



Audit Committee

Date **Friday 30 September 2022**
Time **1.30 pm**
Venue **Committee Room 1A , County Hall, Durham**

Business

Part A

Items which are open to the Public and Press

1. Apologies for absence
2. Minutes of the meeting held on 1 July 2022 (Pages 3 - 10)
3. Declarations of interest, if any
4. Annual Health, Safety and Wellbeing Performance Report 2021/22 - Report of the Occupational Health and Safety Manager (Pages 11 - 56)
5. Health, Safety and Wellbeing Performance Report Quarter 1 2022/23 - Report of the Occupational Health and Safety Manager (Pages 57 - 82)
6. Strategic Risk Management Progress Report 2022/23 - Review 1: 1 January 2022 - 31 May 2022 - Report of the Corporate Director of Resources (Pages 83 - 122)
7. Final Outturn for the General Fund and Collection Fund 2021/22 - Report of the Corporate Director of Resources (Pages 123 - 176)
8. Treasury Management Outturn Report 2021/2022 - Report of the Corporate Director of Resources (Pages 177 - 192)
9. External Audit Progress Report 2021/22 - Report of the External Auditor (Pages 193 - 198)
10. Counter Fraud and Corruption Strategy - Report of the Corporate Director of Resources (Pages 199 - 230)
11. Report of the Audit Committee for the Period September 2021 to August 2022 - Report of the Chair of the Audit Committee (Pages 231 - 244)

12. Internal Audit Progress Report Period Ended 30 June 2022 - Report of the Corporate Director of Resources (Pages 245 - 260)
13. Six Month Internal Audit Plan (1 October 2022 to 31 March 2023) - Report of the Corporate Director of Resources (Pages 261 - 270)
14. Such other business as in the opinion of the Chairman of the meeting is of sufficient urgency to warrant consideration
15. Any resolution relating to the exclusion of the public during the discussion of items containing exempt information

Part B

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

16. Internal Audit Progress Report Period Ended 30 June 2022 - Report of the Chief Internal Auditor and Corporate Fraud Manager (Pages 271 - 280)
17. 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
22 September 2022

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

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

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

Co-opted Members:

Mr C Robinson and Mr I Rudd

Contact: Jo March

Tel: 03000 269709

DURHAM COUNTY COUNCIL

At a Meeting of **Audit Committee** held in **Committee Room 1A , County Hall, Durham** on **Friday 1 July 2022 at 9.30 am**

Present:

Councillor A Watson (Chair)

Members of the Committee:

Councillors L Fenwick (Vice-Chair), P Heaviside, B Kellett, M McGaun 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 R Ormerod.

2 Minutes

The minutes of the meeting held on 24 May 2022 were agreed as a correct record and signed by the Chair.

3 Declarations of interest

There were no declarations of interest.

4 Compliance with CIPFA Financial Management Code

The Committee received a report from the Corporate Director of Resources which provided an update against the Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Management Code (FM Code), which is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability (for copy see file of minutes).

The Finance Manager, Revenues, Pensions and Technical Accounting highlighted the principles by which local authorities should be guided in managing their finances and the specific standards that should be achieved and provided an update on the improvement opportunities identified.

Responding to concerns from Councillor M McGaun regarding the improvement opportunity in relation to maintaining training / qualification records, the Finance Manager, Revenues, Pensions and Technical Accounting clarified that records were maintained by individual managers. The Corporate Director of Resources explained that CIPFA recommended as best practice a single overarching document that showed experience, skills and qualifications for all finance teams rather than individual records.

Resolved:

That the report be noted.

5 Consideration of 'Going Concern Status' for the Statement of Accounts for the year ended 31 March 2022

The Committee considered a report from the Corporate Director of Resources regarding whether the Council should be considered as a 'going concern' organisation and whether the Council's Annual Accounts should be prepared on that basis (for copy see file of minutes).

