amount of audit work suppliers must undertake, firms will be informed as to which developments should be priced into their bids.
- 34 The scope of a local audit is fixed. It is determined by the Code of Audit Practice (currently published by the National Audit Office), the format of the financial statements (specified by CIPFA/ LASAAC) and the application of auditing standards regulated by the FRC. These factors apply to all local audits irrespective of whether an eligible body decides to opt into PSAA's national scheme or chooses to make its own separate arrangements. The requirements are mandatory; they shape the work auditors undertake and have a bearing on the actual fees required.
- 35 There are currently nine audit providers eligible to audit local authorities and other relevant bodies under local audit legislation. This means that a local procurement exercise would seek tenders from the same firms as the national procurement exercise, subject to the need to manage any local independence issues. Local firms cannot be invited to bid. Local procurements must deliver the same audit scope and requirements as a national procurement, reflecting the auditor's statutory responsibilities.

### **Next Steps**

- 36 Regulation 19 of the Local Audit (Appointing Person) Regulations 2015 requires that a decision to opt in must be made by a meeting of full Council (meeting as a whole), except where the authority is a corporation sole (e.g. Police and Crime Commissioner) in which case this decision can be taken by the holder of that office.
- 37 Therefore, if Audit Committee Members are in agreement, it is intended that this report will be presented to full Council at its meeting on 26 January 2022, where it will be recommended that Members agree to become an opted-in authority.
- 38 The closing date to provide formal acceptance of the invitation to PSAA is 11 March 2022.
- 39 PSAA will commence the formal procurement process in early February 2022. It expects to award contracts in August 2022, then



consult with authorities on the appointment of auditors in order to make appointments by the statutory deadline of 31 December 2022.

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## **Appendix 1: Implications**

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### **Legal Implications**

Section 7 of the Local Audit and Accountability Act 2014 requires a relevant council to appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding year.

Section 8 governs the procedure for appointment including that the council must consult and take account of the advice of its auditor panel on the selection and appointment of a local auditor. Section 8 provides that where a relevant council is a local council, operating executive arrangements, the function of appointing a local auditor to audit its accounts is not the responsibility of an executive of the council under those arrangements.

Section 12 makes provision for the failure to appoint a local auditor. The council must immediately inform the Secretary of State, who may direct the council to appoint the auditor named in the direction or appoint a local auditor on behalf of the council.

Section 17 gives the Secretary of State the power to make regulations in relation to an 'appointing person' specified by the Secretary of State. This power has been exercised in the Local Audit (Appointing Person) Regulations 2015 (SI 192) and this gives the Secretary of State the ability to enable a sector-led body to become the appointing person. In July 2016 the Secretary of State specified PSAA as the appointing person.

### **Finance**

There is a risk that current external audit fee levels could increase when the current contract ends. The scope of audit has increased, requiring more audit work. There are also concerns about capacity and sustainability in the local audit market.

Opting into a national scheme provides maximum opportunity to ensure fees are as realistic as possible, while ensuring the quality of audit is maintained, by entering into a large scale collective procurement arrangement.

If the national scheme is not used some additional resource may be needed to establish an auditor panel and conduct a local procurement. Until a procurement exercise is completed it is not possible to state what, if any, additional resource may be required for audit fees from 2023/24.

### **Consultation**

None.

### **Equality and Diversity / Public Sector Equality Duty**

None.

**Climate Change**

None.

**Human Rights**

None.

**Crime and Disorder**

None.

**Staffing**

None.

**Accommodation**

None.

**Risk**

The principal risks are that the council fails to appoint an auditor in accordance with the requirements and timing specified in local audit legislation or does not achieve value for money in the appointment process. These risks are considered best mitigated by opting into the sector-led approach through PSAA.

**Procurement**

The scope of the audit will be specified nationally, the National Audit Office (NAO) is currently responsible for writing the Code of Audit Practice which all firms appointed to carry out the council's audit must follow. Not all audit firms will be eligible to compete for the work, they will need to demonstrate that they have the required skills and experience and be registered with a Registered Supervising Body approved by the Financial Reporting Council. Currently, there are only nine providers that are eligible to audit local authorities and other relevant bodies; all of these being firms with a national presence. This means that a local procurement exercise would seek tenders from these same firms, subject to the need to manage any local independence issues. Local firms could not be invited to bid.

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## Appendix 2: Opt-in invitation issued by PSAA

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### Appointing Period 2023/24 to 2027/28

### Form of notice of acceptance of the invitation to opt in

(Please use the details and text below to submit to PSAA your body's formal notice of acceptance of the invitation to opt into the appointing person arrangements from 2023)

Email to: [ap2@psaa.co.uk](mailto:ap2@psaa.co.uk)

Subject: **Durham County Council**

**Notice of acceptance of the invitation to become an opted-in authority**

This email is notice of the acceptance of your invitation dated 22 September 2021 to become an opted-in authority for the audit years 2023/2024 to 2027/2028 for the purposes of the appointment of our auditor under the provisions of the Local Audit and Accountability Act 2014 and the requirements of the Local Audit (Appointing Person) Regulations 2015.

I confirm that **Durham County Council** has made the decision to accept your invitation to become an opted-in authority in accordance with the decision-making requirements of the Regulations, and that I am authorised to sign this notice of acceptance on behalf of the authority.

Name: **[insert name of signatory]**

Title: **[insert role of signatory]** (authorised officer)

For and on behalf of: **Durham County Council**

Date: **[insert date completed]**

**Audit Committee**

**29 November 2021**

**Local Code of Corporate Governance**



**Paul Darby, Corporate Director of Resources**

**Councillor Richard Bell, Deputy Leader and Cabinet Portfolio Holder for Finance**

**Purpose of the Report**

- 1 For the Audit Committee to consider and approve the updated Local Code of Corporate Governance following the annual review.

**Executive summary**

- 2 The Local Code of Corporate Governance is a public statement that sets out the way the Council will meet its commitment to demonstrating that it has the necessary corporate governance arrangements in place to perform effectively.
- 3 Various updates and amendments have been made to the Local Code of Corporate Governance following the annual governance review, to reflect changes during the year and to better reflect the arrangements in place.

**Recommendation**

- 4 Audit Committee is requested to consider and approve the updated Local Code of Corporate Governance, which will be reported to Council for information at its meeting on 26 January 2022.

## Background

- 5 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 used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way which functions are exercised.
- 6 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, including the management of risks.
- 7 The Accounts and Audit Regulations 2015 require a local authority to review at least once a year the effectiveness of its system of internal control. This requirement will be fulfilled if the review is conducted in accordance with the Delivering Good Governance in Local Government Framework 2016 (the DGG Framework).
- 8 The Council should be able to demonstrate that its governance structures comply with the core and sub-principles contained in the Framework and, to facilitate this, it should therefore develop and maintain a Local Code of Corporate Governance reflecting the principles set out.
- 9 The critical importance of good governance during this era of financial pressure and rapid change was emphasised in a [report in May 2019 by the Public Accounts Committee \(PAC\)](#). Although the PAC report does not relate directly to local authorities, it is likely to lead to increased scrutiny of local authority governance arrangements in the future.

## Local Code of Corporate Governance

- 10 The Local Code of Corporate Governance is a public statement that sets out the way the Council will meet its commitment to demonstrating that it has the necessary corporate governance arrangements in place to perform effectively. It represents a key component of the Council's governance arrangements and applies to all Council members, officers, partners and stakeholders in their dealings with the Council.
- 11 The Code was revamped to meet the requirements of the Delivering Good Governance in Local Government Framework (2016), which remains current, and is now reviewed annually.

- 12 The Code has been revised to incorporate elements of the Council's governance arrangements that have been strengthened or updated to ensure ongoing effectiveness, taking account of the annual governance review 2020/21.
- (a) New or amended clauses are highlighted in grey.
  - (b) Removed clauses are indicated by ~~red, strikethrough text~~.
- 13 The most significant changes are summarised below:
- (a) To maintain ethical standards, the Council aims to understand and address all potential modern slavery and human trafficking risks related to its business through the [Slavery and human trafficking statement 2020-21](#) (paragraphs 4.8 and 4.11).
  - (b) The Council's commitment to dealing effectively with breaches of legal and regulatory provisions is underpinned by the Public Protection Service [enforcement and intervention activity](#) in relation to licensing, neighbourhoods, trading standards and safer communities (4.16).
  - (c) The Council's endeavours to ensure that communication methods are effective are strengthened by the [framework for good workforce mental health in County Durham businesses](#), which aims to improve awareness and promote the importance of good workforce mental health (4.18 and 4.23).
  - (d) Governance arrangements for engaging with institutional stakeholders towards successful and sustainable achievement of outcomes were reinforced by restructuring the [County Durham Partnership](#) and establishing the County Durham Together Partnership, the aims of which include reducing demand on services and impacts on stakeholders (4.21).
  - (e) Long-term, sustainable outcomes were defined and planned in three key documents. The [Digital Strategy](#) sets out the future for connecting Durham and how we will digitally improve our services to deliver better outcomes for the people of the county. [The County Durham Strategic Partnership Approach to Early Help for Children, Young People and Families](#) sets out our vision for providing 'early help' to address inequalities, promote opportunity and secure better outcomes. The [Towns and Villages Investment Plan](#) will lead to the re-use of derelict buildings, walking and cycling improvements, public realm and leisure schemes across the county (4.27).

- (f) The [customer services charter and service standards](#) outline how customers can expect to be treated when they get in touch with us and specific levels of service that they should receive (4.27).
- (g) The Council's arrangements for planning interventions to achieve its intended outcomes now include the Business, Economy, Regeneration Strategy Recovery Group (a subgroup of the County Durham Economic Partnership), which assesses and addresses the economic implications of the pandemic to help businesses to restart and grow the economy (4.33).
- (h) To optimise the achievement of Council outcomes, the Company Governance Group seeks to ensure that officers who work with, or who are appointed as, directors of Council companies understand their roles and responsibilities, identify and manage conflicts of interests, and provide resilience in the Council's resourcing of companies (4.34).
- (i) Three documents seek to ensure that resources are improved and allocated in a way that realises outcomes effectively and efficiently. The [Apprenticeship Strategy 2019 to 2022](#) aims to identify opportunities for new and existing employees to support workforce development and planning. The [Workforce Strategy 2021 – 23](#) replaces the Organisational Development Strategy. The [Digital Strategy](#), sets out the Council's digital ambitions for the County in line with the Council Vision and the Transformation Programme (4.36 and 4.38).
- (j) While supporting the Council's endeavours to encourage public participation, the Covid-19 Community Champions programme has been developed to ensure that, during the pandemic, key messages are shared within communities and that these messages are trusted, concise and clear (4.44).
- (k) The Council aims to comply with the CIPFA Financial Management Code, which is designed to support good practice in financial management and assist local authorities in demonstrating their financial sustainability (4.50).
- (l) The Council aims to comply with the NAO Code of Audit Practice, which applies from 2020/21 in relation to arrangements for delivering value for money (4.50).

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## **Appendix 1: Implications**

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### **Legal Implications**

The governance review process ensures that the Council discharges its statutory duties under the Local Government Act 1999 and the Accounts and Audit Regulations 2015 as set out at paragraphs 5 to 8 of the report. The Code of Corporate Governance enables the Council to demonstrate how it complies with the Delivering Good Governance in Local Government Framework 2016.

### **Finance**

There are no financial implications associated with this report. However, financial planning and management is a key component of effective corporate governance.

### **Consultation**

Engaging local communities meets a core principle of the CIPFA/ SOLACE guidance.

### **Equality and Diversity / Public Sector Equality Duty**

Engaging local communities including hard to reach groups meets a core principle of the CIPFA/ SOLACE guidance.

### **Climate Change**

There are no direct climate change implications, but good governance helps to avoid or minimise adverse impacts.

### **Human Rights**

None

### **Crime and Disorder**

None

### **Staffing**

There are no impacts on staffing but ensuring the adequate capability of staff meets a core principle of the CIPFA/ SOLACE guidance.

### **Accommodation**

There are no accommodation implications, but asset management is a key component of effective corporate governance.

**Risk**

There are no reportable risks associated with the report, but the assessment of corporate risk is a key component of the Council's governance arrangements.

**Procurement**

None

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**DURHAM COUNTY COUNCIL**

**LOCAL CODE OF CORPORATE  
GOVERNANCE**

## 1. Introduction

- 1.1 The Accounts and Audit Regulations 2015 require a local authority to conduct a review at least once in a year of the effectiveness of its system of internal control. A statement reporting on the review must be included in an Annual Governance Statement published with the Statement of Accounts.
- 1.2 The Annual Governance Statement must be “prepared in accordance with proper practices in relation to accounts”. To help meet this requirement, this code has been produced in accordance with Delivering Good Governance in Local Government Framework (2016), “The DGG Framework”.

## 2. What is Governance?

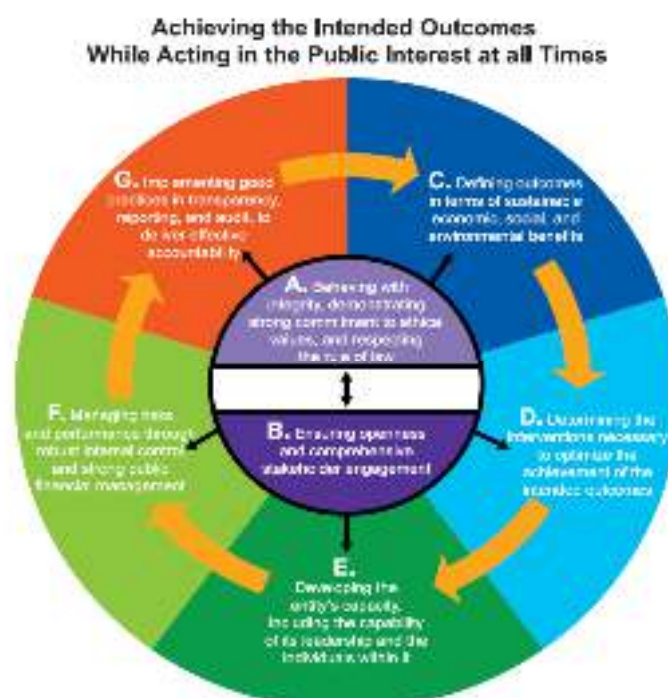
- 2.1 The International Framework: Good Governance in the Public Sector (Chartered Institute of Public Finance and Accountancy / International Federation of Accountants, 2014), the ‘International Framework’, defines governance as follows:

*Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.*

- 2.2 The International Framework also states that:

*To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity’s objectives while acting in the public interest at all times. Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.*

- 2.3 The diagram below, taken from the International Framework shows how the various principles of good governance in the public sector relate to each other.



### **3 The Principles of Good Governance**

3.1 The DGG Framework requires governance processes and structures to focus on the attainment of sustainable outcomes for the economy, society and the environment. The Council acknowledges that sustainability and the links between governance and public financial management are crucial and pledges to take account of the impact of current decisions and actions on future generations.

3.2 Principles A and B are consistently applied through principles C to G and ensure that the Council achieves its intended outcomes while acting in the public interest at all times. This requires:

**A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.**

**B. Ensuring openness and comprehensive stakeholder engagement.**

3.3 In addition to the overarching requirements for acting in the public interest in principles A and B, achieving good governance in the public sector also requires effective arrangements for:

**C. Defining outcomes in terms of sustainable economic, social, and environmental benefits.**

**D. Determining and planning the interventions necessary to optimise the achievement of the intended outcomes.**

**E. Developing the Council's capacity, including the capability of its leadership and the individuals within it.**

**F. Managing risks, data and performance through robust internal control and strong public financial management**

**G. Implementing good practices in transparency, reporting and audit to deliver effective accountability**

### **4 The Council's Local Code of Corporate Governance**

4.1 The Council is committed to, and endeavours to maintain, an effective governance framework to meet the principles set out in this Code.

4.2 This Code also aims to ensure that the Council responds appropriately to sustained pressures from a variety of sources.

- 4.3 The components that make up the Council's governance framework are many and varied. They include: -
- The statutory officers with responsibilities and powers to protect good governance, namely, the Head of Paid Service (Chief Executive), the Section 151 Local Government Act 1972 Officer (Corporate Director of Resources) and the Monitoring Officer (Head of Legal and Democratic Services).
  - Internal and partner strategy documents that set out a longer-term vision for the future of the County and identify the most important priorities;
  - Internal and partner policy documents and codes that regulate committee and business activities to ensure that they comply with the law and that the Council's objectives and values are supported;
  - Committees and officer groups that regulate and/or monitor Council or business activities to ensure that they comply with the law and that the Council's objectives and values are supported;
  - Other systems, processes and documents, including self-assessment tools, that support or evidence the principles of good governance set out in The DGG Framework.
- 4.4 The key document supporting the Council's governance arrangements is the [Constitution](#), which sets out how we operate, how decisions are made and the rules and procedures we follow to ensure our work is efficient and transparent and that we are accountable to local people. The Constitution Working Group, which is chaired by the Leader of the Council and consists of the lead Members from each political party, co-ordinates proposed changes, and these are approved by Full Council. A full annual review is carried out each year.
- 4.5 A fundamental feature of the Council's governance arrangements is the overview and scrutiny system, the role of which is to review policy and challenge whether the Executive has made the right decisions to deliver policy goals. Audit Committees are a key component of an authority's governance framework. Their function is to provide an independent and high-level resource to support good governance and strong public financial management. The purpose of the audit committee is to provide those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes. Another key feature is the Standards Committee, which is responsible for promoting and maintaining high standards of conduct by councillors, independent members and co-opted members. Further details on the overview and scrutiny function and the Standards Committee are included under Principle A.
- 4.6 This section describes, with reference to the components of the Council's governance framework, how each of the principles and sub-principles of this Code will be met. In addition to the components listed above, where relevant, references to key legislation, professional standards and codes of practice are made.

***Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.***

Why this is important

- 4.7 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 it has achieved. In addition, the Council has 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, it can demonstrate the appropriateness of all its actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

How we meet this principle

- 4.8 Key governance documents supporting Principle A include:

[Constitution](#) – Codes of Conduct for Members ~~and Employees~~; Contract Procedure Rules; Decision Making; Functions and Responsibilities of Key Officers; Overview and Scrutiny Arrangements; Protocol on Member/Officer Relations; Other Codes and Protocols; Roles and Functions of Members.

Other – Code of Our Values, Behaviours and Conduct (Employees); [Confidential Reporting Code \(Whistleblowing Policy\)](#); [Corporate Complaints Policy](#); [Counter Fraud and Corruption Strategy](#); [Fraud Response Plan](#); Member Role Descriptions ([Councillor Compact](#)); Officer and Member Gifts & Hospitality Register and Procedures; [Overview and Scrutiny Handbook](#); [Slavery and human trafficking statement 2020-21](#); Statutory Officers; [Sustainable Commissioning and Procurement Policy](#).

**A1 Behaving with integrity**

- 4.9 The Council ensures that its values are communicated and understood, and that members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated. This is achieved by:
- Setting out in the Code of Our Values, Behaviours and Conduct what is important to us. We work together to achieve the best for people; we put people and communities at the heart of everything we do and value our employees; we value, trust and support each other; we embrace change and look for better ways to deliver services.
  - Setting out in codes of conduct the minimum standards expected of members and employees, and the implications of any code breaches.
  - Seeking individual commitment to the codes from members and officers during induction, through annual, written reminders and in performance appraisals.



- Assigning the Constitution Working Group, chaired by the Leader of the Council and consisting of the lead Members from each political party, to oversee the maintenance and approval of the codes and protocols in the [Constitution](#). The Codes of Conduct are intended to be consistent with the Seven Principles of Public Life\* (the Nolan Principles), which must be observed by members and employees when conducting the business of the Council or acting as a representative of the Council.  
\* Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership.
- Setting out in the Contract Procedure Rules how contracts for goods, works, services and utilities should be put in place and managed, and detailing the record keeping and reporting requirements related to procurement activity. Any relaxation of procurement rules to support the COVID-19 response will be time limited according to ongoing need and will be kept under review in consultation with Internal Audit.
- Members leading by example by adhering to these principles in decision making and during meetings with fellow members, employees, the community and partners.
- Maintaining Registers of Interest for members and officers and formally registering interests at meetings and declaring gifts and hospitality.

4.10 The Council endeavours to demonstrate, communicate and embed its values through the following policies and processes, which are reviewed on a regular basis to ensure that they are operating effectively. This is achieved by:

- Providing guidance, through the [Fraud Response Plan](#), which supports the [Counter Fraud and Corruption Strategy](#), to employees and managers on the procedures that must be followed in the event of suspected fraud, theft or other irregularity.
- Requiring the Chief Internal Auditor and Corporate Fraud Manager to verbally inform the Section 151 Officer, [Audit Committee](#) and External Audit of any serious cases of fraud.
- Reporting the outcomes of anti-fraud and corruption work to [Audit Committee](#) as part of Protecting the Public Purse updates.
- Enabling employees, through the [Confidential Reporting Code](#) to raise serious concerns within the Council rather than overlooking a problem or 'blowing the whistle' externally.
- Including in the Durham Managers training programme a course that explains how the [Confidential Reporting Code](#) should be used as a means to 'blow the whistle' where appropriate.
- Maintaining arrangements, through the [Corporate Complaints Policy](#), for non-statutory complaints about services, which are reported to [Corporate Overview and Scrutiny Management Board](#) along with details of investigations by the Commissioner for Local Administration.
- Maintaining arrangements for complaints against employees, which are referred to the Corporate Fraud Team, Human Resources and the respective Service Management to ensure a proper investigation.
- Assigning the Monitoring Officer to oversee the arrangements for conflicts of interest, gifts and hospitality for members and officers, who are required to review their declarations annually.

- Publishing the Register of Gifts, Interests and Hospitality for Members on the website under the relevant meeting or on the [Your Councillor webpage](#).

## **A2 Demonstrating strong commitment to ethical values**

4.11 The Council seeks to establish, monitor and maintain ethical standards and performance, while underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation. This is achieved by:

- Assigning the [Standards Committee](#) to promote and maintains high standards of conduct by councillors, independent members and co-opted members.
- Assigning the Appeals and Complaints Committee to determine appeals against decisions made by the Council.
- Maintaining an effective scrutiny function that encourages constructive challenge and enhances performance through the [Corporate Overview and Scrutiny Management Board](#) and Overview and Scrutiny Committees.
- The role, functions and scope of the [Corporate Overview and Scrutiny Management Board](#) and the five thematic committees are set out in detail in the [Constitution](#) and the [Overview and Scrutiny Handbook](#). They allow a wider involvement in Council business by involving non-councillors from the wider public sector, voluntary and community groups to help them in their work. They may make reports and recommendations to the Executive and the Council as a whole on its policies, budget and service delivery.
- Review and scrutinise the conduct, decisions and actions of Police and Crime Commissioner through the [Durham Police and Crime Panel](#), which is made up of members from Durham County Council and Darlington Borough Council.
- Regular review of the Gifts and Hospitality Register by the Monitoring Officer.
- Providing, through the [Constitution](#), roles for independent members and co-opted members on the Standards Committee, Overview and Scrutiny Committees, [Audit Committee](#) and Police and Crime Panel.
- Reporting bi-annually, through the Internal Audit Service, to Corporate Management Team and the [Audit Committee](#) on investigations into misconduct, including any measures taken to enhance the control environment in order to prevent incidences happening in the future.
- Embedding ethical values through a variety of channels, including online training, briefings and news bulletins.
- Rewarding good ethical behaviour through the Inspiring People Awards and awarding instant recognition certificates to those who make an exceptional contribution in this area.
- The [Slavery and human trafficking statement 2020-21](#), through which the Council aims to understand and address all potential modern slavery and human trafficking risks related to its business.