Mr C Robinson referred to the capital programme and queried why there were no planned investment for 2024/25. The Corporate Director of Resources explained that the capital programme schemes were planned 2 years in advance and MTFP 13 would look at bids for new capital expenditure for 2024/25 onwards.

Resolved:

- (i) That the Council should be considered as a going concern;
- (ii) That the Statement of Accounts be prepared on that basis.

6 Annual Review of the System of Internal Audit 2021/22

The Committee considered a report from the Corporate Director of Resources which provided members with the opportunity to comment on the Annual Review of the System of Internal Audit (for copy see file of minutes).

The Chief Internal Auditor and Corporate Fraud Manager provided a summary of the report which set out the outcome of the annual review of effectiveness of the internal audit service.

It was highlighted that an external quality assessment of the Internal Audit Service's conformance to the Public Sector Internal Audit Standards was required every 5 years and this had been completed in February 2022. The opinion delivered by CIPFA's external assessment was that 'Durham County Council's Internal Audit Service's self-assessment was accurate and as such conclude that they FULLY CONFORM to the requirements of the Public

Sector Internal Audit Standards and the CIPFA Local Government Application Note’.

Councillor McGaun congratulated the Audit Team on the excellent outcome of the external assessment.

Mr I Rudd noted the teams experience and queried whether a succession planning exercise had been carried out within the service. The Chief Internal Auditor and Corporate Fraud Manager advised that the Council had in place a workforce development plan and that this acknowledges the current structure and experience of the service and that succession planning was part of this. The Corporate Director of Resources added that an aging workforce provides challenges which was an issue the Council was aware of. He added that services were currently in the process of producing individual workforce development plans and succession plans.

Resolved:

That the findings and conclusions of the 2021/22 review of the effectiveness of the system of Internal Audit contained within the report be noted.

7 Annual Internal Audit Opinion and Internal Audit Report 2021/22

The Committee received a report of the Corporate Director of Resources which provided the Chief Internal Auditor and Corporate Fraud Manager’s assurance opinion on the adequacy and effectiveness of the Council’s internal control environment, risk management and corporate governance arrangements and presented the Annual Internal Audit Report for 2021/22 (for copy see file of minutes).

The Chief Internal Auditor and Corporate Fraud Manager advised that based on the work undertaken, Internal Audit provided a moderate overall assurance opinion on the adequacy and effectiveness of the governance, risk management and internal control operating across the Council for 2021/2022.

In response to concerns from Councillor B Kellett regarding the moderate assurance opinion, the Chief Internal Auditor and Corporate Fraud Manager provided the definition of the rankings and explained that the moderate assurance opinion was positive and provided assurance that a sound system of control was in place, however, there was evidence of non-compliance with controls or ineffective controls which were identified in individual activity reports carried out during the year. It was noted that 95% of the improvement recommendations had already been implemented. The Corporate Director of Resources added that he was unaware of any Authorities in the region with an overall substantial Audit opinion as there would always be systems that could be improved, however he confirmed that the vast majority of major key

systems had received a substantial assurance opinion. It was highlighted that the Audit opinion was in line with previous years' assessments.

It was noted that legacy audit work was still required in relation to the Covid Grant regimes which has had an impact on the Internal Audit Team in terms of capacity.

Councillor T Smith referred to the impact of inflation and queried if this would jeopardise or delay progress in relation to regeneration capital projects. The Corporate Director of Resources advised that costing would be affected in relation to construction price inflation, however contingencies and risk management was built into the capital programme schemes. He added that scheme managers would be looking to see if further budget provision was required or whether schemes could be scaled back to accommodate any escalating costs due to inflation.