4.12 The Council places emphasis on agreed ethical values by:

- Maintaining a range of key ethical codes and protocols, such as the codes of conduct for members and employees, and the Protocol on Member/Officer Relations, in the Council [Constitution](#).
- Using the above codes and protocols to set the tone for subsidiary policies and procedures in areas such as procurement, recruitment, staff discipline, gifts and hospitality and declarations of interest.

4.13 The Council requires external providers of services on its behalf to act with integrity and in compliance with ethical standards. This is achieved by:

- Including the Council's ethical values in protocols for partnership working.
- Seeking, through the [Sustainable Commissioning and Procurement Policy](#), to implement procedures that protect the long-term interests of the communities we represent, in line with the Public Services (Social Value) Act 2012. Instructing bidding organisations to bring the above policy to the attention of bidders.
- Addressing ethical supply chain issues through [Sustainable Buying Standards](#), which are mandatory in all relevant council contracts.
- Vetting potential contractors for convictions and violations for specified offences, as required by the Public Contracts Regulations 2015.

### **A3 Respecting the rule of law**

4.14 The Council endeavours to ensure that members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations. It also seeks to create the conditions to ensure that the statutory officers, other key post holders, and members, can fulfil their responsibilities in accordance with legislative, regulatory and other legal requirements. This is achieved by:

- Through the [Constitution](#):
    - Committing to exercise all powers and duties in accordance with the law;
    - Setting out Member Role Descriptions and the functions and responsibilities of key officers, recognising those posts that are statutory;
    - Committing to provide the Monitoring Officer and Chief Finance Officer with such officers, accommodation and other resources as are in their opinion sufficient to allow their duties to be performed;
    - Designating the Chief Executive as Head of Paid Service in accordance with Section 4 Local Government and Housing Act 1989.
    - Designating the Corporate Director of Resources as the Section 151 Chief Financial Officer (CFO) to fulfil the governance requirements of the CIPFA\* Statement on the Role of the CFO in Local Government (2010).
- \* Chartered Institute of Public Finance & Accountancy

- Maintaining, under the supervision of the Chief Executive, a chief officer structure that is equipped to respond to modern challenges faced by the Council.
- Making the CFO a member of Corporate Management Team, reporting directly to the Chief Executive and reviewing all reports to Cabinet which have financial implications.
- Maintaining arrangements for members and officers to work together on the work programme of the Cabinet, which is managed through a system of Cabinet pre-agenda meetings, supported by regular briefing sessions held by Corporate Directors with Cabinet Portfolio Members and their support Members.
- Providing specialist legal advice through Legal & Democratic Services.
- Providing training, awareness and advice, through central support services, to meet general legal requirements in areas such as data protection, freedom of information, equalities and health and safety.
- Making staff aware of relevant statutory provisions through formal training, written guidance and implementing appropriate service-specific arrangements to ensure compliance.

4.15 The Council strives to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders by:

- Designating, in accordance with Section 5 Local Government and Housing Act 1989, the Head of Legal and Democratic Services as Monitoring Officer, who attends Corporate Management Team and advises on legal issues.
- Authorising the Head of Legal and Democratic Services, under the [Constitution](#) to institute, defend or participate in any legal proceedings to give effect to decisions of the Council or in any case where she considers that such action is necessary to protect the Council's interests.

4.16 The Council endeavours to deal effectively with corruption, misuse of power and breaches of legal and regulatory provisions by:

- Maintaining a dedicated Corporate Fraud Team to support its counter fraud arrangements.
- Vigorously dealing with breaches of legal or regulatory provisions through disciplinary or criminal proceedings, as appropriate.
- Enabling employees, contractors and suppliers, through the [Confidential Reporting Code \(Whistleblowing Policy\)](#), to raise concerns about potential breaches of conduct in decision-making.
- Thoroughly investigating and, if confirmed, vigorously pursuing any allegations of corruption and misuse of power, seeking the strongest possible sanctions against those who seek to defraud the Council, regardless of whether they are staff, members, contractors, external individuals and organisations.
- Exercising regulatory and enforcement functions under the [Environment, Health & Consumer Protection enforcement policy](#), which requires authorised officers to have regard to codes of conduct, legislation and other statutory provisions, and adhere to the 'principles of good regulation' to

improve outcomes without imposing unnecessary burdens on individuals and businesses.

- Undertaking [Public Protection Service enforcement and intervention activity](#) in relation to licensing, neighbourhoods, trading standards and safer communities.

**Principle B: Ensuring openness and comprehensive stakeholder engagement.**

Why this is important

- 4.17 Local government is run for the public good. The Council should therefore 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. Institutional stakeholders are the other organisations that local government needs to work with to improve services and outcomes (such as commercial partners and suppliers as well as other public or third sector organisations) or organisations to which they are accountable.

How we meet this principle

- 4.18 Key governance documents supporting Principle B include:

[Constitution](#) – Audit Committee Role; Decision Making; How the Council operates; Joint Arrangements and Partnerships; Officer Scheme of Delegations.

Other – [Area Action Partnerships](#) Terms of Reference; [Consultation Statement](#); [Consultations web page](#); [County Durham Compact](#); ~~[County Durham Partnership Community Engagement and Empowerment Framework](#)~~; [Framework for Good Workforce Mental Health in County Durham Businesses](#); [Joint Health and Wellbeing Strategy 2020 - 2025](#); [notice of key decisions webpage](#); [officer decisions webpage](#); [Partnership Governance Framework](#); ~~[Partnership Performance Management Framework](#)~~; Partnerships Register; [petitions webpage](#); [Risk Management Strategy and Policy](#); [County Durham Vision 2035](#); [Transparency and Accountability webpage](#).

**B1 Openness**

- 4.19 The Council maintains an open culture and encourages wide public involvement in determining the most appropriate and effective interventions and courses of action. This is achieved by:
- Encouraging a climate of openness, headed by the Council Leader who holds regular Cabinet meetings at various locations in the County.
  - Maintaining a website that is designed to make it easy for users to find information and includes a [Transparency and Accountability webpage](#) to comply with the [Local Government Transparency Code 2015](#).

- Publishing information on the website about services provided, land and assets owned by the Council, organisational structures and salaries, counter fraud, how money is spent and how services are bought.
- Deploying a range of research, consultation and engagement techniques so that the selected approach is fit for each given purpose.
- Taking a planned approach to encourage participation in new initiatives such as the Transformation Programme, a co-ordinated and integrated series of projects aimed at providing the very best services for the people of County Durham, to ensure that the public's views are incorporated into decision making processes.

4.20 The Council seeks to make decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes, with a presumption for openness and, where relevant, giving reasons for keeping any decision confidential. Clear reasoning and evidence will be provided for decisions, being explicit about the criteria, rationale and considerations used to ensure that the impact and consequences of those decisions are clear. These aims are achieved by:

- Setting out in the [Constitution](#) how the Council operates, how decisions are made and the procedures followed to ensure that these are effective, transparent and accountable to local people.
- Publishing on the website: advance [notice of key decisions](#) covering a rolling period of four months; decisions made by the Executive, within two days of the respective meeting; and all major decisions that are in the public domain.
- Publishing all [officer decisions](#) made under the Officer Scheme of Delegations ([Constitution](#)).
- Supporting the Council's decision-making processes with:
  - A [Risk Management Strategy and Policy](#);
  - An [Audit Committee](#) responsible for monitoring and reviewing processes for risk management, internal control, governance and associated assurance; and
  - Arrangements to ensure that they comply with legal requirements and that all reports requiring a decision include the legal implications, confirm that legal advice has been obtained on proposals, and the source of that legal advice.
- Including in the Council's stated principles for decision making the giving of reasons for decisions and supporting them with references to legal or other professional advice and stating the potential implications in terms of finance, staffing, risk, human rights and several other factors.

## **B2 Engaging comprehensively with institutional stakeholders**

4.21 The Council seeks to effectively engage with institutional stakeholders and, where necessary, develop formal and informal partnerships to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear. The aims of this approach are to ensure that outcomes are achieved

successfully and sustainably, with efficient use of resources. This is achieved by:

- Establishing a vision for the County Durham Partnership that provides a strategic direction and enables close working between partners for the benefit of our residents.
- ~~Heading the County Durham Partnership (CDP), chaired by the Council Leader, which is the lead partnership for most strategic partnerships in the County.~~ The [County Durham Partnership](#), restructured in September 2020, comprising: Health and Wellbeing Board and Outbreak Engagement Board (statutory); Safe Durham Partnership (statutory); Economic Partnership; and Environment and Climate Change Partnership.
- Managing relationships with [partners](#) ~~through the Partnership Governance Framework (PGF), which seeks~~ to ensure that: members are clear about their roles and responsibilities; there is clarity about the legal status of the partnership; and representatives both understand and make clear to all other partners the extent of their authority to bind their organisation to partner decisions.
- Working with strategic partners through the Local Resilience Forum on collective capacity and capability, protection from the COVID-19 virus, managing deaths and planning for the future.
- Providing support and oversight, through a Chief Officer Safeguarding Group chaired by the Chief Executive, to chief officers across all statutory agencies of the safeguarding arrangements for children and adults' services. The Group has an independent Chair and includes officers from the Council, NHS and the Police.
- ~~Maintaining, in accordance with the Partnership Performance Management Framework, a register of active partnerships and regularly reviewing them to assess and evaluate their governance and effectiveness.~~ Regularly reviewing governance arrangements and structures for strategic partnerships to evaluate their effectiveness.
- Allowing, through the [Constitution](#), joint arrangements to be established for specific purposes such as the provision and maintenance of crematoria, and setting out details of existing joint arrangements, including purpose, parties and effective dates.
- Shaping and supporting a common vision and approach for community engagement through the County Durham Partnership ~~Community Engagement and Empowerment Framework~~.
- Providing, through the [County Durham Compact](#), a framework for partnership and engagement with the voluntary and community sector.
- Including in the [CDP](#) a range of key public, private and voluntary sector organisations that work together to improve the quality of life for the people within County Durham.
- ~~Structuring the CDP into five thematic partnerships based on the economy, children and families, health and wellbeing, community safety and the environment.~~
- Managing, within service groupings, informal, collaborative working arrangements with external organisations.

- Ensuring [through the Partnership Governance Framework](#) that [partnerships](#) are based on trust, a shared commitment to change, a culture that promotes and accepts challenge among partners, and that the added value of partnership working is explicit.
- The County Durham Together Partnership, formerly the Prevention Steering Group, identifies areas of work requiring early interventions to reduce demand on services and impacts on stakeholders.

### **B3 Engaging with individual citizens and service users effectively**

4.22 Through the [Consultation Statement](#), the Council seeks to establish a clear policy on the type of issues on which it will consult on and involve communities, individual citizens, service users and other stakeholders. The Council aims to ensure that the views of local people and visitors are used to set priorities, influence policy and decision making, and that service provision is contributing towards the achievement of intended outcomes. Council-wide Consultation Officer Group, chaired by Head of Partnerships and Community Engagement, coordinates all consultation activity across the authority.

4.23 The Council endeavours to ensure that communication methods are effective, and that members and officers are clear about their roles with regard to community engagement, in order to collect and evaluate the views, experiences and future needs of people and organisations of different backgrounds. This approach is combined with effective feedback mechanisms to demonstrate how views have been taken into account and balancing feedback from more active and other stakeholder groups to ensure inclusivity. This is achieved by:

- Assigning the Corporate Communications and Marketing Team to lead on communications with external audiences through local, regional and national media with direction and guidance provided through communications protocols.
- Welcoming [petitions](#) and recognising that they are an effective way for people to voice their concerns.
- Engaging with the community, through 14 multi-agency Area Action Partnerships, to identify and address local priorities and utilise locality budgets to drive improvements to the local area.
- Channelling communications and updates on COVID-19 through a [single point of entry](#).
- Using the consultation process to involve a range of stakeholders in refreshing the [Joint Health and Wellbeing Strategy 2020 - 2025](#).
- Publishing results of [consultation and engagement campaigns](#) on the website with explanations of what has been changed as a result of the views and comments collected.
- Selecting appropriate consultation techniques and engaging through area action partnerships and the voluntary sector to involve all sections of the community effectively.
- Ensuring that selected techniques recognise that different sections of the community have different priorities and establish processes for dealing with these competing demands.



- Seeking, with guidance from the [County Durham Vision 2035](#), the [Joint Health and Wellbeing Strategy 2020 - 2025](#), supported by the decision making process, to manage resources in ways that do not compromise the quality of life of future generations or those in the wider world.
- The [framework for good workforce mental health in County Durham businesses](#) was developed for small and medium sized businesses and voluntary and community sector organisations, and aims to improve awareness and promote the importance of good workforce mental health.

**Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits**

Why this is important

4.24 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 Council'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.

How we meet this principle

4.25 Key governance documents supporting Principle C include:

[Constitution](#) – Decision Making; Protocol on Member/Officer Relations.

Other – [Children and Young People's Strategy 2019 - 2022](#); [Climate and Emergency Plan](#); ~~[Corporate Capital Protocol](#)~~ Capital Strategy; Council Plan 2020 – 2023 and service plans; [County Durham Plan](#); [County Durham Vision 2035](#); ~~[Customer First Strategy and Customer Services Charter](#)~~; [Digital Strategy, customer services charter and service standards](#); [Equality Policy](#); [Joint Health and Wellbeing Strategy 2020 - 2025](#); [Medium Term Financial Plan 2021 - 2024](#); [Performance Management Framework](#); [Police, Crime and Victim's Plan 2018 - 2021](#); [Regeneration Statement 2012 – 2022](#); [Risk Management Strategy and Policy](#); [Safe Durham Partnership Plan 2020 - 2025](#).

**C1 Defining outcomes**

4.26 The [County Durham Vision 2035](#), which has been produced by the Council in conjunction with its partners on the [County Durham Partnership](#), and demonstrates its shared long-term vision for the future of County Durham. The Vision includes the following ambitions for the place of County Durham:

- there are more and better jobs,
- people live long and independent lives, and
- our communities are well connected and supportive of each other.

There are five underlying themes, which emerged from the extensive public consultation: rural communities, climate change, the natural environment, new technologies and the United Kingdom's exit from the European Union. The Vision seeks to address several issues arising from an analysis of performance data and emerging policy, which were further refined after consultation with residents and other interested groups. These issues are: the economy; tourism; community spirit; children's health, safety and access to a good education; health; transport; housing; and revitalisation of high streets.

The Vision and ambitions are supported by the following County Durham Partnership Plans:

- Safe Durham Partnership Plan,
- Joint Health and Wellbeing Strategy,
- Children and Young People's Strategy,
- Regeneration Statement, and
- Climate Emergency Plan.

4.27 In addition to the above arrangements, outcomes are defined through:

- Establishing a Transformation Programme with four key outcomes that will change the way it works for the continued provision of high-quality services within the context of the further financial challenges.
- Setting out, in the [Council Plan 2020 - 2023](#) and individual service plans, supporting policies, plans and strategies, set out the key actions to be taken in support of delivering the longer term goals in the [County Durham Vision 2035](#) and the Council's own improvement agenda.
- Developing, through the [Medium Term Financial Plan 2021 - 2024 \(MTFP\)](#), a financial framework in line with the [Council Plan 2020 - 2023](#) that enables members and officers to ensure policy initiatives can be planned for delivery within available resources and can be aligned to priority outcomes.
- Subjecting the delivery of the [Council Plan 2020 - 2023](#) and the [Medium Term Financial Plan](#) to detailed and frequent monitoring undertaken by Corporate Management Team and Cabinet.
- Durham Police and Crime and Victims' Commissioner's Police, Crime and Victims Plan.
- Durham and Darlington Fire and Rescue Service Integrated Risk Management Plan.
- NHS Clinical Commissioning Groups Strategic Plans.
- Durham Constabulary Plan on a Page.
- Supporting decision making and project management processes with the [Performance Management Framework](#) and the [Risk Management Strategy and Policy](#).
- ~~Seeking, through the [Customer First Strategy and Customer Services Charter](#), which link to the wider priorities of the Council, to broaden accessibility to information and services in an economically efficient way, taking account of increased demand for services, changes to the welfare system and reducing budgets.~~

- The [Digital Strategy](#), which sets out the future for connecting Durham, how we will digitally improve our services, support our people, our communities and our organisation to deliver better outcomes for the people of the county.
- The [customer services charter and service standards](#), which outline how customers can expect to be treated when they get in touch with us and specific levels of service that they should receive.
- [The County Durham Strategic Partnership Approach to Early Help for Children, Young People and Families](#), which sets out our vision, priorities and approach for providing 'early help' to address inequalities, promote opportunity and secure better outcomes for children, young people and their families.
- The [Towns and Villages Investment Plan](#), which will lead to the re-use of derelict buildings, walking and cycling improvements, public realm and leisure schemes across the county.

## **C2 Sustainable economic, social and environmental benefits**

4.28 The Council considers and balances the combined economic, social and environmental impact of policies and plans when taking decisions about service provision, taking a longer-term view with due regard to the wider public interest and potential risks. The Council is committed to acting transparently where there are potential conflicts between the Council's intended outcomes and short-term factors such as the political cycle or financial constraints. This is achieved by:

- Pursuing economic and environmental benefits through the [Climate Change Emergency Response Plan 2020 - 2022](#) and pursuing social benefits through the other themes.
- Using decision making processes, which include management of performance and risks, to support the achievement of high-level objectives in furtherance of economic, social and environmental benefits.
- Pursuing economic, social and environmental benefits in the development the [Medium Term Financial Plan](#).
- Preparing the capital budget reflecting the priorities detailed in the [Council Plan 2020 - 2023](#), using criteria laid down in the Corporate Capital Protocol.
- Advising Cabinet on the Capital Programme through the Member Officer Working Group for Capital, which is responsible for scrutinising capital budget revisions and monitoring progress on schemes.
- Following the principles of decision making set out in the [Constitution](#).
- Guiding members and employees in their relations with one another and seeking to enhance and maintain integrity by demanding very high standards of personal conduct through the [Protocol on Member/Officer Relations \(Constitution\)](#).
- Determining, through the [Consultation Statement](#), the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, in order to ensure appropriate trade-offs.

4.29 The Council ensures fair access to services by:

- Using the [Equality Policy](#) to reinforce the Council's responsibilities under the Equality Act 2010, including compliance with the Public Sector Equality Duty, to understand and seek to prevent or mitigate any potential negative impacts as a result of Council decisions for people with protected characteristics (age, disability, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation, transgender).
- Supporting the [Equality Policy](#) with an equality impact assessment process, which ensures that the impact on equality is considered in the Council's decision making.
- Promoting equality and diversity across all of the Council's work through the [Corporate Overview and Scrutiny Management Board](#) and Scrutiny Committees.

***Principle D: Determining and planning the interventions necessary to optimise the achievement of the intended outcomes***

Why this is important

- 4.30 Local government 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 local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their 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.

How we meet this principle

- 4.31 Key governance documents supporting Principle D include:

[Constitution](#) – Budget and Policy Framework Procedure Rules; Decision Making; Financial Procedure Rules; Overview and Scrutiny Arrangements.

[Other](#) – Capital Programme; Council Plan and service plans; [Medium Term Financial Plan](#); [Partnership Governance Framework](#); [Performance Management Framework](#); [Overview and Scrutiny Annual Report](#); [Risk Management Strategy and Policy](#); [County Durham Vision 2035](#); [Sustainable Commissioning and Procurement Policy](#).

**D1 Determining interventions**

- 4.32 The Council ensures that decision makers receive objective and rigorous analysis of a variety of options, indicating how intended outcomes would be achieved and highlighting associated risks, in order to secure best value regardless of the service delivery method. This is combined with considering feedback from citizens and service users about proposed service improvements or where services are no longer required in order to prioritise

competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts. This is achieved by:

- Embedding the pursuit of value for money into all of the Council's decision-making processes.
- Frequently undertaking reviews to provide assurance that value for money services are being provided.
- Using residents' and other stakeholders' views with high level analysis of the equalities impact to shape proposals in the [Medium Term Financial Plan](#).

## **D2 Planning interventions**

4.33 The Council's arrangements for planning the interventions for the achievement of its intended outcomes are:

- A comprehensive Transformation Programme incorporating a co-ordinated and integrated series of initiatives aimed at providing the very best services for the people of County Durham.
- Establishing and implementing, through the [Council Plan 2020 - 2023](#) and [Medium Term Financial Plan](#) monitoring, robust planning and control cycles that cover strategic and operational plans, priorities and targets.
- Engaging with internal and external stakeholders, through participative budgeting and other consultation techniques, in determining how services and other courses of action should be planned and delivered.
- Considering and monitoring risks facing each partner when working collaboratively, including shared risks, through the [Partnership Governance Framework](#) and the [Risk Management Strategy and Policy](#).
- Ensuring, through the [Council Plan 2020 - 2023](#) and business continuity planning, that arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances.
- Determining, during the development of the [County Durham Vision 2035](#) and the [Council Plan 2020 - 2023](#) how the performance of services and projects will be measured, and linking these arrangements to a locally led [performance management framework](#), which ensures that attention is focused on Council priorities.
- Using key target indicators in areas where improvements can be measured regularly and can be actively influenced by the Council and its partners.
- Comparing performance with that of other Councils using a recognised, online tool.
- Undertaking, through the Overview and Scrutiny Committees, in-depth, evidence-based reviews of services, the findings of which are outlined in the [Overview and Scrutiny Annual Report](#).
- Preparing budgets in accordance with the [County Durham Vision 2035](#), the [Council Plan 2020 - 2023](#) and the [Medium Term Financial Plan](#).
- Informing medium- and long-term resource planning by determining, through Cabinet in consultation with the Chief Financial Officer, the general budget strategy and issuing annual guidelines to Members and Chief Officers on preparing: -

- A detailed revenue budget for the following year and the [MTFP](#);
- The Capital Programme;
- The timetable for developing and agreeing the Council's revenue and capital budget.
- The Business, Economy, Regeneration Strategy Recovery Group (a subgroup of the County Durham Economic Partnership) assesses and addresses the economic implications of the pandemic to help businesses to restart and grow the economy.

### **D3 Optimising achievement of intended outcomes**

4.34 The Council optimises the achievement of its outcomes by:

- Developing, through the [Medium Term Financial Plan](#), a financial framework in line with the [Council Plan 2020 - 2023](#) to deliver policy initiatives within available resources and aligned to priority outcomes.
- Developing the budgeting process in line with Budget and Policy Framework Procedure Rules, to ensure that it is all-inclusive, and takes into account the full cost of operations over the medium and longer term.
- Ensuring, through the development of the [MTFP](#) and [Council Plan 2020 - 2023](#) that partners and stakeholders have a clear view of the Council's priorities, targets and financial plans over the forthcoming period of four years.
- Seeking, through the [Sustainable Commissioning and Procurement Policy](#), to implement procedures that protect the long-term interests of the communities we represent, in line with the Public Services (Social Value) Act 2012.
- Instructing bidding organisations bring this policy to the attention of bidders.
- The Company Governance Group, which seeks to ensure that officers who work with, or who are appointed as, directors of Council companies understand their roles and responsibilities, identify and manage conflicts of interests, and provide resilience in the Council's resourcing of companies.

### ***Principle E: Developing the Council's capacity, including the capability of its leadership and the individuals within it***

#### Why this is important

4.35 The Council needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve its intended outcomes within the specified periods. It must ensure that it has both the capacity to fulfill 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 environment in which the Council operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of the leadership and of individual staff members. Leadership in the Council is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

## How we meet this principle

4.36 Key governance documents supporting Principle E include:

[Constitution](#) – Decision Making; The Executive; Financial Procedure Rules; Officer Scheme of Delegations; Overview and Scrutiny Arrangements; Protocol for Questions by the Public to Members of the Executive (Council Procedure Rules).

Other – [Apprenticeship Strategy 2019 to 2022](#); Area Action Partnerships Terms of Reference; Attendance Management Policy; Capital Strategy; [County Durham Compact](#); [Durham Manager Programme](#) Durham Leadership and Management Development Programme; Health, Safety and Wellbeing Strategy; [Members Learning and Development Strategy](#) Learning, Development and Support Programme for Members; [Office Accommodation Strategy](#) [Organisational Development Strategy](#) [Workforce Strategy 2021 – 23](#); Property Strategy.

### **E1 Developing the Council's capacity**

4.37 The Council **ensures** strives to maintain the continuing effectiveness of its operations, performance and use of assets through:

- The Inspiring Place element of the Transformation Programme, which seeks to modernise and refurbish strategic sites, introduce flexible ways of working, reduce paper-based processes and consolidate services.
- Establishing a corporate landlord service delivery model for asset management, overseen by the Head of Corporate Property and Land.
- Regularly monitoring key areas of performance, including the condition, suitability, sufficiency and accessibility of property ~~under the Office Accommodation Strategy~~ to ensure that best use is made of assets in terms of service benefit, financial benefit and value for money.
- Setting out in the Property Strategy the main principles to ensure that opportunities to share the use of property are identified, and to make sure that assets are fit for purpose, cost effective and used to support regeneration and economic development.
- Consulting local communities and partners, where appropriate, about alternative methods of continuing to provide front line services.
- Advising Cabinet on the Capital Programme through the Member Officer Working Group for Capital, which is responsible for scrutinising capital budget revisions and monitoring progress on schemes.
- Formally reflecting on the experiences of the COVID-19 pandemic and using learning to strengthen capacity and capability.

4.38 The Council strives to improve the use of its resources to ensure that they are allocated in a way that realises outcomes effectively and efficiently. This is achieved through:

- The Inspiring Change element of the Transformation Programme, which seeks to invest in new IT systems, modernise and simplify business

processes, redesign services in localities to meet community needs, and introduce more commercial activity to support social objectives.

- Using benchmarking data from statutory returns to inform programmes of VFM reviews and savings options in various service areas in order to ensure that defined outcomes are achieved effectively and efficiently.
- Using data from commercial benchmarking clubs, to facilitate meaningful comparisons with other Councils.
- Providing, through the [County Durham Compact](#), a framework for partnership and engagement with the voluntary and community sector where added value can be achieved.
- Including in the [County Durham Partnership](#) a range of key public, private and voluntary sector organisations that work together to improve the quality of life for the people within County Durham.
- Managing, within service groupings, informal, collaborative working arrangements with external organisations.
- The [Digital Strategy](#), sets out the Council's digital ambitions for the County in line with the Council Vision and the Transformation Programme.
- The [Apprenticeship Strategy 2019 to 2022](#), which aims to identify opportunities for new and existing employees to support workforce development and planning.

4.39 The Council maintains an effective workforce plan, through the Organisational Development Strategy, to enhance the strategic allocation of resources.

## **E2 Developing the capability of the Council's leadership and other individuals**

4.40 The Council ensures 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. This is achieved by:

- Setting out in the [Constitution](#) how the Executive is made up and how appointments to this committee are made.
- Electing the Leader under the terms of the [Constitution](#), and making appointments to a number of committees with various regulatory and scrutiny responsibilities.
- Nominating, through the Leader, nine other councillors, including a Deputy Leader, with specific responsibilities to form the Cabinet.
- Allocating, through the Leader under the terms of the [Constitution](#), roles and responsibilities to individual members and the Executive Committee as a whole.
- Supporting the above arrangements with a number of formal member and officer working groups.

4.41 The Council makes a clear distinction between the types of decisions that are delegated and those reserved for the collective decision making of the Council in the [Constitution](#), which is published on the website. Decision-making



arrangements will be refined, with appropriate scrutiny safeguards, for the purposes of managing the COVID-19 pandemic emergency.

4.42 The Council clearly defines in the [Constitution](#) the respective roles of the leader and the chief executive, whereby the chief executive leads in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority.

4.43 The Council continually seeks to develop the capabilities of members and senior management to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks. This is achieved by:

- Ensuring, through the ~~Members Learning and Development Strategy~~ Learning, Development and Support Programme for Members and the ~~Organisational Development Strategy~~ Durham Learning and Development System, that members and staff are provided with induction training tailored to their role and individual training and development plans.
- Ensuring, through respective appraisal schemes, that members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis
- Ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external
- Promoting excellence in learning through membership of the North East Public Service Academy.
- ~~Using initiatives such as the Durham Manager Programme to support managers in meeting the changing needs of the Council, and e-learning as an efficient means of training employees.~~ The Durham Leadership Way programme, which outlines the expectations of leaders and managers together with a development and support offer.

4.44 The Council encourages public participation by:

- Administering 14 multi-agency [Area Action Partnerships \(AAPs\)](#) that enable local people and organisations to comment on how services are provided.
- Inviting members of the public to attend Council meetings.
- Including a protocol for member of the public wishing to ask a question ~~at Council~~ to the Executive.
- The Covid-19 Community Champions programme, which has been developed to ensure that, as the pandemic continues, key messages are shared within communities and that these messages are trusted, concise and clear.

4.45 The Council ensures that the leadership's own effectiveness is considered and that leaders are open to constructive feedback from peer review and inspections by:

- Monitoring the decisions of the Executive through the [Corporate Overview and Scrutiny Management Board](#), which has the power to:-
  - “call-in” decisions which have been made but not implemented; and
  - recommend that their decisions are reconsidered.
- Consulting the [Corporate Overview and Scrutiny Management Board](#) on forthcoming decisions or the development of policy.
- Assessing the skills required by members and officers through personal development plans, and making a commitment to develop those skills to enable roles to be carried out effectively.
- Developing skills on a continuing basis, through implementation of the [Members Learning and Development Strategy](#) Learning, Development and Support Programme for Members, to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed.

4.46 The Council strives to maintain effective arrangements to meet employees’ needs in terms of training, development, health and wellbeing through:

- The Inspiring People element of the Transformation Programme, which seeks to invest widely in staff training and development, review the Council’s HR policies and procedures, adopt new values and behaviours, empower people to be advocates of change, and identify talent and succession planning.
- Assessing the skills required by officers through personal development plans and making a commitment to develop those skills to enable roles to be carried out effectively.
- Managing the performance and development of employees through an ongoing appraisal process.
- Supporting employees through the Health, Safety and Wellbeing Strategy and the emergency Human Resources Policy, which is compatible with revised working arrangements introduced during the COVID-19 pandemic. Absence management arrangements and enhanced family and compassionate leave provisions focus on rehabilitation through the Attendance Management Policy with assistance from Occupational Health.
- Supporting employees through change processes with confidential counselling services through the Employee Assistance Programme.

***Principle F: Managing risks, data and performance through robust internal control and strong public financial management***

Why this is important

4.47 The Council needs to ensure that the organisations and governance structures that it oversees have implemented, and 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.

- 4.48 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.
- 4.49 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.

#### How we meet this principle

- 4.50 Key governance documents supporting Principle F include:

[Constitution](#) – Councillor Call for Action Procedure (Overview & Scrutiny Procedure Rules); Decision Making; Financial Procedure Rules; Overview and Scrutiny Arrangements.

Other – [Budget Report](#); Capital Strategy; [Council Plan 2020 - 2023](#); [Data Protection Policy](#); [Data Protection Policy](#); [Data Quality Policy](#); Delivering Good Governance in Local Government Framework; [Internal Audit Charter, Strategy 2020/21 and Audit Plan](#); [Medium Term Financial Plan](#); [Performance Management Framework](#); [performance reports](#); [Risk Management Strategy and Policy](#); service plans.

[Professional Codes](#) – CIPFA \* Code on a Prudential Framework for Local Authority Capital Finance; CIPFA Financial Management Code; CIPFA \* Statement on the Role of Head of Internal Audit; Code of Practice on Managing the Risk of Fraud and Corruption, 2014; National Audit Office Code of Practice on Value for Money; Public Sector Internal Audit Standards.

\* Chartered Institute of Public Finance & Accountancy

### **F1 Managing risk**

- 4.51 The Council recognises that risk management is an integral part of all activities and decision making as set out in the [Risk Management Strategy and Policy](#), which defines key roles and responsibilities and is reviewed annually, to maintain robust, integrated and effective risk management arrangements. Council-owned companies and joint venture arrangements are provided with strategic and financial guidance and support, and are required to report regularly on performance.

### **F2 Managing performance**

- 4.52 The Council ensures that service delivery is effectively monitored by:

- Setting out in service plans a detailed schedule of actions, which are assigned to responsible officers and incorporated into, and monitored through, the corporate and service performance management arrangements.
- Monitoring performance and ensuring that effective arrangements are put in place to deal with any failures in service delivery through the Council's Cabinet.
- Providing assurance through quarterly [performance reports](#) to Corporate Management Team, Cabinet and all scrutiny committees by way of senior management performance clinics during the year.
- Undertaking key in-depth evidence-based reviews through the Overview and Scrutiny Committees.
- Overseeing quality assurance developments in Children's Services and maintaining strategic oversight of children's services through a Quality Improvement Board.
- Operating a locally led [performance management framework](#) that links to the [County Durham Vision 2035](#) and the [Council Plan 2020 - 2023](#) and ensures that attention is focused on Council priorities.
- Undertaking benchmarking exercises by comparing performance with that of other Councils using a recognised, online tool.
- Seeking assurance on the quality of services from external, independent sources.
- Providing update reports, on service delivery plans and on progress towards outcome achievement, to Corporate Management Team, Cabinet and Full Council.

4.53 The Council endeavours to make the right decisions for the benefit of its stakeholders by:

- Supporting the Council's decision-making processes with a [Risk Management Strategy and Policy](#).
- Implementing arrangements to ensure that decisions are based on relevant, clear, objective analysis and advice; comply with legal requirements; and take account of the Council's financial, social and environmental position and outlook.
- Including in the Council's stated principles for decision making the giving of reasons for decisions and supporting them with references to legal or other professional advice and stating the potential implications in terms of finance, staffing, risk, human rights and several other factors.
- Maintaining an overview and scrutiny function through which members robustly scrutinise, challenge and debate proposed policies and objectives to make decision-making processes transparent, accountable and inclusive.
- Enabling members to bring matters of local concern to the attention of the Council through the scrutiny process using Councillor Call for Action procedure.

4.54 The Council seeks to ensure consistency between specification stages and post implementation reporting by:

- Developing profiled budgets in the main accounting system in line with the [Medium Term Financial Plan](#) to ensure consistency between specification stages and post implementation reporting.
- Issuing Budgetary Control Statements to senior management, Cabinet and Overview and Scrutiny Committees, comparing actual with planned expenditure and showing forecasted overspends with reasons for variance.
- Maintaining and applying Financial Procedure Rules in the [Constitution](#).

### **F3 Robust internal control**

4.55 The Council seeks to align the risk management strategy and policies on internal control with achieving objectives, as well as evaluating and monitoring risk management and internal control on a regular basis. This is achieved by:

- Developing, maintaining and delivering an [Internal Audit Charter, Strategy 2020/21 and Audit Plan](#).
- Including in strategic risk management reports and internal audit reports the potential implications for achieving the Council's objectives.
- Reporting annually to [Audit Committee](#), through the Chief Internal Auditor and Corporate Fraud Manager, on the adequacy and effectiveness of the Council's internal control environment.
- Undertaking a self-assessment against both the principles of the CIPFA Statement on the Role of Head of Internal Audit and the Public Sector Internal Audit Standards (PSIAS), approved by [Audit Committee](#).
- Undertaking internal annual reviews of the effectiveness of internal audit and an external assessment once every five years as required by the PSIAS.
- Undertaking a review of the effectiveness of the Council's corporate governance arrangements in line with the Delivering Good Governance in Local Government Framework.
- Maintaining an [Audit Committee](#), which is independent of the Executive and accountable to the Full Council, to;
  - provide a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment;
  - advise both the Council and the Cabinet on audit and governance issues in order to provide independent and effective assurance about the adequacy of financial management and reporting, and the management of other processes required to achieve the organisation's corporate and service objectives;
  - make recommendations, which are listened to and acted upon.

4.56 The Council ensures that effective counter fraud and anti-corruption arrangements are in place by maintaining a dedicated Corporate Fraud Team to support its counter fraud arrangements through the [Counter Fraud and Corruption Strategy](#), and working towards compliance with the Code of Practice on Managing the Risk of Fraud and Corruption, 2014.

## **F4 Managing data**

4.57 The Council ensures that effective arrangements are in place for the safe collection, storage, use and sharing of data, including decision making and processes to safeguard personal data. This is achieved by:

- Managing data in accordance with the [Data Protection Policy](#), Data Quality Policy, Records Management Policy and various data sharing protocols, with oversight by the Information Governance Group, to ensure that the arrangements in place are effective.
- Designating the **Corporate Director of Resources** as the Senior Information Risk Officer to strengthen the Council's arrangements for maintaining good-quality information.
- Holding regular meetings with the designated Data Protection Officer, Head of Digital and Customer Services and the Council's designated Caldicott Guardian.
- Providing an online Data Protection Act training module for employees.
- Maintaining strong data protection arrangements regarding data sharing with other bodies through standardised subject access requests, a privacy impact assessment process, data sharing agreements and a data sharing register.
- Undertaking a rolling programme of audits to check the quality and accuracy of data used in decision making and performance monitoring.

## **F5 Strong public financial management**

4.58 The Council aims to ensure that financial management supports both long term achievement of outcomes and short-term financial and operational performance. This is combined with seeking to ensure that well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls. Investing resources in line with long-term outcomes and priorities as described in the [Council Plan 2020 - 2023](#), which contains a set of actions with proposed outcomes.

- Issuing special guidance on COVID-19 expenditure to budget managers and requisitioners to mitigate the huge potential financial impact of the pandemic response and escalating the frequency of monitoring and reporting.
- Making the links with priorities and outcomes detailed in the Council's Budget Report.
- Complying with CIPFA's Code on a Prudential Framework for Local Authority Capital Finance, subject to external audit review.
- Completing an independent assessment against CIPFA's Financial Management Code by the Council's Internal Audit Team and identifying any improvements that can be made.
- Ensuring delivery of transformational change while maintaining service delivery through the [Medium Term Financial Plan](#) process.

- Gaining independent assurance of value for money from the External Auditor.

***Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability***

Why this is important

4.59 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 Council plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

How we meet this principle

4.60 Key governance documents supporting Principle G include:

[Annual Governance Statement](#); [Annual Statement of Accounts](#); Local Code of Corporate Governance; [Local Government Transparency Code 2015](#); [Partnership Governance Framework](#); [Transparency and Accountability webpage](#).

**G1 Implementing good practice in transparency**

- 4.61 Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate.
- 4.62 The Council aims to strike a proper balance between providing the right amount of information in a manner that is transparent and enhances public scrutiny while not being too onerous to provide and which readers can interpret. This is achieved by:
- Maintaining a website that is designed to make it easy for users to find information and includes a [Transparency and Accountability webpage](#) to comply with the [Local Government Transparency Code 2015](#).
  - Publishing information on the website about services provided, land and assets owned by the Council, organisational structures and salaries, counter fraud, how money is spent and how services are bought.

**G2 Implementing good practices in reporting**

4.63 The Council is committed to reporting to stakeholders at least annually on performance, value for money and stewardship of resources in a timely and understandable way, while ensuring members and senior management own the results reported. This is achieved by:

- Developing the [Annual Statement of Accounts](#) incorporating the [Annual Governance Statement](#).
- Publishing the [Annual Statement of Accounts](#) on the website, following approval by [Audit Committee](#), taking account of the views of the External Auditor, in line with the Accounts and Audit Regulations.
- Publishing the [Audit Completion Report](#) and Certification of Claims and Returns Annual Report, which provides assurance on the Council's system of financial management.
- Including with published information, the minutes of meetings approving reports to ensure that members and senior management own the results reported.

4.64 The Council seeks to ensure that robust arrangements are maintained for assessing and reporting on the effectiveness of its own governance arrangements, as well as those of related organisations. This is achieved by:

- Developing and maintaining a Local Code of Corporate Governance, approved by [Audit Committee](#), setting out how the Council will meet the principles of good governance.
- Assessing the Council's corporate governance arrangements against its Local Code of Corporate Governance, led by the Corporate Director of Resources in consultation with the directors and heads of service.
- Ensuring, through the [Partnership Governance Framework](#), that the corporate governance arrangements of partners and jointly managed or shared service organisations are consistent with the Council's Local Code of Corporate Governance.
- Reporting the outcome of the corporate governance review, including planned actions for improvement, in the [Annual Governance Statement](#), approved by the Corporate Management Team and the [Audit Committee](#), and signed by the Leader of the Council and Chief Executive.

4.65 The Council seeks to ensure that it produces financial statements on a consistent and timely basis, in accordance with Financial Reporting Standards, in a way that enables comparison with other, similar organisations.

### **G3 Assurance and effective accountability**

4.66 The Council seeks to provide continuous assurance with regard to its arrangements for governance and internal control by:

- Operating an Internal Audit service, with direct access to members, as a key part of the Council's corporate governance arrangements with the primary aim of supporting the Council to achieve its objectives by helping services to identify, assess, and manage risks, which may prevent or hinder objectives being achieved effectively.
- Ensuring that agreed recommendations made by Internal Audit and External Audit are acted upon by tracking and reporting their progress to [Audit Committee](#).



- Complying with CIPFA's Statement on the Role of the Head of Internal Audit (2019).
- Applying the Public Sector Internal Audit Standards within all of procedures of the Internal Audit Service.

4.67 The Council welcomes peer challenge, reviews and inspections from regulatory bodies and seeks to ensure that recommendations are implemented.

4.68 The Council seeks to gain assurance on risks associated with delivering services through third parties by:

- Managing relationships with partners through the [Partnership Governance Framework](#), which seeks to ensure that:
  - members are clear about their roles and responsibilities;
  - there is clarity about the legal status of the partnership;
  - representatives both understand and make clear to all other partners the extent of their authority to bind their organisation to partner decisions.

## **5 Monitoring and Review**

5.1. The [Audit Committee](#) and the [Standards Committee](#) are responsible for monitoring and reviewing the various aspects of the Council's corporate governance arrangements.

5.2. The [Audit Committee](#) is responsible for the Council's arrangements relating to:

- Monitoring and reviewing the risk, control and governance processes, and associated assurance processes to ensure internal control systems are effective and that policies and practices are in compliance with statutory and other regulations and guidance;
- Approving the Council's Accounts prior to approval by the County Council;
- Reviewing a draft of this Code of Corporate Governance and recommending any amendments required before it is considered for approval by the Full Council;
- External audit and internal audit;
- Risk Management;
- Making recommendations concerning relevant governance aspects of the [Constitution](#);
- Reviewing the effectiveness of Internal Audit.

5.3. Each year the Council is required to publish a Governance Statement. This process is managed by the Resources Management Team and overseen by the [Audit Committee](#) who is responsible for approving it. The Annual Governance Statement provides an overall assessment of the Council's corporate governance arrangements and an appraisal of the key controls in place to manage the Council's principal governance risks, together with proposed improvements that will be made. This governance review process helps inform any amendments required to this Code of Corporate Governance.

- 5.4. The Annual Governance Statement will be published as part of the Council's Annual Statement of Accounts and will be reviewed by our External Auditors as part of their annual audit process.
- 5.5. The [Standards Committee](#) is responsible for promoting high ethical standards across the Council, overview of the Member and Officer Codes and other relevant protocols.
- 5.6. These two Committees will ensure that the Council's governance arrangements are kept under continual review through;
- Reports prepared by officers with responsibility for aspects of this Code;
  - The work of Internal Audit;
  - External Audit opinion;
  - Other review agencies and Inspectorates;
  - Opinion from the Council's Statutory Officers.
- 5.7. The Council also has a [Corporate Overview and Scrutiny Management Board](#) and five Overview and Scrutiny Committees who support the work of the Executive and the Council as a whole. They allow a greater involvement in Council business by involving non-councillors from the wider public sector, and voluntary and community groups to help them in their work, and also work with Partners, including the [County Durham Partnership](#). They may also be consulted by the Executive or the Council on forthcoming decisions or the development of policy. The terms of reference of the [Corporate Overview and Scrutiny Management Board](#) and its Committees are described in the [Constitution](#).
- 5.8. Within their terms of reference, the [Corporate Overview and Scrutiny Management Board](#) and Overview and Scrutiny Committees will:
- review and/or scrutinise decisions made, or actions taken in connection with the discharge of any of the Council's functions;
  - make reports and/or recommendations to the full Council and/or the Cabinet in connection with the discharge of any functions; consider any matter affecting the area or its inhabitants;
  - exercise the right to call-in, for reconsideration, decisions made but not yet implemented by the Executive in accordance with the Overview and Scrutiny Procedure Rules;
  - work to ensure that communities are engaged in the scrutiny process; and consider and implement mechanisms to encourage and enhance community participation in the development of policy options; and
  - promote equality and diversity across all of its work and the work of the County Council.

**Audit Committee**

**29 November 2021**



**Strategic Risk Management Progress  
Report for 2021/22 - Review No. 2: Period  
1 June – 30 September 2021**

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**Report of Corporate Management Team**

**Paul Darby, Corporate Director of Resources**

**Councillor Richard Bell, Deputy Leader and Cabinet member for  
Finance**

**Purpose of the Report**

- 1 This report highlights the strategic risks facing the Council and gives an insight into the work carried out by the Corporate Risk Management Group between June and September 2021.

**Executive summary**

- 2 This report supports the Council's Risk Management Strategy. Audit Committee is responsible for monitoring corporate governance, including risk management activity. Heads of service identify and manage risks that may impede Council objectives and provide assurance that effective controls are in place. Risks are reviewed three times each year, which contributes to improved performance, decision-making and governance.
- 3 Two key risks, relating to Statutory Sufficiency Duty and Health and Social Care Winter Planning, have been added to the risk register and one risk relating to Land Slippage has been updated.
- 4 The EU Exit risk has been re-evaluated to reflect that the main impacts are now expected to be economic. There continues to be significant uncertainty in terms of COVID-19.
- 5 On 30 September 2021, there were 33 risks on the strategic risk register. There are eight key risks, relating to COVID-19, Statutory Sufficiency Duty, health and social care winter planning, MTFP savings plans, Government funding, climate change, child safeguarding and vulnerable adults, for which key mitigating actions have been identified.

- 6 Performance against key indicators is set out to provide assurance that strategic risks are being effectively managed, and that officers and members are appropriately skilled in risk management.

**Recommendation(s)**

- 7 Audit Committee is requested to confirm that this report provides assurance that strategic risks are being effectively managed within the risk management framework across the Council.

## Background

- 8 Each corporate director has a designated service risk manager to lead on risk management at a service grouping level. In addition, the Council has designated the Deputy Leader and Cabinet Portfolio holder for Finance and the Corporate Director of Resources as member and officer risk champions respectively. Collectively, they meet with the Risk and Governance Manager and other service grouping representatives as a Corporate Risk Management Group (CRMG). A summary setting out how the Council deals with the risk management framework is included in appendix 2.
- 9 Throughout this report, both in the summary and the appendices, all risks are reported as 'net risk' (after putting in place mitigating controls to the 'gross risk' assessment), which is based on an assessment of the impact and likelihood of the risk occurring with existing controls in place.