Responding to a query from Mr I Rudd regarding the reduction of audits carried out since 2018/19, the Chief Internal Auditor and Corporate Fraud Manager advised that the main reason was due to Covid, however there were a number of other factors that contributed to the reduced number of audits. She explained that Internal Audit were not required to provide an opinion rating for Covid Grants schemes so that information was not captured in the assurance level table, however Internal Audit were still required to sign them off. The planned reviews timeframes differ due to the nature and scope of the review conducted in line with the risk-based approach. It was confirmed that planned audits were back to pre-Covid levels. The Corporate Director of Resources added that changes have been made to the way Audit Plans were conducted. Previously individual elements of an audit would provide separate assurances, where now they were pulled together in one assurance opinion.

Resolved:

- (i) That the content of the Annual Internal Audit Report for 2021/2022 at Appendix 2 be noted;
- (ii) That the overall 'moderate' opinion provided on the adequacy and effectiveness of the Council's governance, risk management and internal control environment for 2021/2022 be noted.

8 Protecting the Public Purse Annual Report 2021/22

The Committee received a report of the Corporate Director of Resources which provided details of the work carried out by the Corporate Fraud Team during the period 1 April 2021 to 31 March 2022 (for copy see file of minutes).

The Chief Internal Auditor and Corporate Fraud Manager provided an overview of activity undertaken and provided an update on the following:

- The work of the Corporate Fraud Team;
- Action taken to raise awareness of the risk of fraud and corruption to assist in embedding a strong counter fraud culture throughout the organisation;
- Reported cases of potential fraud reported during 2021/2022;
- Proactive Counter Fraud work;
- Progress on the Council's participation in the National Fraud Initiative (NFI);
- Fraud Reporting;
- Fraud Training;
- Covid-19 Frauds;

Responding to a query from Mr C Robinson regarding recording Covid frauds, the Corporate Director of Resources clarified that Covid Grants were time limited to 2020/21 and were not included in the standard Corporate Fraud results table. He added that a separate table would be added to include the Covid fraud figures.

Mr C Robinson further queried the low number of frauds that have resulted in prosecution or sanctions and asked what measure were in place to prevent others exploiting the system. The Chief Internal Auditor and Corporate Fraud Manager advised that the Council has an SLA with various Housing Associations to carry out checks and identify issues, however those individual Housing Associations would issue their own sanction. The Corporate Director of Resources added that the sanction figures identified fraud by Council employees or where fraud had been committed against the Council. He advised that the Council were commissioned to carry out Right to Buy checks on behalf of Housing Associations who would then take their own action. He suggested that further work would be carried out to collect outcome information from Housing Associations.

Referring to paragraph 35 of the report, it was clarified there was a typing error and would be removed.

Resolved:

That the contents of the report be noted.

9 Compliance with International Auditing Standards - Durham County Council including Pension Fund

The Committee considered a report of the Chair of the Audit Committee which advised Members of a response that had been prepared relating to a letter sent from Mazars, the Council's external auditor, regarding compliance with International Auditing Standards (for copy see file of minutes).

Resolved:

- (i) That the response to the External Auditor set out at Appendix 3 of the report be agreed;
- (ii) That the Chair of the Audit Committee be authorised to formally respond on behalf of the Committee.

10 Draft Annual Governance Statement 2021/22

The Committee considered a report of the Corporate Director of Resources which sought approval of the draft Annual Governance Statement (AGS) for 2021/22 (for copy see file of minutes).

Resolved:

That the draft Annual Governance Statement be approved.

11 Draft Statement of Accounts for the year ended 31 March 2022

The Committee considered a report of the Corporate Director of Resources which presented the draft Statement of Accounts for the year ended 31 March 2022 (for copy see file of minutes).

The Finance Manager - Revenue, Pensions and Technical Accounting reported the key points set out within the report relating to the four core statements, the movement in the general reserves, earmarked reserves and the Pension Fund net assets.

It was noted that the Statement of Accounts were available for public inspection from 24 June 2022 to 4 August 2022 and the accounts were currently being reviewed by the external auditor (Mazars LLP). It was expected that the final statement of accounts for 2021/22 would be presented at the Audit Committee in September 2022 for approval.