## Current status of the risks to the Council

- 10 Two key risks, relating to Statutory Sufficiency Duty and Health and Social Care Winter Planning have been added to the risk register and one risk relating to Land Slippage has been updated.
- 11 The EU Exit risk has been re-evaluated to reflect that the main impacts are now expected to be economic.
- 12 There continues to be significant uncertainty in terms of COVID-19.
- 13 On 30 September 2021, there were 33 risks on the corporate strategic risk register, two more than on 31 May 2021. During this period two risks were added, and none were removed.
- 14 In summary, the key risks to the Council are:
  - (a) Failure/inability to respond to and recover from the COVID-19 pandemic, leading to delayed economic recovery and adverse impacts on employee resilience and the health and wellbeing of the wider community.
  - (b) Risk of being unable to meet the authority's statutory sufficiency duty to provide sufficient accommodation in the local authority area to meet the needs of Children Looked After and children in need.
  - (c) Potential disruption to the Council's and partners' health and social care services during the winter period.

- (d) If timely and comprehensive savings plans are not in place across the council, required savings may not be achieved, necessitating extensive utilisation of reserves.
- (e) There is significant uncertainty in relation to future funding settlements from government, which will be impacted by the upcoming Comprehensive Spending Review and the Fair Funding Review.
- (f) Risk that the Council fails, in its role as a community leader, to help partners, local businesses and communities make the necessary adaptations and mitigations in pursuit of the target of being a carbon-neutral County by 2050.
- (g) Failure to protect a child from death or serious harm (where service failure is a factor or issue).
- (h) Failure to protect a vulnerable adult from death or serious harm (where service failure is a factor or issue).

Progress on addressing these key risks is detailed in appendix 3.

- 15 A number of interrelated supply chain issues have created shortages and price uncertainty for a range of products and services. Covid and Brexit have impacted labour markets and consumer spending behaviour, leading to disruption in many sectors. Shortages of port workers and distribution staff have caused major disruption in shipping, resulting in large cost increases, which has widespread implications. Officers are monitoring developments to better understand the full implications and potential risks and an updated risk assessment will be provided in future reports.
- 16 Potential violence and aggression towards members and employees have been constantly recognised as a strategic risk and the key mitigations are outlined against risk 7 in appendix 4 of this report. The control measures and support in relation to officer and member personal safety and security have been reviewed and enhanced regularly over time, particularly following any incidents or intelligence on any potential violence and aggression related risks. These have therefore been reviewed again in view of recent events.
- 17 A list of all the Council's strategic risks on 30 September 2021, aligned to the corporate themes in County Durham Vision 2035 and the Council Plan, is included in appendix 4. In line with discussions at the Audit Committee earlier this year, the current control measures and planned improvements for these have been added to aid members consideration of these issues.

- 18 Management has identified and assessed these risks using a structured and systematic approach, and is taking proactive measures to mitigate these risks to a manageable level. This effective management of our risks is contributing to improved performance, decision-making and governance across the Council.
- 19 To provide assurance that strategic risks are being effectively managed, and that officers and members are appropriately skilled in risk management, performance against key indicators is set out in appendix 5.

## **Conclusion**

- 20 The strategic risks of each service are reviewed three times each year, in line with the Council's Risk Management Strategy. The updated register is then approved by service management teams and used by the Risk, Insurance and Governance Manager when reporting the status of risks to Corporate Management Team, Audit Committee and to the Cabinet.
- 21 The terms of reference for the CRMG require the group to provide a corporate cross-cutting review of strategic risks, and related risk issues. This report satisfies that requirement.

## **Contact**

Dave Marshall

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## **Appendix 1: Implications**

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### **Legal Implications**

There are no direct implications, but effective risk management helps to ensure compliance with legal and regulatory obligations.

### **Finance**

There are no direct financial implications, but effective risk management helps to avoid or minimise financial loss.

### **Consultation**

None

### **Equality and Diversity / Public Sector Equality Duty**

None

### **Climate Change**

There are no direct climate change implications, but effective risk management helps to avoid or minimise adverse impacts.

### **Human Rights**

None

### **Crime and Disorder**

None

### **Staffing**

Staff training needs are addressed in the risk management training plan.

### **Accommodation**

None

### **Risk**

This report supports the delivery of the objectives of the Council's Risk Management Strategy.

### **Procurement**

None



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## **Appendix 2: How the Risk Management Framework operates**

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The Cabinet and the Corporate Management Team have designated the Cabinet Portfolio Holder for the Deputy Leader and Finance and the Corporate Director of Resources as Member and Officer Risk Champions respectively. Together they jointly take responsibility for embedding risk management throughout the Council and are supported by the Chief Internal Auditor and Corporate Fraud Manager, the lead officer responsible for risk management, as well as the Risk, Insurance and Governance Manager.

Each service grouping also has a designated service risk manager to lead on risk management at a service grouping level, and act as a first point of contact for staff who require any advice or guidance on risk management. Collectively, the risk champions, service risk managers and the Risk and Governance Manager meet as a Corporate Risk Management Group. This group monitors the progress of risk management across the Council, advises on strategic risk issues, identifies and monitors corporate cross-cutting risks, and agrees arrangements for reporting and awareness training.

An Audit Committee is in place, and one of its key roles is to monitor the effective development and operation of risk management and overall corporate governance in the Authority.

It is the responsibility of the Corporate Directors to develop and maintain the internal control framework and to ensure that their service resources are properly applied in the manner and to the activities intended. Therefore, in this context, heads of service are responsible for identifying and managing the key risks which may impact on their respective service, and providing assurance that adequate controls are in place, and working effectively to manage these risks where appropriate. In addition, independent assurance of the risk management process, and of the risks and controls of specific areas, is provided by Internal Audit. Reviews by the external auditor and bodies such as Ofsted and Care Quality Commission may also provide some independent assurance of the controls in place.

Risks are assessed in a logical and straightforward process, which involves the risk owner within the service assessing both the impact on finance, service delivery and stakeholders if the risk materialises, and also the likelihood that the risk will occur over a given period. The assessment is confirmed by the Service Management Team.

An assurance mapping framework is being developed to demonstrate where and how the Council receives assurance that its business is run efficiently and effectively, highlighting any gaps or duplication that may indicate where further assurance is required or could be achieved more effectively.

The Council is also jointly responsible for responding to civil emergencies (such as severe weather events, network power losses and flu epidemics) through the County Durham and Darlington Local Resilience Forum. An explanation of the arrangements for managing the risk of such events and a copy of the latest Community Risk Register can be found on the web page of the County Durham and Darlington Local Resilience Forum.

## Appendix 3: Progress on management of the Council’s Strategic Risks

Risks are assessed at two levels:

- Gross impact and likelihood are based on an assessment of the risk without any controls in place.
- Net impact and likelihood are based on the assessment of the current level of risk, taking account of the existing controls/ mitigation in place.

On 30 September 2021, there were 33 risks on the corporate strategic risk register, two more than on 31 May 2021. During this period two risks were added, and none were removed.

The following matrix profiles the strategic risks according to their net risk evaluation on 30 September 2021. To highlight changes in each category during the last period, the number of risks on 31 May 2021 is shown in brackets.

### Overall number of Strategic Risks on 30 September 2021

Impact					
Critical	1 (1)		4 (4)		1 (1)
Major		4 (5)	4 (4)	3 (1)	
Moderate			11 (12)	5 (3)	
Minor					
Insignificant					
Likelihood	Remote	Unlikely	Possible	Probable	Highly Probable

In the above matrix, the risk assessed as Critical/Highly Probable is, “There is significant uncertainty in relation to future funding settlements from government, which will be impacted by the upcoming Comprehensive Spending Review and the Fair Funding Review.”

## New Risks

- 1 *Risk of being unable to meet the authority's statutory sufficiency duty to provide sufficient accommodation in the local authority area to meet the needs of Children Looked After and children in need (CYPS).*

This is a national issue and is subject to the Independent Review of Children's Social Care commissioned by central government through the Department of Education which is due to publish final recommendations in spring 2022. It has also been highlighted as an area for priority action in Durham by the social care regulator, Ofsted, following a recent focused visit in July 2021. In view of the current pressures, the net risk has been evaluated as **major impact, probable likelihood** and, therefore, meets the criteria of a key risk.

- 2 *Potential disruption to the Council's and partners' health and social care services during the winter period (AHS).*

Winter 2021/22 is expected to be one of the most challenging experienced by public services due to a predicted surge in demand for health and social care caused by a combination of Covid and other respiratory viruses, staffing pressures and current unprecedented demand. The Council is also responsible for managing cold and adverse weather events with other partners. It is likely that normal levels of service will not be provided, adding pressure to the management of excess deaths. The net risk has been evaluated as **major impact, probable likelihood** and, therefore, meets the criteria of a key risk.

## Upated Risks

- 3 *Potential progressive land slippage near A690 may develop to an extent where a major road closure is necessary for repairs to be undertaken (NCC).*

This is the main access road to Durham City where there is evidence of carriageway failure due to land slippage. Following a recent landslip, which caused damage to nearby property and may have contributed to carriageway depressions and damage to surface water drainage, the net evaluation has been **upated from major impact/unlikely occurrence to major/possible**. The landowner has initiated remedial repairs to the embankment designed to provide additional stability and reduced risk. Officers are planning, in consultation with geotechnical specialists, to install carriageway monitoring devices, and the Council's Civil Contingencies Unit are helping to develop contingency plans to minimise the potential impacts of a road closure for this strategic route.

## EU Exit

- 4 *Potential damage to the strength and competitiveness of the of the Co Durham economy due to changing economic factors following the UK's EU Exit (REG).*

Following the UK's exit from the EU on 31 January 2020, a new trade agreement was concluded on 30 December 2020 and came into effect on 1 January 2021. The Council's Brexit Task and Finish Group was reconvened, then stood down as there were no immediate detrimental impacts. Longer term planning and mitigation of impacts is being picked up by the Economic Recovery Group, which is managing the economic impacts and recovery from COVID-19. The risk has been reviewed in detail and reflects that the main impacts are on the economy. The net risk has been **re-evaluated from major impact, possible likelihood to moderate/probable**.

## Supply Chain Issues

- 5 Numerous, interrelated supply chain issues have created shortages and price uncertainty for a range of products and services. Covid and Brexit have impacted labour markets and consumer spending behaviour, leading to disruption in many sectors. Shortages of port workers and distribution staff have caused major disruption in shipping, resulting in large cost increases, which has widespread implications. Officers are monitoring developments to better understand the full implications and potential risks, which include:

(a) Potential price increases and/or shortages of goods and services.

Service levels may be affected, with longer delivery or lead times and reduced stock availability. Price levels are particularly vulnerable where haulage is a significant part of the cost. Areas of concern include food provisions and the impact on schools, residential/care homes and low-income families; construction materials and the impact on Council projects and the wider economy; and rock salt as we enter the winter period.

(b) General labour shortages.

The labour market has seen significant movement within and between sectors, due the effects of Covid and Brexit. Labour shortages may lead to further disruption, higher pay rates in some areas and increased costs for temporary staff as demand and competition for skilled workers drives up industry pay. The sectors most affected include haulage, farming and hospitality, but there are reports that other sectors could be impacted.

(c) Recruitment, retention and workforce planning by the Council.

Existing shortages of labour and skills, together with the Council's ageing workforce, may lead to adverse impacts on service delivery. Areas of concern include Aycliffe Secure Centre, children's residential services, children's social care, community protection, planning/engineers, adult social care.

(d) Energy

Due to current uncertainty in the energy market, potential risks include:

- Energy price increase leading to Council budget overspend and/or loss and/or disruption to premises.
- Council demand for energy exceeds supply, leading to loss and/or disruption to premises.

(e) Inflation

The combined effect of the above issues is creating inflationary pressures, which are likely to impact on the costs of goods and services purchased by the Council, further squeezing existing budgets.

## **Security of Elected Members**

- 6 Potential violence and aggression towards members and employees have been constantly recognised as a strategic risk and the key mitigations are outlined against risk 7 in appendix 4 of this report. The control measures and support in relation to officer and member personal safety and security have been reviewed and enhanced regularly over time, particularly following any incidents or intelligence on any potential violence and aggression related risks. These have therefore been reviewed again in view of recent events.

## Key Risks

7 The Council's key risks are shown in the following table.

### Key Risks Matrix

<b>Net Impact</b>					
Critical			Risk 1 COVID-19 Risk 4 Savings Plans Risk 7 Child Safeguarding Risk 8 Vulnerable Adults		Risk 5 Government Funding
Major				Risk 2 Sufficiency Duty Risk 3 Winter Planning Risk 6 Climate Change	
Moderate					
Minor					
Insignificant					
<b>Net Likelihood</b>	Remote	Unlikely	Possible	Probable	Highly Probable

In this matrix, the key risks have been arranged according to the net impact and net likelihood evaluations to illustrate their relative severity. The full title of each risk is shown in the Key Risks Schedule on the following pages.

## Key Risks Schedule

The schedule below contains information about how the key risks are being managed, including proposed key actions. Where there have been changes to the risk assessment during the last quarter, these are highlighted in the column headed 'Direction of Travel'. The final column states when it is anticipated that the risk will have been reduced to an acceptable level.

Ref	Service leading on the risk	Range of impact (cross-cutting or service-specific)	Corporate Theme	Risk	Net Impact	Net Likelihood	Proposed Key Actions	Direction of Travel	Anticipated date when risk will be at an acceptable level
1	Corporate Management Team	Cross-cutting	Excellent Council	Failure/inability to respond to and recover from the COVID-19 pandemic, leading to delayed economic recovery and adverse impacts on employee resilience and the health and wellbeing of the wider community.	Critical	Possible	The Council's response is being led by the Director of Public Health. Corporate and multi-agency oversight arrangements are in place via Covid Corporate Management Team, Health Protection Assurance Board, Health and Wellbeing Board and Overview and Scrutiny Community. The Local Resilience Forum (LRF) Strategic Command Group has been stood down, however the LRF Tactical Command Group maintains a watching brief. These groups provide an escalation pathway to regional and national levels. The vaccination delivery programme continues and has high uptake, but the situation remains challenging due to the relaxation of the regulations and restrictions.		This risk is long term.



Ref	Service leading on the risk	Range of impact (cross-cutting or service-specific)	Corporate Theme	Risk	Net Impact	Net Likelihood	Proposed Key Actions	Direction of Travel	Anticipated date when risk will be at an acceptable level
2	CYPS Risk Owner: Helen Fergusson	Service-Specific	People live long and independent lives	Risk of being unable to meet the authority's statutory sufficiency duty to provide sufficient accommodation in the local authority area to meet the needs of Children Looked After and children in need.	Major	Probable	There is a focus on marketing, recruitment and retention of foster carers and targeted campaigns for children with disabilities; teenagers; sibling groups and unaccompanied asylum-seeking children. Children's homes capacity was increased in 2021 and additional capacity will be developed in 2021/22 and onwards. Work continues with private providers through regional and local commissioning work to develop the market and increase capacity.		This risk is long term.
3	AHS Risk Owner: Jane Robinson	Service-specific	People live long and independent lives	Potential disruption to the Council's and partners' health and social care services during the winter period.	Major	Probable	In preparation for the surge in demand for health and social care, a cross-partner Task and Finish Group has developed consolidated plans, an account of which has been presented to the Adults, Wellbeing and Health Overview and Scrutiny Committee.		This is a seasonal risk.

Ref	Service leading on the risk	Range of impact (cross-cutting or service-specific)	Corporate Theme	Risk	Net Impact	Net Likelihood	Proposed Key Actions	Direction of Travel	Anticipated date when risk will be at an acceptable level
4	RES Risk Owner: Jeff Garfoot	Cross-cutting	Excellent Council	If timely and comprehensive savings plans are not in place across the council, required savings may not be achieved, necessitating extensive utilisation of reserves.	Critical	Possible	The Delivery plan implementation will be monitored by CMT and Cabinet.		This will be a significant risk for at least the next 4 years. No further mitigation is planned at the current stage.
5	RES Risk Owner: Jeff Garfoot	Cross-cutting	Excellent Council	There is significant uncertainty in relation to future funding settlements from government, which will be impacted by the upcoming Comprehensive Spending Review and the Fair Funding Review.	Critical	Highly Probable	Sound financial forecasting is in place based on thorough examination of the Government's "red book" plans alongside forecasting of council expenditure and income especially in relation to the areas impacted by COVID-19.		This will be a significant risk for at least the next 4 years.

Ref	Service leading on the risk	Range of impact (cross-cutting or service-specific)	Corporate Theme	Risk	Net Impact	Net Likelihood	Proposed Key Actions	Direction of Travel	Anticipated date when risk will be at an acceptable level
6	NCC  Risk Owner: Alan Patrickson	Cross-cutting	People live long and independent lives	Risk that the Council fails, in its role as a community leader, to help partners, local businesses and communities make the necessary adaptations and mitigations in pursuit of the target of being a carbon-neutral County by 2050.	Major	Probable	One of the key mitigations is the Climate Emergency Response Plan 2020-2022, incorporating over 100 projects. The scale, duration and complexity of the programme means that sustained oversight, monitoring and review are essential. Environment and Sustainable Communities Overview and Scrutiny Committee will review performance against the plan and make recommendations for the revision of targets.		This risk is long term.
7	CYPS  Risk Owner: John Pearce	Service-specific	Connected communities	Failure to protect a child from death or serious harm (where service failure is a factor or issue).	Critical	Possible	Durham Safeguarding Children Partnership has been established in line with the statutory requirements set out in 'Working Together 2018'. Partnership learning through scrutiny mechanisms and learning reviews underpins training for front line staff and regular staff supervision takes place. A review of the partnership arrangements was completed in 2020.		This risk is long term.

Ref	Service leading on the risk	Range of impact (cross-cutting or service-specific)	Corporate Theme	Risk	Net Impact	Net Likelihood	Proposed Key Actions	Direction of Travel	Anticipated date when risk will be at an acceptable level
8	AHS  Risk Owner: Lee Alexander	Service-specific	People live long and independent lives	Failure to protect a vulnerable adult from death or serious harm (where service failure is a factor or issue).	Critical	Possible	As the statutory body, the multi-agency Safeguarding Adults Board has a Business Plan in place for taking forward actions to safeguard vulnerable adults including a comprehensive training programme for staff and regular supervision takes place. Procedures are reviewed on a regular basis. Following allegations of abuse at Whorlton Hall Hospital, an independent review the Council's safeguarding adults' processes has been commissioned. Any learning from this and other such reviews will inform actions to reframe and further develop practice.		Nationally there has been an increased awareness of potential vulnerabilities relating to adults with care and support needs. High profile exposures heighten awareness of adult safeguarding concerns. This risk is long term.

## Appendix 4: List of all Strategic Risks (by Corporate Theme)

Based on the net risk assessment on 30 September 2021, the following tables highlight the risks for each Corporate Theme in County Durham Vision 2035 and the Council Plan.

### Corporate Theme – Excellent Council

Ref	Service	Risk	Net Impact	Net Likelihood	Conclusion	Current Controls and Planned Improvements
1	RES	There is significant uncertainty in relation to future funding settlements from government, which will be impacted by the upcoming Comprehensive Spending Review and the Fair Funding Review.	Critical	Highly Probable	Treat	See key risk schedule in appendix 3.
2	AHS	Failure/inability to respond to and recover from the COVID-19 pandemic, leading to delayed economic recovery and adverse impacts on employee resilience and the health and wellbeing of the wider community.	Critical	Possible	Treat	See key risk schedule in appendix 3.
3	RES	If timely and comprehensive savings plans are not in place across the council, required savings may not be achieved, necessitating extensive utilisation of reserves.	Critical	Possible	Treat	See key risk schedule in appendix 3.
4	RES	Potential serious injury or loss of life due to the Council failing to meet its statutory, regulatory and best practice responsibilities for property and land.	Major	Possible	Treat	<b>Current controls:</b> Unitised Corporate Property and Land Service, asset database, training programme. Capitalised maintenance programme. Incident reporting and monitoring in collaboration with relevant parties, where appropriate. <b>Planned Improvements:</b> implement a corporate service delivery model and estate management performance indicators.

Ref	Service	Risk	Net Impact	Net Likelihood	Conclusion	Current Controls and Planned Improvements
5	NCC	Breach of duty under Civil Contingencies Act by failing to prepare for, respond to and recover from a major incident, leading to a civil emergency.	Major	Possible	Treat	<b>Current controls:</b> Local Resilience Forum Strategic Board (strategic direction), Tactical Business Group (delivery and performance management), Standing Group (horizon scanning, threat assessments, training, testing and plan exercises). Mutual aid agreement with neighbouring local authorities. <b>Planned Improvements:</b> emergency on-call rotas reviewed, and refresher training provided.
6	NCC	Demand pressures on the Community Protection inspections and interventions arising from the COVID-19 pandemic and the UK exit from the EU may lead to an adverse impact on public health and safety in Co Durham.	Moderate	Possible	Treat	<b>Current controls:</b> The Community Protection Team's work is governed by Food Safety/Health and Safety plans. There is a training and development programme and post-graduate training for staff. The team has been strengthened in 2021 by an apprenticeship programme and the addition of seven posts to help respond to Covid19. <b>Planned Improvements:</b> Upgrade the ICT system. Workforce Development Plan.
7	RES	Potential violence and aggression towards members and employees from members of the public	Moderate	Possible	The current controls are considered adequate.	<b>Current controls:</b> Oversight by Health, Safety and Wellbeing Strategic Group. Management of Violence & Aggression Policy. Guidance and awareness on personal safety, violence and aggression through members' induction and handbook. Members provided with access to personal alarms and torches for personal security. Violence and Aggression accident and incident reporting procedure. Security Strategy and Policy. Physical security features on Council premises. Security personnel presence for designated sites and activities, based on risk assessment and intelligence. Collaboration with Durham Police re intelligence, where appropriate. Civil action against individuals, where appropriate.
8	RES	Failure to consider equality implications of decisions on communities leading to successful legal challenge and delays in implementation	Moderate	Possible	The current controls are considered adequate.	<b>Current controls:</b> Member portfolio for Equality and Inclusion, dedicated Equality Team provides training, awareness, support and guidance to members and staff. Public Sector Equality Duty objectives are included in the Council Plan. Impact assessment process is embedded in processes for strategic planning, decision-making, public and stakeholder consultation and the medium-term financial plan.
9	RES	Serious breach of Health and Safety Legislation	Moderate	Possible	The current controls are considered adequate.	<b>Current controls:</b> Health and Safety (H&S) Management System, policy, strategy, supporting guidance, codes of practice. Proactive audit, inspection and monitoring regimes. Accident, incident and ill-health reporting procedures adapted for Covid19. Occupational H&S Team. Oversight by cross-service Corporate Health, Safety and Wellbeing Strategic Group, chaired by Corporate Director of Resources.

Ref	Service	Risk	Net Impact	Net Likelihood	Conclusion	Current Controls and Planned Improvements
10	RES	Potential significant size and scope of the liabilities of equal value claims	Moderate	Possible	The current controls are considered adequate.	<b>Current controls:</b> The Council is working with claimants and their legal representatives to determine those claimants who have a legitimate claim. Work is ongoing with the Tribunal to seek an agreeable settlement for all parties.
11	NCC	Failure to consult with communities on major service & policy changes leading to legal challenge & delays in implementation	Moderate	Possible	The current controls are considered adequate.	<b>Current controls:</b> Consultation Statement (commitment and approach), Consultation Plan, Consultation Team, cross-service Consultation Officer Group. Consultation is embedded in strategic planning, decision-making and Medium-Term Financial Plan. Consultations web page. Membership of the Consultation Institute (awareness, advice, Covid19 adaptation).
12	RES	If the Council suffered a successful cyber-attack or IT security breach, then it may be unable to effectively deliver essential services.	Major	Unlikely	The current controls are considered adequate.	<b>Current controls:</b> Business Continuity plans. Collaboration with Police, Fire, NHS via a Strategic Co-ordination Group. Critical assets risk assessed. Anti-Virus, Anti-spam, Spyware software protection. Regular Intrusion Detection test. Firewalls. Password protection. Third-Party Access Policy. Staged phishing exercises. User awareness.
13	RES	Due to the current economic climate, COVID (grants, hardship reliefs, scams) and amount of change occurring across the Council, there is potential for increases in fraud and corruption.	Moderate	Possible	The current controls are considered adequate.	<b>Current controls:</b> Corporate Fraud Team, Counter Fraud & Corruption Strategy, Fraud Response Plan, Corporate Fraud Sanction Policy, Confidential Reporting Code, Anti-Money Laundering Policy and Counter Fraud Plan. Preventive measures include training, fraud awareness, and publicity campaigns/fraud communication strategy. Numerous fraud reporting channels available. Data analytics/matching and fraud data hub. Reported cases are investigated rigorously and promptly, and appropriate action taken. Multi-agency partnerships working.
14	NCC	Failure to prepare for, respond to and recover from a disruptive event, leading to a major interruption to the provision of essential services by the Council.	Major	Unlikely	Treat	<b>Current controls:</b> Business Continuity Management (BCM) Strategy, Policy and Steering Group. Comprehensive, up-to-date business impact analysis data. Service-specific, management-approved business impact analyses. Strategic, tactical and operational plans tested and in place. Backup ICT site. <b>Planned Improvements:</b> develop a business continuity e-learning package for senior managers.
15	RES	Potential breach of the Data Protection Act 2018	Major	Unlikely	The current controls are considered adequate.	<b>Current controls:</b> Data Protection Policy and supporting procedures. Information Security Policy. Statutory Data Protection Officer appointed. Oversight by cross-service Information Governance Group. Regular data protection training for staff. Data breach reporting process and procedure. Technology and working practices to avoid potential homeworking related breaches.

## Connected Communities

Ref	Service	Risk	Net Impact	Net Likelihood	Conclusion	Current Controls and Planned Improvements
16	CYPS	Failure to protect a child from death or serious harm (where service failure is a factor or issue)	Critical	Possible	Treat	See key risk schedule in appendix 3.
17	CYPS	Inability to recruit and retain residential children's homes staff may seriously inhibit capacity to deliver essential, specialist services to children and young people from across England and Wales.	Moderate	Possible	Treat	<b>Current controls:</b> Human Resources Team. Recruitment strategy. Performance and Development Review Scheme. Occupational Health service. Employee assistance programme. Independent psychotherapy service. Post-incident debriefing and learning. Secure and recruitment/retention allowances. <b>Improvements planned:</b> Develop webpage to improve appeal to prospective candidates. Review induction process.
18	NCC	Potential progressive land slippage near the A690 may develop to an extent where a major road closure is necessary for repairs to be undertaken.	Major	Possible	Treat	<b>Current controls:</b> Structural maintenance works in 2016. Extensive site investigations and repairs to highway drainage systems. Periodic remedial works. Monthly highway safety inspections to monitor ground conditions and drainage. Regular meetings between Strategic Highways Team and nearby property occupier. <b>Improvements planned:</b> Install carriageway monitoring devices. Develop road closure contingency plans.

Continued ...



## Long and Independent Lives

Ref	Service	Risk	Net Impact	Net Likelihood	Conclusion	Current Controls and Planned Improvements
19	CYPS	Risk of being unable to meet the authority's statutory sufficiency duty to provide sufficient accommodation in the local authority area to meet the needs of Children Looked After and children in need.	Major	Probable	Treat	See key risk schedule in appendix 3.
20	NCC	Risk that the Council fails, in its role as a community leader, to set an example and help partners, local businesses and communities make the necessary adaptations and mitigations in pursuit of the target of being a carbon-neutral County by 2050.	Major	Probable	Treat	See key risk schedule in appendix 3.
21	AHS	Potential disruption to the Council's and partners' health and social care services during the winter period.	Major	Probable	Treat	See key risk schedule in appendix 3.
22	AHS	Failure to protect a vulnerable adult from death or serious harm (where service failure is a factor or issue).	Critical	Possible	Treat	See key risk schedule in appendix 3.
23	AHS	Pressures nationally across residential, nursing and domiciliary care providers, could affect the availability, delivery, continuity, quality, sustainability and capacity of care provision within County Durham.	Moderate	Probable	The current controls are considered adequate.	<b>Current controls:</b> Collaboration with providers and health colleagues to understand market sustainability issues and share intelligence. Market Position Statement. Links to national policy makers and professional bodies. Monitoring impact on providers of new workplace pension rules. Increased focus on prevention and alternative services. MTFP forward planning. New Care Academy launched 3-9-19.
24	CYPS	Inability to recruit and retain children's social workers and social work managers may seriously inhibit the delivery of services.	Moderate	Probable	The current controls are considered adequate.	<b>Current controls:</b> Social Work Academy to 'grow our own' and develop new social workers. Innovative Recruitment and Selection approaches to attract social workers. Monitoring pay rates workers to ensure we remain competitive. Activities to support the recruitment and retention of specific roles. Management development programme. Ensuring that social workers and managers receive robust supervision and support in their roles.

Ref	Service	Risk	Net Impact	Net Likelihood	Conclusion	Current Controls and Planned Improvements
25	CYPS	Volatile and high-cost, demographic demands of children looked after on the Children's Social Care budget may result in adverse impacts on the budget and service delivery.	Moderate	Probable	The current controls are considered adequate.	<b>Current controls:</b> Monthly monitoring of financial outturn forecasts. Quality Improvement Board monitors the quality of services provided. Refreshed Sufficiency Strategy help to ensure a supply of appropriate placements for Durham Children. Regular oversight and monitoring of the Children's Services Improvement Plan. A series of Resource Panels ensures that placements are appropriate and achieve value for money.
26	CYPS	Increasing demand on the Dedicated Schools Grant budget for High Needs Block special educational needs services and inclusive education services may result in adverse impacts on finance and service delivery.	Moderate	Probable	Treat	<b>Current controls:</b> SEND & Inclusion Resources Board. Collaboration with schools to make the HNB more sustainable. Schools Forum Reference Group. Monthly tracker report for SEND & HNB expenditure & forecasting to Programme Board. Programme Management and Performance Management Framework. Monthly highlight reports presented to the Programme Board. <b>Planned Improvements:</b> Continued development and implementation of HNB sustainability projects.
27	NCC	Risk of a suspension notice under Regulation 37, Environmental Permitting Regulations 2016, leading to a partial cessation of operations at Mountsett Crematorium.	Moderate	Possible	The current controls are considered adequate.	<b>Current controls:</b> Temporary cremator installed. Due to COVID-related restrictions for international travel, installation of two new cremators was delayed. Officers from the Council are continuing to liaise with Pollution Control representatives. It is anticipated that, by May 2022, this risk will no longer be relevant as the new cremators will be operational and emissions testing will have been completed.
28	AHS	Risk that the Council is subject to legal challenge by Providers in relation to application of its Residential Care Charging Policy and Deferred Payment Policy.	Major	Unlikely	The current controls are considered adequate.	<b>Current controls:</b> Adult Social Care Residential Care Charging Policy and Deferred Payment Agreement Policy. Specialist legal advice from Barristers. Intensive review of individual cases. Financial Planning to mitigate potential impact. Liaison with other local authorities. Dialogue with providers. Updated guidance on self-funders issues to staff.
29	REG	Serious injury or loss of life due to Safeguarding failure (Transport Service)	Critical	Remote	The current controls are considered adequate.	<b>Current controls:</b> Children's and adults' safeguarding policies. In-house fleet buses are maintained regularly. Contractors are required to maintain vehicles in a safe, roadworthy condition and comply with relevant, statutory provisions. Sample checking of vehicles in co-operation with the Police and the Driver and Vehicle Licensing Agency.

## More and Better Jobs

Ref	Service	Risk	Net Impact	Net Likelihood	Conclusion	Current Controls and Planned Improvements
30	CYPS	Potential financial and other pressures threaten the viability of some educational providers	Major	Possible	The current controls are considered adequate.	<b>Current controls:</b> School Strategy. Education Review Board. Sustainability Fund (early years providers). New protocols in place to support federations and shared headships. Leadership advisers support to schools. Business Continuity Planning and monitoring. Consultation on amalgamation of schools where opportunities arise.
31	REG	Potential damage to the strength and competitiveness of the Co Durham economy due to changing economic factors following the UK's EU Exit.	Moderate	Probable	Treat	<b>Current controls:</b> Engagement and advice by Business Durham. Weekly Regional Business Intelligence reports to Government. The County Durham Pound project. Business Grant Schemes. Levelling Up process. <b>Planned Improvements:</b> Develop an Economic Strategy. DCC to explore opportunities presented by Devolution Deals. Lobby Government for continuation of funding. Analyse and understand the impact of Levelling Up White Paper.
32	RES	Risk that Council does not fully respond to the drivers of financial hardship, including those caused by the economic impacts of the coronavirus pandemic and wider determinants of poverty to help alleviate the impacts on County Durham residents.	Moderate	Possible	The current controls are considered adequate.	<b>Current controls:</b> Poverty Action Strategy and Plan. Child Poverty Action Plan. Poverty Action Steering Group and Child Poverty subgroup. Partnership working including the Advice in County Durham Partnership and Housing Welfare Reform Group. Covid-19 Community Hub. Various practical, financial and advisory support services. Communications programme. Staff training.
33	CYPS	Pupils may not adequately recover from the impacts of Covid19, leading to ongoing or increased inequality of educational outcomes, restricted employment prospects and an increase in the number of NEETS.	Moderate	Possible	The current controls are considered adequate.	<b>Current controls:</b> Children and Young People Strategic Plan 2019 – 2022. Education Durham Support and Development team. School governing bodies. Children and Young People Overview and Scrutiny Committee. Durham Schools Forum. DurhamWorks programme. Education Endowment Foundation. Teacher Development Trust. Various head teacher associations. Virtual-live training. School improvement plans. Education Durham Performance and Standards team.

## Appendix 5: Performance of Risk Management

### Performance Indicators - Tangible Measures

Objective: To demonstrate that risks are being effectively managed				
KPI	Measure of Assessment	Target & (Frequency of Measurement)	Last Period	This Period
All risks are reviewed on a continual cycle	Service Risk Review completed each quarter	100% (3 times pa)	100%	100%
Risk mitigation is being implemented as planned	Risk actions on high-scoring risks implemented within target date	Target N/A (3 times pa)	No outstanding actions	No outstanding actions
Risks are being effectively managed	Number of <b>current</b> risks where Net risk scores have reduced over the quarter	Target N/A (3 times pa)	None	None
Contributing to effective corporate governance	Meeting CIPFA governance principles and objectives on risk management	Confirmed in the annual review of the effectiveness of corporate governance (Annual)	None	None
Objective: To ensure that Officers and Members are appropriately skilled in risk management				
KPI	Measure of Assessment	Target & (Frequency of Measurement)	Last Period	This Period
Appropriate staff are adequately skilled in risk management	Number of officers attending risk management training course	Target N/A	No training provided in this period due to the COVID-19 response.	No training provided in this period due to the COVID-19 response.
Members are adequately skilled in risk management	New Members attending risk management training course within 6 months of being elected (for co-opted members, within 6 months of being appointed)	75%	No training provided in this period due to the COVID-19 response.	No training provided in this period due to the COVID-19 response.

**Audit Committee**

**29 November 2021**

**Annual Governance Statement  
for the year ended 31 March  
2021: Actions Update**



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**Report of Paul Darby, Corporate Director of Resources**

**Councillor Richard Bell, Deputy Leader and Cabinet member for  
Finance**

**Purpose of the Report**

- 1 This report provides the Audit Committee with an update on the progress being made in relation to the actions arising from the Council's Annual Governance Statement for the year ended 31 March 2021.

**Executive summary**

- 2 The Accounts and Audit (England) Regulations 2015 require the Council to prepare an Annual Governance Statement (AGS), which must accompany the Statement of Accounts.
- 3 The AGS demonstrates how the Council complies with the principles of good governance. The review of effectiveness of the Councils arrangements for 2020/21 concluded that eight actions, listed in appendix 2 to this report, should be included in the plan of improvements to strengthen governance arrangements during 2021/22.
- 4 Attached at appendix 2 is an update on the progress being made in relation to the actions arising from the Council's Annual Governance Statement for the year ended 31 March 2021.

**Recommendation**

- 5 Audit Committee is requested to note the progress that has been made against each of the improvement actions, as set out in appendix 2.

**Author(s)**

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## **Appendix 1: Implications**

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### **Legal Implications**

The governance review process ensures that the Council discharges its statutory duties under the Local Government Act 1999 and the Accounts and Audit Regulations 2015 as set out at paragraphs 2 and 4 of the report. The Code of Corporate Governance enables the Council to demonstrate how it complies with the Delivering Good Governance in Local Government Framework 2016.

### **Finance**

There are no financial implications associated with this report. However, financial planning and management is a key component of effective corporate governance.

### **Consultation**

Engaging local communities meets a core principle of the CIPFA/ SOLACE guidance.

### **Equality and Diversity / Public Sector Equality Duty**

Engaging local communities including hard to reach groups meets a core principle of the CIPFA/ SOLACE guidance.

### **Climate Change**

There are no direct climate change implications, but good governance helps to avoid or minimise adverse impacts.

### **Human Rights**

None

### **Crime and Disorder**

None

### **Staffing**

There are no impacts on staffing but ensuring the adequate capability of staff meets a core principle of the CIPFA/ SOLACE guidance.

### **Accommodation**

There are no accommodation implications, but asset management is a key component of effective corporate governance.

**Risk**

There are no reportable risks associated with the report, but the assessment of corporate risk is a key component of the Council's governance arrangements.

**Procurement**

None

## Appendix 2: Annual Governance Statement for the year April 2020 to March 2021 – Actions Update

Progress against each action is shown in the table below.

No.	Actions to be taken	Links to the Local Code of Corporate Governance (ref)	Lead Officer	Timescale	Update
1	Implement and embed the new Corporate Property and Land Service, as approved by CMT and members, adopting the corporate landlord model.	Developing the Council's capacity through effective use of assets and improving the use of resources (3.37 – 3.38).	Head of Corporate Property and Land	December 2021	<p><b>This action is on schedule.</b></p> <p>The new service is now embedded across the Council. The principles of the Corporate Landlord Model have been adopted across service groupings. Cabinet have recently agreed, subject to approval from Council, additional funding to support implementation of the final phases of the model over the next 12 months.</p>
2	Implement the actions identified in the Children's Social Care Services improvement plan agreed with Ofsted.	The Council welcomes peer challenge, reviews and inspections from regulatory bodies and seeks to ensure that recommendations are implemented (3.67).	Head of Children's Social Care	September 2021	<p><b>The delivery of key actions is on schedule.</b></p> <p>The Ofsted Action Plan is monitored monthly to track progress made and to address barriers identified.</p> <p>Actions completed include work by an external moderator relating to quality-of-care planning and quality of management oversight and supervision, resulting in further improvement actions; and work with MHCLG (now DLUHC) to focus improvement work on youth homelessness, resulting in positive feedback.</p> <p>Actions planned for 2021/22 include a peer review of the fostering service; a review of the children's commissioning service and interface with</p>



No.	Actions to be taken	Links to the Local Code of Corporate Governance (ref)	Lead Officer	Timescale	Update
					operational colleagues; and a peer review of quality assurance processes and the independent reviewing officer function within children's social care.
3	Review the approach to residential and nursing care, taking into account market reshaping required as a result of capacity in the market, the Covid-19 pandemic and changing preferences in terms of care, with the aim of ensuring a sustainable and high-quality care market (2023).	D3.1 Optimising achievement of intended outcomes (3.34)  Rationale: significant governance improvement to optimise the achievement of Council objectives (better integration of health and social care services).	Head of Integrated Commissioning	March 2022	<b>This action is on schedule.</b>  A consultant was commissioned in early 2021 and has been working on predictive modelling aspects of the Needs Led Accommodation Review with an initial focus on Older Persons (OP) Residential and Nursing Care. Some governance issues relating to DCC and NHS data delayed progress, but these have now been resolved. A workshop was held with stakeholders, including a provider representative, in September 2021 which refined the proposed approach and the OP aspect of the work on modelling future demand is due to be completed in early 2022. This will allow for the required market reshaping, based on robust data and which will also cover alternative models of care for older people, to be taken forward during the 2022-23 financial year.
4	Development and embedding of the County Durham Together model to promote joined up service delivery and enable easier access to preventative services available in local communities.	Sustainable economic, social and environmental benefits: ensure fair access to services (3.29)  Rationale: significant governance improvement to optimise the achievement of a	Deputy Director of Public Health	March 2023	<b>This action is on schedule.</b>  Work around developing County Durham Together continues to progress. Several workstreams have been established to take the work forward and a presentation will be going to Transformation Cabinet on 3 November 2021.

No.	Actions to be taken	Links to the Local Code of Corporate Governance (ref)	Lead Officer	Timescale	Update
		Council objective (better integration of health and social care services).			
5	Undertake a review of Home to School Transport policy and commissioning arrangements to better understand and address escalating budget pressures.	Developing the Council's capacity: improve the use of resources to ensure that they are allocated in a way that realises outcomes effectively and efficiently (3.38)	Head of Education and Skills	March 2022	<p><b>This action is on schedule.</b></p> <p>The Home to School Transport Review Board is in place with terms of reference to lead the programme. A review of Durham's Home to School Transport Policies and Provision has been completed. Findings from the work are being developed into recommendations for consideration within the Council later this year.</p>
6	Deliver the actions set out within the Looked After Children Placement Sufficiency Strategy to ensure best outcomes and cost-effective placement costs to address escalating budget pressures within Children's Social Care.	Developing the Council's capacity: improve the use of resources to ensure that they are allocated in a way that realises outcomes effectively and efficiently (3.38)	Head of Children's Social Care and Head of Integrated Commissioning	March 2022	<p><b>Delivery of the strategy is progressing, but some actions have been rescheduled.</b></p> <p>The Sufficiency Strategy sets out a range of actions over a three-year period (2020-2023).</p> <p>Fostering recruitment for 2021/22 is on track to mirror volumes seen in 2020/21 but is likely to fall short of the target of an additional 35 households. A revised marketing and recruitment campaign is in place. The regional framework for independent fostering agencies has been reviewed and will be ready to go live in April 2022. Measures to support foster carer retention include the foster carers' support group, 'Launch Pad', which is now accessible, and a strengthening care training programme is being rolled out.</p> <p>The regional adoption agency, Adopt Coast to Coast, involving Durham, Sunderland and Cumbria went live in April 2021, with successful</p>

No.	Actions to be taken	Links to the Local Code of Corporate Governance (ref)	Lead Officer	Timescale	Update
					<p>rebranding and a revised marketing and recruitment campaign.</p> <p>Children's homes capacity was increased in 2021 and additional capacity will be developed in 2021/22 but plans for a new Edge of Care Home and the re-provision of a home for three children have been put back to 2023. Our ability to establish new services has also been restricted by national staffing shortages across the care sector. A set of alternative options for delivery and the associated timescales is being developed.</p> <p>In relation to supported accommodation for care leavers, the marketing and recruitment strategy is due to be completed later in the year.</p>
7	Development of a post Covid Economic Development / Recovery Plan for the County, factoring in opportunities and issues presented through the Levelling Up, ensuring a robust and ambitious economic plan that is co-developed with the community, focused on inclusive growth and prosperity.	Planning interventions: arrangements for planning the interventions for the achievement of its intended outcomes (3.33)	Corporate Director of Regeneration, Economy and Growth	October 2022	<p><b>This action is on schedule.</b></p> <p>A report is due to go to Cabinet in December 2021, which will set out an Economic Statement for the County and will seek agreement to the process through which the new Economic Strategy will be developed. This will be a major piece of work engaging with a wide range of stakeholders in the County.</p>
8	Assess ongoing medium financial impacts of Covid in terms of additional	Strong public financial management: FM supports long-term outcomes/short-term	Corporate Director of Resources	March 2022	<p><b>This action is on schedule.</b></p> <p>The risk assessment of the MTFP is continual, which is especially important during this time of</p>

No.	Actions to be taken	Links to the Local Code of Corporate Governance (ref)	Lead Officer	Timescale	Update
	recurring costs and reduced income to inform future MTFP planning.	financial and operational performance. FM is integrated at all levels of planning and control (3.58)			<p>significant uncertainty. MTFP (12) update reports have been presented to Cabinet in July and October. These reports have highlighted the risk of ongoing temporary or permanent MTFP pressures linked to Covid. A detailed review is currently underway to inform the next report in December 2021 / January 2022.</p> <p>Plans are being developed to balance the 2022/23 budget with the MTFP (12) forecasts highlighting a risk of significant savings for 2023/24 and beyond.</p> <p>It is expected that the October 2021 Comprehensive Spending Review and the following three-year local government financial settlement will provide some certainty for local government funding across the medium term. The output will influence the February 2022 Council budget report and determine the size and scope of the financial challenges facing the council across the medium term.</p>

**Audit Committee**

**29 November 2021**

**Protecting the Public Purse – Update  
Activity Report as at 30 September 2021**



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**Report of Stephen Carter, Interim Chief Internal Auditor and  
Corporate Fraud Manager**

**Electoral division(s) affected:**

Countywide.

**Purpose of the Report**

- 1 This report presents an update the activity undertaken to Protect the Public Purse, to inform Members of the work that has been carried out in the first six months of the year.

**Executive Summary**

- 2 The report provides Members with the progress that has been made by the Corporate Fraud Team up to 30 September 2021. The report provides an update on:
  - (a) The work of the Corporate Fraud Team;
  - (b) Action taken to raise awareness of the risk of fraud and corruption to assist in embedding a strong counter fraud culture throughout the organisation;
  - (c) Reported cases of potential fraud reported during the period April to September 2021;
  - (d) Proactive Counter Fraud work undertaken;
  - (e) Progress on the Council's participation in the National Fraud Initiative (NFI);
  - (f) Fraud Reporting;
  - (g) Fraud Training;
  - (h) Covid-19 Frauds.

- 3 The appendices attached to this report are summarised below. Appendix 3 (marked with an asterisk) is not for publication (Exempt information under Part 3 of Schedule 12a to the Local Government Act 1972, paragraph 3).
- (a) Appendix 2 – Case load and values of fraud identified between April and September 2021;
  - (b) Appendix 3\* – Cases of potential internal corporate fraud reported and ongoing investigations;

### **Recommendations**

- 4 Members are asked to note the contents of the update activity under the Councils Protecting the Public Purse responsibilities, including:
- (a) The work carried out by the Corporate Fraud Team;
  - (b) The actions taken to improve awareness and the arrangements in place for managing the risk of fraud and corruption;
  - (c) Corporate Fraud Team numbers and values of fraud identified in 2021/22, as at 30 September 2021 (Appendix 2).