The Corporate Director of Resources placed on record his thanks to the Finance Team for their hard work to produce the draft accounts and supporting statements during a very challenging time.

Responding to a query from Mr I Rudd regarding where risks and liabilities relating to site developments were referenced in the accounts, the Finance Manager - Revenue, Pensions and Technical Accounting indicated that lease liabilities were referenced at page 311 of the papers. The Corporate Director of Resources explained that the Council holds the head leases for the property and holds the value of the lease as a long-term liability which was reported as part of the Treasury Management Outturn reports. He added that budgeted funds for property head leases were offset by income budgets for the letting of the individual units with the Council carrying the risk or benefit

where this exceeded the headlease cost. Budget pressures and risks were considered as part of the original budget setting and MTFP process.

Resolved:

That the Draft Statement of Accounts for the County Council for the financial year ended 31 March 2022 be noted.

12 Update on the Independent Review of Local Authority Financial Reporting and Audit (Redmond Review) – Government Consultation Response

The Committee considered a report of the Corporate Director of Resources which provided an update on the outcome of the Redmond Review regarding 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.

13 Exclusion of the Public

Resolved:

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 paragraph 1 of Part 1 of Schedule 12A of the Act.

14 Protecting the Public Purse - Annual Report 2021/22

The Committee received a report of the Corporate Director of Resources which presented the Protecting the Public Purse Annual Report for 2021/22 (for copy see file of minutes).

The Chief Internal Auditor and Corporate Fraud Manager referred Members to the cases of potential internal fraud reported and the ongoing investigations.

Resolved:

That the report be noted.

This page is intentionally left blank

Audit Committee

30 September 2022

**2021/22 Annual Health, Safety
and Wellbeing Performance
Report**



Report of Corporate Management Team

Report of Kevin Lough, Corporate Health and Safety Manager.

Electoral division(s) affected:

All electoral divisions.

Purpose of the Report

- 1 To provide an annual report to audit committee team on Health, Safety and Wellbeing (HSW) performance for 2021/22.

Executive Summary

- 2 Health and Safety (H&S) and Occupational Health Services (OHS) continued to play an important role during 2021/22 in supporting services and employees working safely and remaining healthy during the various stages of the pandemic. Extensive work throughout 2021/22 was undertaken to adapt and change risk control and mitigation measures.
- 3 The Council has achieved the Maintaining Excellence Better Health at Work award which demonstrates the organisational commitment in this important area. Additional emphasis has continued to be placed on employee health and wellbeing, particularly mental health awareness and associated interventions, support mechanisms and activities.
- 4 It was positive to report that there was more than 400 internal H&S and fire safety audits and inspections of Council workplaces and work activities. This presented opportunities for further improvements to HSW standards, processes, and procedures as a result of in excess of 1,000 actions being identified, the majority of which (82%) were low or medium priority.
- 5 As expected, the number of accidents, incidents and near misses have returned to pre pandemic levels with 1451 reported in total for 2021/22. Whilst this represented an increase of 91% from 2020/21 these figures are similar to those in 2019/20 and previous years to that.

Approximately 96% of all accidents continue to be minor or no injury related and RIDDOR over seven day and specified injuries remained similar to 2020/21 levels.