## **Background**

- 5 The risk of fraud and corruption is recognised as a strategic risk within the Council's Corporate Strategic Risk Register.
- 6 The latest Counter Fraud and Corruption Strategy was approved by Audit Committee in June 2018. It was reviewed during 2019/20 and 2020/21 but did not require any changes. The Strategy is currently being reviewed and updated and a report will be presented to the committee in June 2022 for consideration.
- 7 The Corporate Fraud Team is responsible for:
  - Developing, implementing, and promoting the Council's Counter Fraud and Corruption Strategy, raising awareness of the risk of fraud and corruption, and advising on controls that will effectively manage the risk;
  - Acknowledging our Fraud Response and being pro-active in the prevention and identification of potential fraud and irregularity, with the overall aim to protect the Council, our assets, our employees, and the Community we serve;
  - Investigating cases of suspected fraud and overseeing that any investigations are completed in accordance with the Council's Fraud Response Plan and other Counter Fraud Policies.
- 8 The Audit Committee is responsible for monitoring the arrangements the Council has put in place to mitigate the risk of fraud and corruption by seeking assurance on their effectiveness.

## **Corporate Fraud Team**

- 9 The Corporate Fraud Team continues to investigate both internal and external frauds, as well as assisting with the counter fraud activity.
- 10 The work of the Corporate Fraud Team includes:
  - Investigating potential council tax reduction fraud;
  - Investigating potential single person discount fraud and other council tax fraud;
  - Investigating potential business rates fraud;
  - Investigating potential employee fraud;
  - Investigating potential fraud in schools;

- Investigating potential fraud and abuse of blue badges;
- Investigating potential direct payments fraud;
- Investigating potential insurance fraud;
- Investigating potential grant fraud;
- Investigating potential procurement fraud;
- Investigating serious data breach cases where the Information Commissioners Office will be notified;
- Coordinating and investigating reports from the National Fraud Initiative (NFI);
- Creating stronger partnership working and a multi-agency approach to tackle organised crime and fraud and corruption by having a member of the Corporate Fraud Team working alongside Durham Constabulary;
- Working with Believe Housing, Gentoo Homes and Livin Housing to investigate potential tenancy fraud;
- Working with Bernicia Homes, Gentoo Homes, Karbon Homes, and Livin Housing to investigate potential right to buy and right to acquire fraud and verification checks;
- Membership of the National Anti-Fraud Network (NAFN), CIPFA Counter Fraud Centre and North East Fraud Forum (NEFF) attending round table events and forums to gain best practice;
- Working with colleagues in People and Talent Management to review and support disciplinary investigations;
- Working with colleagues in People and Talent Management and Corporate Complaints Unit to review employee complaints;
- Single point of contact (SPOC) for housing benefit fraud for information sharing with the Department for Works and Pensions;
- Investigating potential Covid-19 frauds and assisting with post assurance and pre-payment checks with Covid-19 grants.



## Counter Fraud Awareness

11 A summary of the counter fraud awareness initiatives progressed during April to September 2021 are as follows:

- A continued review of the Corporate Strategic Risk into Fraud & Corruption, with progress made to develop a Fraud Risk Register embedded within each Service grouping;
- Virtual attendance at Durham Constabulary's quarterly Serious and Organised Crime Disruption Panel;
- Virtual attendance at Durham Constabulary's Gold Command Group;
- Fraud awareness with emerging Covid-19 fraud risks being communicated during 2021/22. Further awareness is continuing, with the pandemic changing the fraud landscape. Fraud awareness is an ongoing action included within the Fraud Operational Plan to be delivered on an annual basis;
- Fraud awareness is incorporated into the induction process for new employees. Employees are directed to Counter Fraud pages and Policies on the intranet;
- As part of the annual review of the Recruitment and Selection Policy, a fraud declaration is included to act as a deterrent. It has been agreed for employee data to be reviewed and matched against Durham Constabulary's Organised Crime Group (OCG) data;
- Several warnings have been received from NAFN regarding a range of frauds and scams against Councils and schools. All warnings are communicated to the relevant service areas and publicity to warn our customers;
- Warnings of scams and fraud alerts are received as part of our membership of the CIPFA Counter Fraud Centre and NEFF. Again, all warnings are communicated to the relevant service areas and publicity to warn our customers;
- The Corporate Fraud Team has signed up to receive Credit Industry Fraud Avoidance System (CIFAS) weekly alerts, with these alerts also communicated to the relevant service areas and publicity to warn our customers;
- To help reduce the potential risk to schools within the County, details of the common frauds and scams, and how to avoid them,

have also been made available on the school extranet and in school newsletters;

- The Corporate Fraud System records all scams and alerts, so intelligence searches can be made at any time;
- A review of how scams and alerts are communicated continued during 2021/22, with an agreed joint approach with Community Protection Services rolled out;
- The Confidential Reporting Code (Whistleblowing) is available on the DCC website for contractors, suppliers, and former employees, as well as publicity for current employees being included on the intranet. There has been one report during 2021/22. Further awareness of the code is being reviewed, especially with the heightened threat of insider fraud due to Covid-19;
- The Corporate Fraud Sanction Policy is publicised on the DCC website acting both as a deterrent and allowing us to pursue fraudsters. This policy sets out what actions will be taken with fraud and the sanctions available to dispose of offenders. Since the creation of the Corporate Fraud Team, we have had 25 prosecutions and sanctioned 54 cases, with potential further cases currently under investigation;
- A continued review of Durham County Council's website relating to fraud and the reporting methods has been carried out, with new pages added to the landing page [www.durham.gov.uk/fraud](http://www.durham.gov.uk/fraud). This is part of the Fraud Campaign and Fraud Communications Strategy;
- The Counter Fraud and Corruption Strategy, the Fraud Response Plan, the Confidential Reporting Code, the Corporate Fraud Sanction Policy, and the Anti Money Laundering Policy are all available on both the DCC website and on the DCC intranet. All these documents are currently being reviewed;
- Training, which includes counter fraud guidance, is included in the Governor Training Booklet. We provide one course every school term, therefore three are provided annually. This is currently on hold;
- The Corporate Fraud System is maintained for all reported cases of fraud, which is then reported to Service areas and Audit Committee;

- Fraud reporting has continued during 2021/22 with 490 reports made. All the various fraud reporting channels have been utilised, showing the importance of maintaining these access channels and the need to keep reviewing new reporting methods;
  - The Fraud Communications Strategy and delivery programme has continued throughout 2021/22, with various forms of publicity and communications, especially with Covid-19 frauds and scams. Further details of this are included below;
  - A new electronic process for the Employee Code of Conduct (CCE) declarations was finalised and was rolled out from April 2021.
- 12 The Counter Fraud Operational Plan 2021/22 is monitored every month, so that progress can be effectively managed. This operational plan was agreed by Audit Committee in June 2021.
- 13 A programme for managers is included within the Corporate Training Programme and includes Fraud Awareness. Regular sessions are held which includes as many managers as possible to alert them to the risk of fraud as an organisation and in their respective service areas.
- 14 In May 2019 Durham County Council signed up to a joint counter fraud initiative with the Department of Works and Pensions (DWP) local fraud investigators. The joint counter fraud initiative involved DWP local fraud teams, working together with council fraud teams, carrying out joint criminal fraud investigations of Council Tax Reduction Scheme (CTRS) and Social Security benefit fraud.
- 15 Since May 2019 there have been a total of six cases jointly investigated, all of which have been closed as no fraud identified. A review of the joint working initiative with DWP Management is pending, to determine if it is worthwhile continuing. However due to the pandemic, DWP fraud teams are still seconded to other workloads and therefore this initiative and conversations have been put on hold. Progress of this initiative will continue to be reported to the Committee within the update activity report.
- 16 The fraud communication strategy and fraud campaign has progressed during 2021/22, introducing awareness of new fraud risks, a member's awareness and a new scam and fraud alerts website page and mailing list. The campaign will continue with the key messages to 'fight fraud together' and 'stamp out fraud' asking residents, stakeholders, Members, and employees to 'help stop fraud and report it'.
- 17 The Fraud Communication Strategy is a live document, with constant internal and external communications being developed and publicised,

with the plan to keep our awareness refreshed and ongoing, especially as ‘fraud doesn’t stop’.

- 18 The Council has piloted an Email Fraud Protection (EFP) product. The product detects fake invoices even from compromised email accounts, rates every invoice for authenticity or indicators of compromise, monitors compromised emails from vendors, suppliers and internal accounts and scans emails continuously including archived content and attachments.
- 19 EFP assists with vendor/supplier fraud, CEO fraud, from email spoofing and account take overs. Further to evaluating the pilot, a decision was made not to progress with the product. The evaluation gave assurance with our current controls and that the amount of resource that would be needed to invest in the product, was not value for money with the potential fraud risks that could be identified.

### **Reported Cases of Potential Fraud and Irregularity**

- 20 The Fraud Response Plan, which underpins the Counter Fraud and Corruption Strategy, requires that cases of attempted, suspected, or proven corporate fraud or irregularity reported to service managers must be reported to the Chief Internal Auditor and Corporate Fraud Manager when they are identified or raised.
- 21 A register is maintained by the Chief Internal Auditor and Corporate Fraud Manager of all suspected cases of fraud reported, whether the matter is investigated by Corporate Fraud, Internal Audit, or service management. The register maintained on the Council’s Corporate Fraud System identifies all different types of fraud, both internal and external.
- 22 The maintenance of these records is essential to monitor the impact of fraud on, and within, the Council, as a measure of the effectiveness of the Counter Fraud and Corruption Strategy.
- 23 Cases are also monitored to identify any potential trends and/or potential weaknesses in the control environment that may require further action or attention.
- 24 A summary of the potential cases of internal corporate fraud reported each of the last five years is as follows:

<b>Financial Year</b>	<b>Number of Cases</b>
2017/18	40
2018/19	30
2019/20	37
2020/21	23
2021/22 (April – Sept)	11

- 25 Referrals during the six months to 30 September 2021 have followed a similar pattern to those of the previous year, although with these unprecedented times with the pandemic, it is still not practical to compare to previous years. It is expected that the awareness of the Corporate Fraud Team acts as a suitable deterrent and our zero-tolerance approach is being embedded within the organisation. With ongoing fraud awareness planned, including the continuation of publicising the Confidential Reporting Code, this will continue to encourage cases to be reported.
- 26 Working from home has changed the landscape and potential increased risk for internal fraud. Our internal fraud risks and the Council's internal control measures have continued to be reviewed during 2021/22 to ensure that they remain fit for purpose and take account of the increase in home working.
- 27 A summary of ongoing cases from previous years, and cases reported between 1 April 2021 and 30 September 2021, together with the outcomes from any subsequent investigation, are shown as Appendix 3.
- 28 As with all fraud investigations carried out, where weaknesses in control are identified, recommendations are made to minimise the risk of repeat cases. Where applicable, and where patterns emerge, this helps inform the Internal Audit Plan and potential proactive fraud work in the future.
- 29 A summary of the potential cases of external corporate fraud reported and investigated since 2015/16 when the Corporate Fraud Team was established is as follows:

<b>Financial Year</b>	<b>Number of Referrals</b>	<b>Number of Cases Investigated</b>	<b>Actual Outcome Values</b>	<b>Notional Outcome Values</b>
2015/16	804	744	£1,726,802	Not Recorded
2016/17	803	364	£793,331	Not Recorded
2017/18	1,041	659	£796,691	Not Recorded
2018/19	978	481	£1,344,290	Not Recorded
2019/20	1,156	721	£3,569,089	£64,888
2020/21	1,133	691	£3,372,722	£78,449
2021/22 (April – Sept)	490	242	£895,283	£21,078
<b>Totals</b>	<b>6,405</b>	<b>3,902</b>	<b>£12,498,208</b>	<b>£164,415</b>

- 30 During the period April to September 2021 all the reported figures have decreased compared to previous years, with the pandemic, staff absence and commitments in terms of training and development all having an impact on the number of cases investigated and subsequent outcomes. It is expected, the reported figures will increase for the remaining of 2021/22.

- 31 The totals show our zero tolerance, with over 3,900 investigations and over £12.4million worth of fraud uncovered or intercepted. The continual development and journey of the Corporate Fraud Team, with the fraud campaign and strong partnership working continue to contribute to these successes.
- 32 These partnerships have also allowed the team to commercialise and bring in an income. During 2020/21 the team income was circa £79,000. Between April to September 2021 the team income was circa £55,000. A review of all the existing partnerships and any potential new ones is included within our Fraud Operational Plan.
- 33 During 2019/20 a notional value was measured and introduced within the team's performance indicators. These values calculate the preventative amount, that a fraud investigation has saved, that would have continued to be paid. The methodology and calculations that are used are from both a national report by the Cabinet Office and using our own methodology with costs for DCC.
- 34 A review of our fraud measurement and fraud risk values continues. The new methodology is being piloted during 2021/22, the findings will then be reported to the Committee within the annual report in June 2022.
- 35 A summary of the Corporate Fraud Team case load and values of fraud cases identified during April to September 2021, are shown at Appendix 2.

### **Proactive Counter Fraud Work**

- 36 Across the year, several proactive counter fraud initiatives have been completed, mostly virtual, including:
- The continuation of the North East Tenancy Fraud Forum (NETFF), with the Fraud Manager as joint chair;
  - The continuation of the North East Regional Investigation Officers Group (NERIOG), with the Fraud Manager as the chair;
  - Further development of the Corporate Fraud System data warehousing software, which allows localised data matching and intelligence led investigations. New datasets have been included during 2021/22, with the internal hub now having 15 extracts. Data analytics and proactive investigations are areas that the Corporate Fraud Team are keen to develop further;
  - The partnership work with Durham Constabulary allows for data matching to be done against specific council datasets against

police OCG data. The partnership has also allowed for direct access to Police intelligence systems to assist with Corporate Fraud investigations;

- The Police partnership continues to grow from strength to strength and other Local Authorities and forces have contacted us wanting to implement our approach. The FFCL has included our partnership within the new national Strategy as best practice;
- The continuation of the Blue Badge Enforcement Group (BBEG) with one of the Corporate Fraud Investigators as chair. This group is attended by Parking Services, Adult Health Services, and the Corporate Fraud Team to tackle fraud and misuse as a joined-up authority;
- The Corporate Fraud Sanction Policy has allowed us to dispose of three sanctions and one prosecution during April to September 2021;
- Progress has continued to develop the North East Regional fraud data hub, with Durham being the lead authority. This will assist with cross boundary intelligence and data matching, allowing us to tackle fraud on a regional level with Gateshead Council and Newcastle City Council;
- The Regional Hub is being developed under the Digital Economy Act and once this goes live, will be one of the first fraud pilots nationally for local authorities. Due to the pandemic the go live date has been put on hold and it is now expected to receive ministerial approval and go live during 2021/22;
- A three-year Strategic Partnership is continuing with both Believe Housing Group and Livin Housing, for the Corporate Fraud Team to deliver Tenancy Fraud work for both organisations;
- A two-year Strategic Partnership is continuing with Gentoo Homes, for the Corporate Fraud Team to deliver Tenancy Fraud work;
- A Strategic Partnership is continuing with Bernicia Homes, Gentoo Homes, Karbon Homes and Livin Housing for the Corporate Fraud Team to deliver right to buy and right to acquire verification checks and any potential money laundering fraud;
- In December 2019 the Corporate Fraud Team seconded a Financial Investigator (FI). This role has continued during 2021/22 and continues to be invaluable, assisting with criminal

investigations, as well as the recovery of monies and assets for DCC;

- This role has given the Corporate Fraud Team other lines of enquiry and powers that previously were not available and has demonstrated the need of a Financial Investigator within the fraud team on a permanent basis. Development of a resource from within the team has commenced during 2021/22.

### **National Fraud Initiative (2020 / 2021)**

- 37 The National Fraud Initiative (NFI) is the Cabinet Office's data matching exercise that runs every two years. Data from various Council systems will be submitted in October 2020 and matched across systems and against data submitted by other organisations to identify potential fraud and / or error.
- 38 The main results of the NFI 2020/21 were released between January and April 2021, and produced a total of 77 separate reports, containing 71,894 individual data matches for review by the Council. The Corporate Fraud Team is the key contact and coordinator for this exercise, with an action plan to make sure DCC reviews and investigates the results to identify fraud and error and recover any overpaid monies. Results are investigated by service areas, internal audit, and corporate fraud, depending on the report types.
- 39 As at 30 September 2021, 56 reports / 9,665 matches have been closed and outcomes reported as 105 errors identified and savings of £7,257. There are reports that have been investigated and closed in bulk, but these do not show as individual matches closed and are not included within the 9,665. The outcomes show that the controls and our own data analytics and partnership work, seem to be effective, with very few matches having positive outcomes, in that we are already aware and have actioned any error or that the match is incorrect.
- 40 The final reports are being reviewed and progress of this initiative will continue to be reported to the Committee within the annual report.
- 41 In line with NFI requirements, Council Tax and Electoral Roll data is also submitted annually to help identify potential Single Person Discount (SPD) fraud or error. Council Tax data is also matched to all other NFI data sets to identify further potential SPD fraud or error. This exercise will be submitted again in December 2021.
- 42 The National Fraud Initiative is also carried out by the Council on behalf of Durham Constabulary, County Durham & Darlington Fire & Rescue Authority and for the first time the North East Combined Authority.



## **Fraud Reporting**

- 43 The national CIPFA Counter Fraud and Corruption Tracker has not be collated during 2021/22 and therefore there is a gap in national fraud reporting. It is not known whether any future national report will be progressed.
- 44 As part of NERIOG, benchmarking is carried out to show a regional position, allowing Durham to benchmark against neighbouring authorities in the region. The most recent document shows Durham leading the fight against fraud in the North East Region.
- 45 Fraud transparency data has continued to be reported on the website as part of the Local Government Transparency Code 2015.
- 46 The Council is continuing to support the Fighting Fraud and Corruption Locally (FFCL) Board and has assisted with the development of the national FFCL Strategy and supporting documents. DCC was mentioned in the Strategy as a best practice fraud team and were thanked for our input.
- 47 As part of the FFCL strategy, the comprehensive checklist has been reviewed, and subsequent actions will be added to our Fraud Operational Plan for 2022/23. This will assist with our local response and continually professional development.
- 48 The Corporate Fraud Team has continued to benchmark with its Local Performance Indicators as part of the Performance Management Framework of the Service.

## **Fraud Training**

- 49 A Durham Managers programme is included within the Corporate Training Programme and includes Fraud Awareness. Regular sessions are held to include as many managers as possible to alert them to the risk of fraud for both our organisation and in their respective service areas. This action is currently on hold.
- 50 It has been agreed that all members of the Corporate Fraud Team will complete the new Accredited Counter Fraud Specialist qualification, showing the continued commitment within DCC to protect the public purse. Three members of the team are already qualified. Five members of the team are already Professional in Security accredited counter fraud specialists.
- 51 The Council was involved in the Local Authority Government Counter Fraud Profession Working Group, which reviewed and developed Local Authority fraud standards and a professional qualification. The Council is currently reviewing membership options.

- 52 The Fraud Manager is the North East Regional Representative for the 'Fighting Fraud and Corruption Locally' board and a member of the National Operational Group. This demonstrates Durham again leading the fight against fraud in the region and are also being recognised nationally.
- 53 The Fraud Manager has attended virtual conferences and seminars to assist with the team's continuing professional development.
- 54 A new Corporate Fraud Investigator apprentice was appointed in September 2021, to continue with our plan to 'grow our own' and build the team. They are studying the Counter Fraud Investigator apprenticeship and the accredited counter fraud qualification via CIPFA.
- 55 A Durham cohort has continued during 2021/22, with DCC championing the new Counter Fraud Investigator apprenticeship. This is one of the first of these apprenticeships nationally, again showing Durham leading the way. Three members of the Corporate Fraud Team are enrolled.
- 56 The Fraud Investigation Standard, as part of this apprenticeship, has been developed to provide a recognised and robust pathway for fraud investigators, that would allow for parity across sectors and comprehensive development of all knowledge, skills and behaviours associated with being an effective and competent investigation professional.
- 57 The Corporate Fraud Team's partnership with ITS Training (UK) Limited, a specialist fraud training provider is continuing. The Corporate Fraud Team benefits by receiving free places on training courses and saving costs in not having to travel to other venues outside Durham.

## **Covid-19 Frauds**

- 58 As reported in the annual report in June 2021, the Covid-19 pandemic has provided an opportunity for fraudsters to exploit people, businesses, and public and private organisations. Fraudsters are using sophisticated methods to callously exploit people's financial concerns, scamming them out of money. With the urgency to support people and the billions of pounds spent from government, fraudsters have and are taking advantage of weaknesses in controls.
- 59 Criminals have continued to use known fraud risks to attack local authorities via impersonation fraud, CEO fraud, mandate fraud, phishing emails, empty property fraud, false representation, and money laundering. Serious and Organised criminals are exploiting these unprecedented times, but we have also continued to see a rise in opportunist fraud.

- 60 The Corporate Fraud and Internal Audit Teams have played an important role in supporting the Council to verify we are paying out monies to genuine people and businesses who needed financial support during the Covid-19 restrictions. The teams have led on the post payment verification processes, have been involved in designing systems and processes on an advice and consultancy basis, as services were tasked with establishing new processes to process these schemes.
- 61 Fraud and Corruption has been added to our Covid-19 Risks and is being monitored on a regular basis. Intelligence alerts from NAFN, CIFAS and other national and regional forums are continually reviewed, with prompt action and awareness to internal service areas and the public.
- 62 Although most of the Grants Fund schemes have now closed, post assurance work and ongoing fraud investigations continues. There are currently 20 ongoing fraud investigations and the expectation that more fraud investigations will be raised following the completion of the post payment assurance work.
- 63 Since the pandemic the Corporate Fraud Team have investigated 113 Covid-19 Grant Fraud cases, preventing £902,000 and identified fraud of £265,000. The team continues to work in partnership with Durham Constabulary and had a successful custodial prosecution earlier this year, as well as working in partnership with NAFN and reporting numerous national organised frauds to the National Investigation Service.
- 64 The risks associated with the closure of Council buildings, offices, and an increase in working from home is being reviewed as part of the Covid-19 Fraud Risks and any actions implemented to reduce any identified threats. Progress will continue to be reported to the Committee.

### **Background papers**

- None.

### **Other useful documents**

- None.

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## **Appendix 1: Implications**

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### **Legal Implications**

Governance procedures in place, (particularly the Counter Fraud & Corruption Strategy, Contract Procedure Rules, Financial Procedure Rules, Codes of Conduct, and the Confidential Reporting Code), supported by a robust audit programme of counter fraud awareness measures and assurance reviews will assist the Council in complying with anti-corruption law, in particular the Bribery Act, and serves to reduce the risk of reputation damage and financial loss by litigation.

### **Finance**

Loss to the Council arising from fraudulent actions. The cost of the Corporate Fraud Team for 2021/22 is £277,848 and in 2020/21 have recovered or intercepted over £3.3million of potential fraud. Between April to September 2021 the team has recovered or intercepted over £895,000. Since the set-up of the Team in June 2015 the team have recovered or intercepted over £12.4million. Some of the work of the team is also not measured and therefore does not have a value that can be calculated.

### **Consultation**

There has been no need for consultation to be undertaken as a result of this report.

### **Equality and Diversity / Public Sector Equality Duty**

There are no equality and diversity / public sector equality duty implications as a result of this report.

### **Climate Change**

There are no climate change implications as a result of this report.

### **Human Rights**

There are no human rights implications as a result of this report.

### **Crime and Disorder**

Fraud is a criminal offence as defined by the Fraud Act 2006.

### **Staffing**

Potential for disciplinary action to be taken against known employees where fraud has been proven.

### **Accommodation**

There are no accommodation implications as a result of this report.

### **Risk**

The risk of fraud and corruption is recognised as a corporate strategic risk. An effective counter fraud strategy is a key control in helping to mitigate the risk.

### **Procurement**

There are no procurement implications as a result of this report.

**Corporate Fraud Team Results  
2021 - 2022**

**Appendix 2**

Fraud Type	Referrals Total	Referrals Accepted	Referrals Rejected	Investigations Closed	OUTCOMES				
					Frauds	Prosecutions	Sanctions	Value	Notional Value
					No.	No.	No.	(£)	(£)
Adult Care	0	0	0	0	0	0	0	0	0
Financial Assessment									
Blue Badge	9	3	6	0	0	0	0	0	0
Council Tax (other)	30	12	18	3	0	0	0	0	0
Council Tax Support	47	26	21	13	1	0	3	14,631	1,433
Covid-19	10	10	0	18	3	1	0	205,000	0
Data Breach	0	0	0	0	0	0	0	0	0
Direct Payments	2	2	0	0	0	0	0	0	0
Employee	12	12	0	16	9	0	0	0	0
Funding/Grant	1	1	0	2	0	0	0	10,500	0
Housing Benefit	3	2	1	0	0	0	0	0	0
Insurance	13	11	2	6	2	0	0	26,193	0
Irregularity	7	4	3	5	0	0	0	0	0
NNDR	10	2	8	0	0	0	0	0	0
Procurement	2	2	0	4	3	0	0	89,821	0
Right to Buy	91	91	0	83	23	0	0	410,762	0
Schools	0	0	0	0	0	0	0	0	0
Single Person Discount	57	45	12	41	27	0	0	14,986	19,645
Tenancy	70	65	5	51	10	0	0	123,390	0
External	126	0	126	0	0	0	0	0	0
<b>Totals</b>	<b>490</b>	<b>288</b>	<b>202</b>	<b>242</b>	<b>78</b>	<b>1</b>	<b>3</b>	<b>895,283</b>	<b>21,078</b>

Notes:

Employee/Irregularity cases don't always have values – we are only recording financial monetary values at present i.e. theft.

Employee/Irregularity cases also includes non-Corporate Fraud Team cases.

External referrals are cases that are not for the Corporate Fraud Team and referred onto the Police, DWP, HMRC etc.

Notional value is an estimated measure for the preventative amount saved.

**Audit Committee**

**29 November 2021**

**Internal Audit Progress Update Report  
Period Ended 30 September 2021**



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**Report of Stephen Carter, Interim Chief Internal Auditor and  
Corporate Fraud Manager**

**Electoral division(s) affected:**

Countywide.

**Purpose of the Report**

- 1 To provide Members of the Audit Committee with an update on the work that has been carried out by Internal Audit during the period 1 April to 30 September 2021, as part of the 2021/22 Internal Audit Plan.

**Executive Summary**

- 2 The report provides an update on the progress that has been made in achieving the Internal Audit Plan for 2021/22, based on activity during the period up to 30 September 2021 and aims to:
  - (a) Provide a high level of assurance, or otherwise, on internal controls operating across the Council that have been subject to an Internal Audit of systems and processes;
  - (b) Advise of any issues where controls need to be improved in order to effectively or better manage risks;
  - (c) Advise of other types of audit work carried out such as grant certification or advice and consultancy reviews where an assurance opinion on the control environment may not be applicable;
  - (d) Advise of any amendments to the Internal Audit Plan previously agreed;
  - (e) Track the progress of responses to Internal Audit reports and the implementation of agreed audit recommendations;
  - (f) Advise of any changes to the audit process; and

- (g) Provide an update on performance against the key performance indicators agreed as part of the Audit Plan.
- 3 The appendices attached to this report are summarised below. Those marked with an asterisk are not for publication (Exempt information under Part 3 of Schedule 12a to the Local Government Act 1972, paragraph 3):
- (a) Appendix 2 – Progress against the Internal Audit Plan;
  - (b) Appendix 3 – Final reports issued in the quarter ended 30 June 2021;
  - (c) Appendix 4 – The number of high and medium priority actions raised and implemented;
  - (d) Appendix 5 – Internal Audit performance indicators;
  - (e) Appendix 6\* – Overdue Actions;

## **Recommendations**

- 4 Members are asked to note:
- (a) The amendments made to the annual Internal Audit Plan 2021/22;
  - (b) The work undertaken by Internal Audit during the period ending 30 September 2021;
  - (c) The performance of the Internal Audit Service during the period; and
  - (d) The progress made by service managers in responding to the work of Internal Audit.



## Background

- 5 As an independent consultancy service, the Council's Internal Audit Team strives to continue to add value and improve the organisation's operations as well as providing objective assurance to service managers and the Council.
- 6 The Internal Audit Plan for 2021/22, covering the period 1 April 2021 to 31 March 2022, was approved by the Audit Committee on 30 June 2021.

## Progress against the Internal Audit Plan

- 7 A summary of the approved Internal Audit Plan for each Service Grouping, updated to include work in progress and any audits brought forward from last year's plan, is attached at Appendix 2. The appendix illustrates the status of each audit as at 30 September 2021 and, where applicable, also gives the resultant assurance opinion.
- 8 A summary of the status of audits is illustrated in the table below:

Service Grouping	Not Started	Planning and Preparation	In Progress	Draft Report	Final Report / Complete
Adult and Health Services (AHS)	13	0	3	0	2
Children and Young People's Services (CYPS) *Excluding Schools	16	0	4	1	6
Neighbourhoods and Climate Change (NCC)	11	0	3	0	6
Regeneration, Economy and Growth (REG)	22	1	5	0	13
Resources (RES)	36	1	26	3	13
Schools	1	9	2	0	1
<b>TOTAL</b>	<b>99</b>	<b>11</b>	<b>43</b>	<b>4</b>	<b>41</b>

- 9 A summary of the final internal audit reports issued in this quarter is presented in Appendix 3.
- 10 The total number of productive days available to Internal Audit during 2021/22 is 3,262. As at 30 September 2021, the service had delivered 1,393 productive days, representing 42.7% of the total plan. The target

at the end of the quarter was for 45% to be delivered, therefore performance is just below the target.

- 11 Whilst the overall performance of the service in relation to productive days delivered remains strong, a long-term staff absence (now resolved), as well as a new staff vacancy following a promotion within the wider Resources Service Grouping, together with a recent success in being awarded a new tender for work with New College Durham and the ongoing need for remote working has continued to provide challenges in delivering reviews originally planned.
- 12 When considered alongside the continued assurance work directly related to COVID payments, and in needing to direct resources in the first quarter to deliver outstanding external client reviews to support their annual opinions, this has had the effect of reducing the overall number of audits delivered. At 30 September approximately 23% of the audit plan has been delivered to date, though there are a number of audits that are ongoing across the year which when these are factored into account the audit plan delivery is 30%.
- 13 The position is being proactively managed. Recruitment is difficult at this time, but the service is seeking to fill the vacancy and bring in additional resources through fixed term temporary appointments at Senior Auditor level to provide additional capacity within the team.

## Internal Audit activity in the quarter

### Amendments to the Approved Internal Audit Plan

- 14 As a result of resource issues within the team, as set out in paragraph 11, it was necessary to reprioritise activities within the 2021/22 plan as an interim measure. The following 21 reviews were therefore removed from the approved Internal Audit Plan in the quarter, following agreement between Corporate Directors and the Chief Internal Auditor and Corporate Fraud Manager.

Service Grouping	Audit	Audit Type	Reason
Adult and Health Services	Commissioning of Residential Care	Assurance	Service request to defer to 2022/23.
Children and Young People's Services	Kickstart	Assurance	This review has been cancelled
Children and Young People's Services	Durham Supported Employment Service	Advice & Consultancy	This review has been cancelled
Children and Young People's Services	Local Adoption Governance	Assurance	This review has been cancelled

<b>Service Grouping</b>	<b>Audit</b>	<b>Audit Type</b>	<b>Reason</b>
Children and Young People's Services	Disability Commissioning Arrangements (Short Breaks)	Assurance	Service request to defer to 2022/23.
Children and Young People's Services	Review of CYPS Locality Office Petty Cash	Assurance	Agreed with service to defer to 2022/23.
Children and Young People's Services	Family Centres	Assurance	Agreed with service to defer to 2022/23.
Children and Young People's Services	One Point Hubs	Assurance	Agreed with service to defer to 2022/23.
Children and Young People's Services	The Woodlands	Assurance	Agreed with service to defer to 2022/23.
Children and Young People's Services	Home to School Transport	Advice & Consultancy	Agreed with service to defer to 2022/23.
Children and Young People's Services	Home to School Transport	Assurance	Agreed with service to defer to 2022/23.
Neighbourhoods and Climate Change	Fees and Charges	Assurance	Agreed with service to defer to 2022/23.
Neighbourhoods and Climate Change	Civil Penalties	Assurance	Agreed with service to defer to 2022/23.
Neighbourhoods and Climate Change	Anti-Social Behaviour	Advice & Consultancy	Agreed with service to defer to 2022/23.
Regeneration, Economy and Growth	Integrated Passenger Transport	Assurance	Service request to defer to 2022/23.
Resources	Housing Benefits & Council Tax Reduction: Accuracy Award Indicator	Advice & Consultancy	Agreed with service to defer review to 2022/23.
Resources	Housing Benefits & Council Tax Reduction: Supported Accommodation	Key System	Agreed with service to defer review to 2022/23.
Resources	Council Tax: Quality Assurance and Appeals	Key System	Agreed with service to defer review to 2022/23.
Resources	Deputy and Appointees - Personal Allowance Payments	Assurance	Agreed with service to defer review to 2022/23.
Resources	Electoral Services (Election Payments)	Assurance	Service request to cancel audit as events have now superseded this.
Resources	Finance Durham	Assurance	The review was re-aligned to Business Durham. The service then requested the audit be deferred to 2022/23.

- 15 Four unplanned reviews were added to the Internal Audit Plan in the quarter.

Service Grouping	Audit	Audit Type	Reason
Adult and Health Services	Workforce Development Fund	Assurance	To ensure that the terms of the Workforce Development Fund have been met.
Regeneration, Economy and Growth	Additional Dedicated Home to School and College Transport (2)	Grant	Service request for further certification of this area to be added.
Resources	COVID-19 Additional Restrictions Grant	Assurance	Following liaison with External Audit, the review was added to the plan.
Resources	COVID-19 Local Restrictions Support Grants	Assurance	Following liaison with External Audit, the review was added to the plan.

### Outstanding Management Responses to Draft Internal Audit Reports

- 16 There are no responses to draft internal audit reports overdue at the time of writing.

### Survey Response Rate

- 17 The table overpage sets out the response rate and average score, by Service Grouping, for the customer satisfaction surveys issued during the period up to 30 September 2021.

Service Grouping	Surveys issued	Surveys returned	% returned	Av. score
Adult and Health Services (AHS)	2	1	50	4.9
Children and Young People's Services (CYPS) *Excluding Schools	4	4	100	4.9
Neighbourhoods and Climate Change (NCC)	2	2	100	4.9
Regeneration, Economy and Growth (REG)	2	2	100	4.5
Resources (RES)	8	8	100	4.9
Schools	1	1	100	5.0
<b>TOTAL</b>	<b>19</b>	<b>18</b>	<b>95</b>	<b>4.9</b>

## Responses to Internal Audit Findings and Recommendations

- 18 Details of the numbers of High and Medium priority ranked recommendations that have been raised and those that are overdue, by Service Grouping, are presented in Appendix 4.
- 19 A summary of progress on the actions due, implemented and overdue, as at 30 September 2021, is given in the table below.

Service Grouping	No. of Actions Due	No. of Actions Implemented	No. Overdue by Original Target Date	No. with Revised Target Date	No. Overdue by Revised Target Date
Adult and Health Services (AHS)	8	5	3 (38%)	3	0
Children and Young People's Services (CYPS) [Excluding Schools]	105	102	3 (3%)	3	0
Neighbourhoods and Climate Change (NCC)	36	35	1 (3%)	1	0
Regeneration, Economy and Growth (REG)	56	50	6 (11%)	6	0
Resources (RES)	298	283	15 (5%)	15	0
<b>TOTAL</b>	<b>503</b>	<b>475*</b>	<b>28 (6%)</b>	<b>28</b>	<b>0</b>

\* Includes 10 high priority actions to be confirmed as implemented at follow up.

- 20 It is encouraging to note that, of the 503 actions due to be implemented, 475 (94%) have been implemented. The position at 30 June 2021 was that 93% of actions had been implemented, with 34 actions overdue by the original target date, so the current position is an improvement on the position at that time.
- 21 Details of the actions that are overdue, following their agreed original target dates, are included at Appendix 6.

## Limited Assurance Audit Opinions

- 22 There have been no 'limited assurance' opinion audits issued in the period.

## **Performance Indicators**

23 A summary of actual performance, as at the end of September 2021, compared with our agreed targets, is detailed in Appendix 5.

## **Background papers**

- Specific Internal Audit reports issued and working papers.

## **Other useful documents**

- Previous Committee reports.

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## **Appendix 1: Implications**

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### **Legal Implications**

The Accounts and Audit Regulation 2015 (Part 2, Section 5) states a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal audit standards or guidance.

Furthermore, Internal Audit assists the Corporate Director of Resources in fulfilling their duties under Section 151 of the Local Government Act 1972 which requires each Local Authority to make arrangements for the proper administration of their financial affairs.

### **Finance**

There are no direct financial implications associated with this report.

Internal Audit work has clear and direct effects, through recommendations made, to assist in improving value for money obtained, the probity and propriety of financial administration, and / or the management of operational risks.

### **Consultation**

All Corporate Directors and Heads of Service.

### **Equality and Diversity / Public Sector Equality Duty**

None.

### **Climate Change**

There are no direct implications on climate change as a result of this report, however the Internal Audit Service ensures that it considers climate change and sustainability in the recommendations that are made.

### **Human Rights**

None.

### **Crime and Disorder**

None.

### **Staffing**

None.

## **Accommodation**

None.

## **Risk**

The key risk is that actions agreed in audit reports to improve the control environment and assist the Council in achieving its objectives are not implemented. To mitigate this risk, a defined process exists within the Service to gain assurance that all actions agreed have been implemented on a timely basis. Such assurance is reflected in reports to the Audit Committee. Where progress has not been made, further action is agreed and overseen by the Audit Committee to ensure action is taken.

## **Procurement**

None.



INTERNAL AUDIT PLAN PROGRESS AS AT 30 SEPTEMBER 2021

SERVICE GROUPING	SERVICE	AUDIT ACTIVITY	AUDIT TYPE	STATUS	OPINION
<b>2020 / 2021 audits brought forward into plan</b>					
Adult and Health Services	Adult Care	Azeus Business Readiness Review	Advice & Consultancy	Final	N/A
Children and Young People's Services	Children's Social Care	Special Guardianship and Child Arrangement Orders	Assurance	Final	Limited
Children and Young People's Services	Children's Social Care	Contract Monitoring Arrangements - Independent Fostering Services	Assurance	Final	Moderate
Children and Young People's Services	Early Help, Inclusion and Vulnerable Children	Troubled Families Data Cleansing and Claim Return Administration Process	Advice & Consultancy	Final	N/A
Children and Young People's Services	Education and Skills	SFVS	Assurance	Complete	N/A
Children and Young People's Services	Education and Skills	School Attendance Enforcement (Deferred from 2019/20)	Assurance	Final	Substantial
Neighbourhoods and Climate Change	Environment	InnovateUK	Grant	Not yet started	
Neighbourhoods and Climate Change	Environment	Fuel Stocks and Stores (Follow Up)	Follow Up	Final	N/A
Neighbourhoods and Climate Change	Environment	Atlantic Geoparks	Grant	In Progress	
Neighbourhoods and Climate Change	Technical Services	Plant Returns	Assurance	Final	Substantial
Neighbourhoods and Climate Change	Partnerships and Community Engagement	COVID-19 Area Budgets	Assurance	In Progress	
Regeneration, Economy and Growth	Corporate Property and Land	Asset Valuation - Valuation calculations	Assurance	Final	Substantial
Regeneration, Economy and Growth	Corporate Property and Land	Assets of Community Value	Assurance	Final	Substantial
Regeneration, Economy and Growth	Development & Housing	Section 106 Agreement	Assurance	In Progress	
Regeneration, Economy and Growth	Transport and Contract Services	Durham Urban Traffic Management and Control (UTMC)	Grant	Final	N/A
Regeneration, Economy and Growth	Transport and Contract Services	Horden Rail Station Link	Grant	Final	N/A
Regeneration, Economy and Growth	Culture, Sport and Tourism	Stanley Bowls Club	Audit of Accounts	Final	N/A
Resources	Legal & Democratic Services	Fee Recovery	Advice & Consultancy	Final	N/A
Resources	Corporate Finance and Commercial Services	Potentially Violent Persons Register	Assurance	In Progress	
Resources	Corporate Finance and Commercial Services	Capital Accounting	Assurance	Final	Substantial
Resources	Corporate Finance and Commercial Services	Finance Durham	Assurance	Cancelled	
Resources	Corporate Finance and Commercial Services	Review of SLA Charging Arrangements	Advice & Consultancy	Draft	
Resources	Corporate Finance and Commercial Services	Section 256 agreements	Grant	Final	N/A
Resources	Corporate Finance and Commercial Services	Section 75 Agreements - Better Care Fund	Grant	Final	N/A
Resources	Procurement, Sales and Business Services	COVID-19 Procurement Analysis	Assurance	Not yet started	
Resources	Transactional Services	Council Tax - Overarching Report	Key System	Final	Substantial
Resources	Transactional Services	COVID-19 Council Tax Reduction Hardship Scheme	Key System	Final	Substantial
Resources	Transactional Services	Business Rates - Overarching Report	Key System	In Progress	
Resources	Transactional Services	Business Rates - Liability	Key System	In Progress	
Resources	Transactional Services	COVID-19 Small Business Rates Relief	Key System	In Progress	
Resources	Transactional Services	COVID-19 Business Rates 5% Discretionary Scheme	Advice & Consultancy	Draft	
Resources	Transactional Services	COVID-19 Retail, Hospitality and Leisure Grant Fund	Key System	In Progress	
Resources	Transactional Services	Housing Benefits & Council Tax Reduction - Overarching Report	Key System	In Progress	
Resources	Transactional Services	Housing and Council Tax Benefits: Assessment - New Claims & Change in Circumstances	Key System	In Progress	
Resources	Transactional Services	Welfare Rights	Follow Up	Final	N/A
Resources	Transactional Services	Creditors - Overarching Report	Key System	In Progress	
Resources	Transactional Services	Creditors - Processing of Payments through Controcc	Key System	In Progress	
Resources	Transactional Services	School Holidays Meal Voucher Scheme	Advice & Consultancy	Complete	N/A
Resources	Transactional Services	COVID-19 Test and Trace Support Payment Scheme	Assurance	In Progress	
Resources	Transactional Services	Covid Winter Fund - Verification Process (February 2021 bf	Assurance	Not yet started	
Resources	Transactional Services	Covid Winter Fund - Verification Process (April 2021 Return)	Assurance	Not yet started	
Resources	Transactional Services	Procurement Cards - Projects	Assurance	Final	Limited
Resources	Transactional Services	Debtors - Overarching Report	Key System	In Progress	
Resources	Transactional Services	Cash Management	Key System	In Progress	
Resources	Digital and Customer Services	Vulnerability Management	Assurance	In Progress	
Resources	Digital and Customer Services	Backup Procedures	Assurance	Draft	
Resources	Digital and Customer Services	ICT Purchasing	Assurance	Not yet started	
Resources	Digital and Customer Services	Business Continuity for ICT	Advice and	Not yet started	
<b>2021/22 plan</b>					
Adult and Health Services	Adult Care	Hawthorn House	Assurance	Not yet started	
Adult and Health Services	Adult Care	Direct Payments	Assurance	Not yet started	
Adult and Health Services	Adult Care	Continuing Health Care and Free Nursing Care	Assurance	Not yet started	
Adult and Health Services	Adult Care	Section 117 Process	Assurance	Not yet started	
Adult and Health Services	Adult Care	Social Care Direct	Advice & Consultancy	Cancelled	N/A
Adult and Health Services	Commissioning	Commissioning of Learning Disability Services	Assurance	Not yet started	
Adult and Health Services	Commissioning	Commissioning of Domiciliary Care	Assurance	Not yet started	
Adult and Health Services	Commissioning	Commissioning of Mental Health Services	Assurance	Not yet started	
Adult and Health Services	Commissioning	Commissioning of Residential Care	Assurance	Defer to 2022/23	N/A
Adult and Health Services	Commissioning	Personalisation - Virtual Budgets	Assurance	Not yet started	
Adult and Health Services	Public Health	COVID-19 Test and Trace Service Support Grant	Grant Claim	Not Yet Started	
Adult and Health Services	Public Health	Suicide Early Alert	Assurance	Not Yet Started	
Adult and Health Services	Adult Care	AzeusCare Implementation - Project Board	Advice & Consultancy	In Progress	
Adult and Health Services	Adult Care	AzeusCare Implementation - Task Groups	Advice & Consultancy	Not Yet Started	
Adult and Health Services	Commissioning	Alliance Contracting Steering Group	Advice & Consultancy	In Progress	
Adult and Health Services	Commissioning	Integration of the Health and Care Plan County Durham	Advice & Consultancy	Not Yet Started	
Adult and Health Services	Public Health	Pharmoutcomes - Data Matching	Advice & Consultancy	In Progress	
Adult and Health Services	Public Health	Public Health Claims processed via Pharmoutcomes	Assurance	Not Yet Started	
Adult and Health Services	Public Health	Stop Service Service Contract	Assurance	Defer to 2022/23	N/A
Adult and Health Services	Commissioning	Workforce Development Innovation Fund 20/21	Assurance	Final	Substantial
Children and Young People's Services	Children's Social Care	Placement Resource Panel Arrangements	Assurance	Not Yet Started	
Children and Young People's Services	Children's Social Care	Adoption Payments	Assurance	Not Yet Started	
Children and Young People's Services	Children's Social Care	New Lea Children's Home	Assurance	Not Yet Started	
Children and Young People's Services	Children's Social Care	Moorside Children's Home	Assurance	Not Yet Started	
Children and Young People's Services	Children's Social Care	Hicksted Children's Home	Assurance	Not Yet Started	
Children and Young People's Services	Children's Social Care	Coxhoe Children's Home	Assurance	Not Yet Started	
Children and Young People's Services	Children's Social Care	Local Adoption Governance	Assurance	Cancelled	
Children and Young People's Services	Commissioning	Disability Commissioning Arrangements (Short Breaks)	Assurance	Defer to 2022/23	
Children and Young People's Services	Early Help, Inclusion and Vulnerable Children	Review of CYPs Locality Office Petty Cash Arrangements	Assurance	Defer to 2022/23	
Children and Young People's Services	Early Help, Inclusion and Vulnerable Children	Family Centres	Assurance	Defer to 2022/23	
Children and Young People's Services	Early Help, Inclusion and Vulnerable Children	One Point Hubs	Assurance	Defer to 2022/23	
Children and Young People's Services	Early Help, Inclusion and Vulnerable Children	Adult Learning and Skills Service	Assurance	Not Yet Started	
Children and Young People's Services	Education and Skills	Durham Supported Employment Service	Assurance	Cancelled	
Children and Young People's Services	Education and Skills	Pupil Referral Unit	Assurance	Defer to 2022/23	
Children and Young People's Services	Education and Skills	Academy Transfer Arrangements	Assurance	Not Yet Started	
Children and Young People's Services	Education and Skills	Synergy - Audit of access to data arrangements	Assurance	Not Yet Started	
Children and Young People's Services	Children's Social Care	Supporting Families Programme: Claim 01 - June 2021	Grant Certification	Complete	N/A
Children and Young People's Services	Children's Social Care	Supporting Families Programme: Claim 02 - September 2021	Grant Certification	Not yet Started	
Children and Young People's Services	Children's Social Care	Supporting Families Programme: Claim 03 - December 2021	Grant Certification	Not yet Started	
Children and Young People's Services	Children's Social Care	Supporting Families Programme: Claim 04 - March 2022	Grant Certification	Not yet Started	
Children and Young People's Services	Children's Social Care	Liquidlogic - Board Meetings	Advice & Consultancy	In Progress	
Children and Young People's Services	Children's Social Care	Liquidlogic Developments	Advice & Consultancy	Not Yet Started	
Children and Young People's Services	Commissioning	Home to School Transport Review	Advice & Consultancy	Defer to 2022/23	
Children and Young People's Services	Commissioning	Home to School Transport Review	Assurance	Defer to 2022/23	
Children and Young People's Services	Early Help, Inclusion and Vulnerable Children	High Needs Budget	Follow Up	Draft	
Children and Young People's Services	Education and Skills	Kickstart	Assurance	Cancelled	
Children and Young People's Services	Education and Skills	Governor Training	Advice & Consultancy	Not Yet Started	
Children and Young People's Services	Education and Skills	Developing Financial Management Standards in Durham Schools	Advice & Consultancy	In Progress	
Children and Young People's Services	Education and Skills	Caldicott Compliance	Assurance	Not Yet Started	
Children and Young People's Services	Operational Support	Caldicott Group	Advice & Consultancy	In Progress	N/A
Children and Young People's Services	Education and Skills	SFVS	Assurance	In Progress	
Children and Young People's Services	Education - Schools	School Programme (governance and financial management)	Assurance	1 Limited Assurance	
Children and Young People's Services	Education - Schools	Follow Up of previous Limited Assurance Opinion Reports			
Children and Young People's Services	Education - Schools	Audit of School Voluntary Funds	Fund Certification	23 Complete	
Children and Young People's Services	Children's Social Care	Special Guardianship and Child Arrangement Orders	Follow Up Review	Not Yet Started	
Neighbourhoods and Climate Change	Community Protection Services	Online Licence Applications	Assurance	Not yet started	
Neighbourhoods and Climate Change	Community Protection Services	Fees and Charges	Assurance	Defer to 2022/23	
Neighbourhoods and Climate Change	Community Protection Services	Civil Penalties	Assurance	Defer to 2022/23	