- 6 The OHS were successfully re accredited to the SEQOHS (Safe, Effective, Quality Occupational Health Service) by the faculty of occupational medicine. The OHS service have continued to support all service groupings across the Council during 2021/22. Amongst the various support services provided there were more than 800 management referrals undertaken, 600 physiotherapy appointments, 180 counselling sessions and 540 counselling calls.
- 7 There has been an increase (23%) in calls to the employee assistance programme (EAP) and also in the number of work related psychological ill health (184) which should be noted and monitored for 2022/23. Further opportunities to understand potential causes can be taken by utilizing the employee working well survey outcomes.
- 8 In terms of fire safety, there were eleven fire related incidents in 2021/22 across a range of Council buildings with no injuries reported as a result. There were however a number of these incidents which were attributed to arson and work was undertaken to work with Neighbourhood wardens, Neighbourhood policing teams and CDDFRS to address the associated anti-social behaviour.
- 9 In terms of enforcement body activity there were positive results overall from the CDDFRS fire safety audits of Council premises. All premises were deemed to be broadly compliant with fire safety legislation. An improvement notice was however issued in relation to Durham bus station construction works by HSE inspectors in February 2022. This was in relation to structural calculations for retaining and supporting walls on site and inspection regimes. The improvement notice was complied with, and inspectors were satisfied with evidence provided.
- 10 The H&S service offer has been enhanced during 2021/22 via the introduction of an improved accident and incident reporting system and a H&S audit and inspection system. The systems will provide improved data analysis and reporting whilst providing an improved customer experience for internal and external stakeholders.
- 11 In terms of risk profiling and priority there has been a move from COVID related risk management to new and existing areas of risk across the Council. The implementation of a new HSW strategy for 2022-2025 will refocus priorities and resources.

Recommendation

- 12 Audit Committee is recommended to note and agree the contents of the Annual Health, Safety and Wellbeing performance report for 2021/22.

1451

87% overall increase in Accidents, Incidents and Near Misses reported (170 in 2020/21 & 1528 in 2019/20)

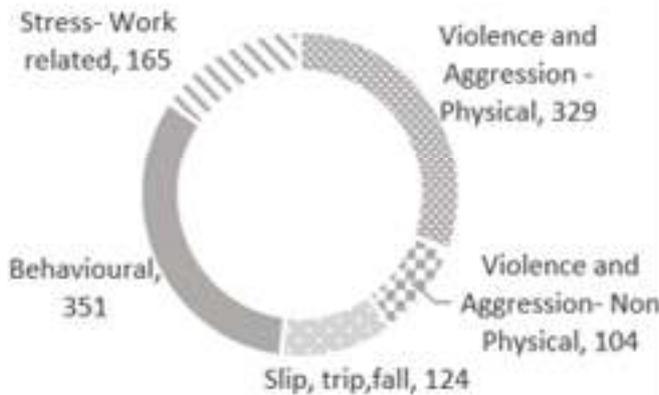


96%

Staff reported accidents or near misses



Main Accident/Incident Causes



5 RIDDOR 'specified' injuries, and 41 over 7 days absence RIDDOR injuries (Only 4% of all accidents)

2289 accidents involving non-employees (46% increase on 1568 in 2020/21)



104 psychological work-related incidents in 2021/22 compared to 101 in 2020/21, 104 in 2019/20.

Better Health at Work Maintaining Excellence Award achieved

11 fire related incidents



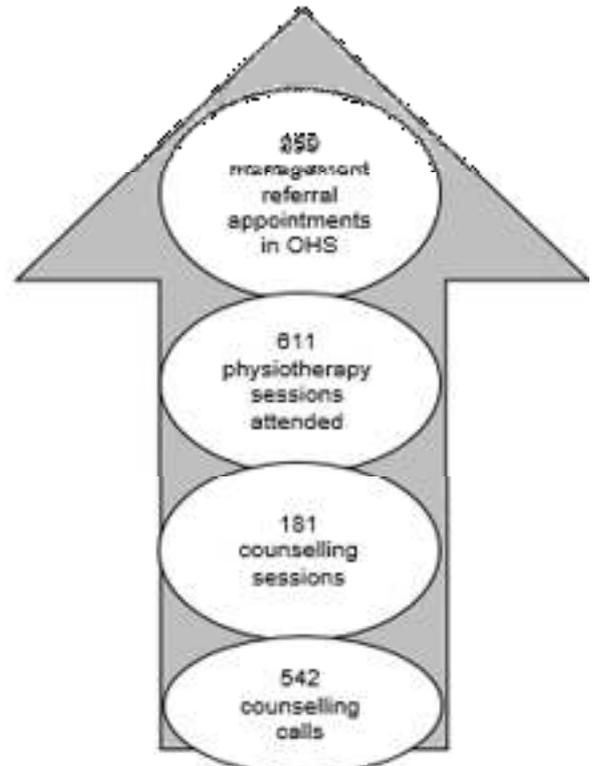
12 CDDFRS inspections of council premises with compliance standards achieved