## INTERNAL AUDIT PLAN PROGRESS AS AT 30 SEPTEMBER 2021

SERVICE GROUPING	SERVICE	AUDIT ACTIVITY	AUDIT TYPE	STATUS	OPINION
Neighbourhoods and Climate Change	Community Protection Services	Intelligence Handling	Assurance	Not yet started	
Neighbourhoods and Climate Change	Community Protection Services	Anti Social Behaviour	Advice & Consultancy	Defer to 2022/23	
Neighbourhoods and Climate Change	Environment	Utility Bills - Contract Management	Assurance	Not yet started	
Neighbourhoods and Climate Change	Environment	Trade Waste	Assurance	Not yet started	
Neighbourhoods and Climate Change	Technical Services	Charging Arrangements	Advice & Consultancy	Not yet started	
Neighbourhoods and Climate Change	Environment	Rebus	Grant	Not yet started	
Neighbourhoods and Climate Change	Environment	Carbon Connects	Grant	Final	N/A
Neighbourhoods and Climate Change	Environment	SME Power (Claim 3)	Grant	Final	N/A
Neighbourhoods and Climate Change	Environment	InnovateUK	Grant	Not yet started	
Neighbourhoods and Climate Change	Environment	Durham Crematorium	Assurance	Not yet started	
Neighbourhoods and Climate Change	Environment	Mountsett Crematorium	Assurance	Not yet started	
Neighbourhoods and Climate Change	Technical Services	Local Transport Capital Block Funding for NECA	Grant	In Progress	
Neighbourhoods and Climate Change	Partnerships and Community Engagement	Community Grants	Assurance	Not yet started	
Neighbourhoods and Climate Change	Environment	Identification and Disposal of Scrap Waste Metals	Advice & Consultancy	Complete	N/A
Neighbourhoods and Climate Change	Partnerships and Community Engagement	COVID-19 LA Compliance and Enforcement Grant	Grant	Final	N/A
Regeneration, Economy and Growth	Corporate Property and Land	New Headquarters	Assurance	Not yet started	
Regeneration, Economy and Growth	Corporate Property and Land	Milburngate Development Governance	Assurance	Not yet started	
Regeneration, Economy and Growth	Development and Housing	Financial Assistance Policy	Assurance	Not yet started	
Regeneration, Economy and Growth	Development and Housing	Housing Solutions	Assurance	Not yet started	
Regeneration, Economy and Growth	Development and Housing	Local Lettings Agency Governance	Assurance	Terms of Reference	
Regeneration, Economy and Growth	Business Durham	Local Growth Fund - Grow On Space (Explorer)	Grant	Final	N/A
Regeneration, Economy and Growth	Business Durham	County Durham Growth Fund	Assurance	Not yet started	
Regeneration, Economy and Growth	Transport and Contract Services	On Street and Off Street Parking	Assurance	Not yet started	
Regeneration, Economy and Growth	Culture, Sport and Tourism	Leisure Centre Timesheets	Follow Up	Not yet started	
Regeneration, Economy and Growth	Culture, Sport and Tourism	Leisure Centre Procedures for holidays and toil	Assurance	Not yet started	
Regeneration, Economy and Growth	Culture, Sport and Tourism	Events Management	Assurance	Not yet started	
Regeneration, Economy and Growth	Culture, Sport and Tourism	Learn to Swim	Advice & Consultancy	Not yet started	
Regeneration, Economy and Growth	Culture, Sport and Tourism	One Life Contract	Assurance	Not yet started	
Regeneration, Economy and Growth	Culture, Sport and Tourism	Gala Hospitality and Catering	Assurance	Not yet started	
Regeneration, Economy and Growth	Culture, Sport and Tourism	Theatre Asset / Inventory Review	Advice & Consultancy	Not yet started	
Regeneration, Economy and Growth	Culture, Sport and Tourism	Theatre Asset / Inventory Review	Assurance	Not yet started	
Regeneration, Economy and Growth	Corporate Property and Land	Asset Valuation	Assurance	Not yet started	
Regeneration, Economy and Growth	Development and Housing	Bishop Auckland Heritage Action Zone	Grant	Final	N/A
Regeneration, Economy and Growth	Development and Housing	Selective Licensing Steering Group	Advice & Consultancy	In Progress	
Regeneration, Economy and Growth	Development and Housing	Choice Based Letting Scheme	Advice & Consultancy	Not yet started	
Regeneration, Economy and Growth	Development and Housing	Disabled Facilities Grant	Grant	Final	N/A
Regeneration, Economy and Growth	Business Durham	Stephanie	Grant	Not yet started	
Regeneration, Economy and Growth	Business Durham	Business Recovery Grants	Assurance	In Progress	
Regeneration, Economy and Growth	Transport and Contract Services	Local Transport Capital Block Funding	Grant	In Progress	
Regeneration, Economy and Growth	Transport and Contract Services	Bus Subsidy Ring Fenced Grant	Grant	Final	N/A
Regeneration, Economy and Growth	Transport and Contract Services	Additional Dedicated Home to School and College Transport	Grant	Final	N/A
Regeneration, Economy and Growth	Transport and Contract Services	Travel Demand Management	Grant	Final	N/A
Regeneration, Economy and Growth	Transport and Contract Services	Integrated Passenger Transport - Contracts	Assurance	Defer to 2022/23	
Regeneration, Economy and Growth	Culture, Sport and Tourism	Rolling Programme of Leisure Centres - Peterlee	Assurance	Not yet started	
Regeneration, Economy and Growth	Culture, Sport and Tourism	Rolling Programme of Leisure Centres - Seaham	Assurance	Not yet started	
Regeneration, Economy and Growth	Culture, Sport and Tourism	CLUK Income Share Agreement	Assurance	In Progress	
Regeneration, Economy and Growth	Culture, Sport and Tourism	Stanley Bowls	Audit of Accounts	Not yet started	
Regeneration, Economy and Growth	Culture, Sport and Tourism	Bearmish Museum - Grant Review	Assurance	Not yet started	
Regeneration, Economy and Growth	Culture, Sport and Tourism	Bowes Museum - Grant Review	Assurance	Not yet started	
Regeneration, Economy and Growth	Business Durham	NETPark Incubator Support for SMEs	Grant	Final	N/A
Regeneration, Economy and Growth	Transport and Contract Services	Additional Dedicated Home to School and College Transport (2)	Grant	Final	N/A
Resources	Legal & Democratic Services	Coroner	Assurance	Not yet started	
Resources	Legal & Democratic Services	Electoral Services (Election Payments)	Assurance	Cancelled	
Resources	Legal & Democratic Services	Data Protection	Assurance	Not yet started	
Resources	Corporate Finance and Commercial Services	CIPFA Financial Management Code	Advice & Consultancy	Final	N/A
Resources	Corporate Finance and Commercial Services	MTFP Arrangements	Assurance	Cancelled	
Resources	Corporate Finance and Commercial Services	Review of Commercial Services	Assurance	Not yet started	
Resources	Procurement, Sales and Business Services	Contract Management	Assurance	Not yet started	
Resources	Procurement, Sales and Business Services	Off Contract Spend	Assurance	Not yet started	
Resources	Transactional Services	Domiciliary Care Working Party	Advice & Consultancy	In Progress	
Resources	Transactional Services	Payroll - Preparation - Corrections	Key System	Not yet started	
Resources	Transactional Services	Recruitment and Selection: ID Verification	Assurance	Not yet started	
Resources	Transactional Services	Council Tax - Quality Assurance and Appeals	Key System	Defer to 2022/23	
Resources	Transactional Services	Cash Management - Crook CAP	Key System	Not yet started	
Resources	Transactional Services	Deputies and Appointees - Personal Allowance Payments	Assurance	Defer to 2022/23	
Resources	Digital and Customer Services	Change Management	Assurance	Not yet started	
Resources	Digital and Customer Services	Unix - Linux Security	Assurance	Not yet started	
Resources	Digital and Customer Services	Mobile Device Security	Assurance	Not yet started	
Resources	Transformation, Planning and Performance	Data Quality	Assurance	Not yet started	
Resources	Transformation, Planning and Performance	Transformation	Advice & Consultancy	In Progress	
Resources	Legal and Democratic Services	Election Postal Votes	Advice & Consultancy	Final	N/A
Resources	Legal and Democratic Services	RIPA Officers Group	Advice & Consultancy	In Progress	
Resources	Legal & Democratic Services	Company Governance Group	Advice & Consultancy	In Progress	
Resources	Legal & Democratic Services	Information Governance Group	Advice & Consultancy	In Progress	
Resources	Corporate Finance and Commercial Services	Developing School Financial Arrangements	Advice & Consultancy	In Progress	
Resources	Corporate Finance and Commercial Services	Banking Arrangements	Assurance	Not yet started	
Resources	Corporate Finance and Commercial Services	Chapter Homes - SLA Arrangements	Advice & Consultancy	Final	N/A
Resources	Corporate Finance and Commercial Services	SLA Board	Advice & Consultancy	In Progress	
Resources	Corporate Finance and Commercial Services	Section 256 Agreements	Grant	Not yet started	
Resources	Corporate Finance and Commercial Services	Financial Assessments	Assurance	Not yet started	
Resources	Corporate Finance and Commercial Services	Better Care Fund	Grant	Not yet started	
Resources	Procurement, Sales and Business Services	Contract Procedure Rules	Assurance	Not yet started	
Resources	Transactional Services	Creditors	Key System	Not yet started	
Resources	Transactional Services	Procurement Cards (Projects)	Follow Up	Not yet started	
Resources	Transactional Services	Petty Cash and Payment Card Workstream	Advice & Consultancy	In Progress	
Resources	Transactional Services	Fuel Cards	Follow Up	Not yet started	
Resources	Transactional Services	Payroll	Key System	Not yet started	
Resources	Transactional Services	ResourceLink Programme Board	Advice & Consultancy	In Progress	
Resources	Transactional Services	Business Rates - System Access	Key System	Not yet started	
Resources	Transactional Services	Housing Benefits and Council Tax Reduction - Overarching Report	Key System	Not yet started	
Resources	Transactional Services	Housing Benefits and Council Tax Reduction - Accuracy Award Indicator	Advice & Consultancy	Defer to 2022/23	
Resources	Transactional Services	Housing Benefits and Council Tax Reduction - System Access	Key System	Not yet started	
Resources	Transactional Services	Housing Benefits and Council Tax Reduction - Supported Accommodation	Key System	Defer to 2022/23	
Resources	Transactional Services	Enforcement Programme Board	Advice & Consultancy	In Progress	
Resources	Transactional Services	Enforcement Programme Workstreams	Advice & Consultancy	Not yet started	
Resources	Transactional Services	Council Tax - Overarching Report	Key System	Not yet started	
Resources	Transactional Services	Council Tax - Liability (including Billing and Refunds)	Key System	Not yet started	
Resources	Transactional Services	Council Tax - System Access	Key System	Not yet started	
Resources	Transactional Services	Cash Management	Key System	Not yet started	
Resources	Transactional Services	Debtors	Key System	Not yet started	
Resources	Digital and Customer Services	SharePoint	Assurance	Not yet started	
Resources	Digital and Customer Services	Digital Durham	Grant	In Progress	
Resources	Transformation, Planning and Performance	Equality, Diversity and Community Cohesion	Assurance	Terms of Reference	
Resources	Transformation, Planning and Performance	Police and Crime Panel	Grant	Final	N/A
Resources	Transactional Services	COVID-19 Additional Restrictions Grant (ARG)	Assurance	In Progress	
Resources	Transactional Services	COVID-19 Local Restrictions Support Grants	Assurance	In Progress	

**FINAL REPORTS ISSUED IN PERIOD ENDING 30 SEPTEMBER 2021**

<b>AUDIT AREA</b>	<b>BRIEF DESCRIPTION OF SCOPE OF THE AUDIT</b>	<b>FINAL OPINION</b>
<b>ADULT AND HEALTH SERVICES (AHS)</b>		
Workforce Development Fund	Assurance review of the arrangements in place to mitigate against the risk of non compliance with the terms and conditions of the fund.	Substantial
Azeus Business Readiness Review	Advice and consultancy review carried out prior to the project go-live date.	N/A
<b>CHILDREN AND YOUNG PEOPLE'S SERVICES (CYPS)</b>		
School Attendance Enforcement	Assurance review of the arrangements in place to mitigate against the risks of; <ul style="list-style-type: none"> <li>- Damage to Children's educational outcomes that could have a long-term effect on the pupil's chances in life;</li> <li>- Pupils do not maximise their education opportunities and could have a long-term effect on their chances in life;</li> <li>- Enforcement action is not taken in accordance with legislative requirements or inconsistent / disproportionate action is taken.</li> </ul>	Substantial
<b>NEIGHBOURHOODS AND CLIMATE CHANGE (NCC)</b>		
SME Power (Claim 3)	Grant certification	N/A
COVID-19 LA Compliance and Enforcement Grant	Grant certification	N/A
Carbon Connects	Grant certification	N/A
<b>REGENERATION, ECONOMY AND GROWTH (REG)</b>		
Asset Valuation - Valuation calculations	Assurance review of the arrangements in place to mitigate against the risk of material misstatement of the value of assets in the statement of accounts.	Substantial
NETPark Incubator Support for SMEs	Grant certification	N/A
Horden Rail Station Link	Grant certification	N/A

<b>REGENERATION, ECONOMY AND GROWTH (REG) Contd.</b>		
Bus Subsidy Ring Fenced Grant	Grant certification	N/A
Additional Dedicated Home to School and College Transport (2)	Grant certification	N/A
Local Growth Fund – Grow On Space (Explorer)	Grant certification	N/A
Disabled Facilities Grant	Grant certification	N/A

<b>RESOURCES (Res)</b>		
Council Tax - Overarching Report	Overarching assurance review combining the outcomes from individual Council Tax reviews carried out through the year.	Substantial
COVID-19 Council Tax Reduction Hardship Scheme	Assurance review of the arrangements in place to mitigate against the risks of; <ul style="list-style-type: none"> <li>- Payment reduction not being made in line with the agreed policy and government guidance/legislation;</li> <li>- Performance not being effectively managed.</li> </ul>	Substantial
Capital Accounting	Assurance review of the arrangements in place to mitigate against the risks of; <ul style="list-style-type: none"> <li>- The capital budget does not support objectives, is unrealistic and/or is not accurately recorded;</li> <li>- Capital budgets are not effectively managed.</li> </ul>	Substantial
Chapter Homes - SLA Arrangements	Advice and consultancy review of the SLAs in place between Durham County Council (DCC) and Chapter Homes Durham Limited in order to ascertain if the current rates being charged for DCC services are correct.	N/A
Fee Recovery	Advice and consultancy review of the process for identifying, recovering and allocating legal fees.	N/A

	Actions Due	Actions Implemented	Overdue Actions by original target date	Number of Actions where the original target has been revised	Overdue Actions following a revised target date
<b>ADULT AND HEALTH SERVICES (AHS)</b>					
<b>2019/20</b>					
High	0	0	0	0	0
Medium	4	4	0	0	0
<b>Total</b>	<b>4</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2020/21</b>					
High	0	0	0	0	0
Medium	4	1	3	3	0
<b>Total</b>	<b>4</b>	<b>1</b>	<b>3</b>	<b>3</b>	<b>0</b>
<b>2021/22</b>					
High	0	0	0	0	0
Medium	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Overall Total</b>	<b>8</b>	<b>5</b>	<b>3</b>	<b>3</b>	<b>0</b>
<b>CHILDREN AND YOUNG PEOPLE'S SERVICES (CYPS)</b>					
<b>2019/20</b>					
High	0	0	0	0	0
Medium	61	58	3	3	0
<b>Total</b>	<b>61</b>	<b>58</b>	<b>3</b>	<b>3</b>	<b>0</b>
<b>2020/21</b>					
High	0	0	0	0	0
Medium	14	14	0	0	0
<b>Total</b>	<b>14</b>	<b>14</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2021/22</b>					
High	0	0	0	0	0
Medium	30	30	0	0	0
<b>Total</b>	<b>30</b>	<b>30</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Overall Total</b>	<b>105</b>	<b>102</b>	<b>3</b>	<b>3</b>	<b>0</b>
<b>NEIGHBOURHOODS AND CLIMATE CHANGE (NCC)</b>					
<b>2019/20</b>					
High	0	0	0	0	0
Medium	11	10	1	1	0
<b>Total</b>	<b>11</b>	<b>10</b>	<b>1</b>	<b>1</b>	<b>0</b>
<b>2020/21</b>					
High	3	3	0	0	0
Medium	21	21	0	0	0
<b>Total</b>	<b>24</b>	<b>24</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2021/22</b>					
High	0	0	0	0	0
Medium	1	1	0	0	0
<b>Total</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Overall Total</b>	<b>36</b>	<b>35</b>	<b>1</b>	<b>1</b>	<b>0</b>
<b>REGENERATION, ECONOMY AND GROWTH (REG)</b>					
<b>2019/20</b>					
High	2	2	0	0	0
Medium	37	37	0	0	0
<b>Total</b>	<b>39</b>	<b>39</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2020/21</b>					
High	2	2	0	0	0
Medium	12	6	6	6	0
<b>Total</b>	<b>14</b>	<b>8</b>	<b>6</b>	<b>6</b>	<b>0</b>
<b>2021/22</b>					
High	0	0	0	0	0
Medium	3	3	0	0	0
<b>Total</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Overall Total</b>	<b>56</b>	<b>50</b>	<b>6</b>	<b>6</b>	<b>0</b>
<b>RESOURCES (RES)</b>					
<b>2018/19</b>					
High	3	3	0	0	0
Medium	108	107	1	1	0
<b>Total</b>	<b>111</b>	<b>110</b>	<b>1</b>	<b>1</b>	<b>0</b>
<b>2019/20</b>					
High	0	0	0	0	0
Medium	115	108	7	7	0
<b>Total</b>	<b>115</b>	<b>108</b>	<b>7</b>	<b>7</b>	<b>0</b>
<b>2020/21</b>					
High	0	0	0	0	0
Medium	64	58	6	6	0
<b>Total</b>	<b>64</b>	<b>58</b>	<b>6</b>	<b>6</b>	<b>0</b>
<b>2021/22</b>					
High	0	0	0	0	0
Medium	8	7	1	1	0
<b>Total</b>	<b>8</b>	<b>7</b>	<b>1</b>	<b>1</b>	<b>0</b>
<b>Overall Total</b>	<b>298</b>	<b>283</b>	<b>15</b>	<b>15</b>	<b>0</b>
<b>TOTAL COUNCIL</b>					
<b>2018/19</b>					
High	3	3	0	0	0
Medium	108	107	1	1	0
<b>Total</b>	<b>111</b>	<b>110</b>	<b>1</b>	<b>1</b>	<b>0</b>
<b>2019/20</b>					
High	2	2	0	0	0
Medium	228	217	11	11	0
<b>Total</b>	<b>230</b>	<b>219</b>	<b>11</b>	<b>11</b>	<b>0</b>
<b>2020/21</b>					
High	5	5	0	0	0
Medium	115	100	15	15	0
<b>Total</b>	<b>120</b>	<b>105</b>	<b>15</b>	<b>15</b>	<b>0</b>
<b>2021/22</b>					
High	0	0	0	0	0
Medium	42	41	1	1	0
<b>Total</b>	<b>42</b>	<b>41</b>	<b>1</b>	<b>1</b>	<b>0</b>
<b>OVERALL TOTAL</b>	<b>503</b>	<b>475</b>	<b>28</b>	<b>28</b>	<b>0</b>

## Performance Indicators as at 30 September 2021

<b>Efficiency</b>			
<b>Objective: To provide maximum assurance to inform the annual audit opinion</b>			
<b>KPI</b>	<b>Measure of Assessment</b>	<b>Target &amp; (Frequency of Measurement)</b>	<b>Actual</b>
Productive audit time achieved	% of planned productive time from original approved plan completed.	90% (Annually)	42.7% as at 30 September 2021
Timeliness of Draft Reports	% of draft reports issued within 20 working days of end of fieldwork/closure interview	100% (Quarterly)	90% (19 out of 21)
Timeliness of Final Reports	% of final reports issued within 10 working days of receipt of management response	100% (Quarterly)	100% (18 out of 18)
Quarterly Progress Reports	Quarterly progress reports issued to Corporate Directors within one month of end of period	100% (Quarterly)	100%
<b>Quality</b>			
<b>Objective: To ensure that the service is effective and adding value</b>			
<b>KPI</b>	<b>Measure of Assessment</b>	<b>Target &amp; (Frequency of Measurement)</b>	<b>Actual</b>
Recommendations agreed	% of recommendations made compared with recommendations accepted	95% (Annually)	100%
Post Audit Customer Satisfaction Survey Feedback	% of customers scoring audit service satisfactory or above (3 out of 5) where 1 is poor and 5 is very good	100% (Quarterly)	100% - Av. score of 4.9
Customers providing feedback Response	% of customers returning satisfaction returns	70% (Quarterly)	95%

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