New H&S accident reporting and auditing systems implemented

1

Enforcement related actions or advice from HSE/CDDFRS following inspections and audit activity



Background

- 13 In line with statutory requirements, the Council produces an annual Health, Safety and Wellbeing (HSW) and Occupational Health Service report which enables the Council to monitor and measure performance and prioritise areas of risk. The 2021/22 report is produced against a backdrop of the COVID pandemic and significant challenges to service provision and reprioritisation of HSW activities.
- 14 The Health, Safety and Wellbeing Strategic Group (HSWSG), co-chaired by Corporate Directors of Resources and Regeneration, Economy and Growth, continued to meet remotely throughout 2021/22 and ensured that suitable priority is given to the management of HSW within the Council. The group monitors the development and implementation of the Council H&S Policy to ensure that it is consistently applied throughout the Council and that performance standards are achieved, and objectives met.
- 15 This report summarises the Council's HSW performance during 2021/22 and additional activities in relation to the COVID pandemic. It highlights the main achievements and outlines the main aims for 2021/22 and beyond. The Council's vision continues to be an exemplary employer in all matters relating to HSW and prevent injury and ill health to those at work and those affected by our work-related activities.
- 16 In summary the Council's overall strategic aim, which will be revised in 2022/23, is to demonstrate continued effective H&S management by ensuring high standards of:
- Leadership and culture
 - Engagement and co-operation
 - Communication and consultation
 - Training and competence
 - Compliance and control
 - Wellbeing and support
- 17 The H&S team and Occupational Health Service (OHS) have several service plan objectives which are to:
- (a) ensure the Corporate Health and Safety Policy, supporting guidance and procedures remain reflective of statutory requirements. This will enable the Council to control risks and address current and future HSW challenges and any legislative changes;
 - (b) ensure that proactive and reactive audit and inspection programmes are aligned and targeted towards strategic

objectives and where evidence, statistics and intelligence indicate risks relating to HSW; and

- (c) measure the effectiveness of the HSW interventions against RIDDOR performance targets and in line with HSW Strategy.
- (d) continue to help the Council take simple steps to design out the risks to prevent work-related ill health, with a particular focus on supporting good mental health at work.

Council H&S Policy

- 18 The Council's H&S policy remains compliant with statutory requirements and reflective of the organisational structure, responsibilities and arrangements for the management of HSW within the Council. This continues to be reviewed annually and has been amended several times throughout 2021/22 to reflect organisational changes, including recent political changes, and management arrangements. It also describes the links between H&S and the key strategic plans of the Council. The policy states the commitment to HSW which has been personally endorsed by the Chief Executive and Leader of the Council.

H&S and OHS Service Provision

- 19 [The Council H&S service](#) and [Occupational Health Service](#) corporate delivery model continues to provide an efficient and effective professional support service to internal and external stakeholders. Whilst focus remains on provision of resources, advice and support to higher risk work related activities this reporting period has seen a continued change in direction of service resources towards the COVID pandemic at various periods of the reporting period.
- 20 At the end of the reporting period, there has been a realignment of H&S services from Resources to Corporate Property and Land within REG. OHS services have remained in Resources directorate. This new alignment maintains the independent and corporate status of the H&S service and presents further opportunities in terms of integration and compliance standards across the property and land portfolio across the Council. H&S governance arrangements will be unaffected with quarterly HSW performance reports still being presented to the HSWSG and CMT.
- 21 Both corporate services have continued to diversify during the reporting period, assuming new responsibilities and services functions in addition to previous statutory service provision. Additional service provision includes:

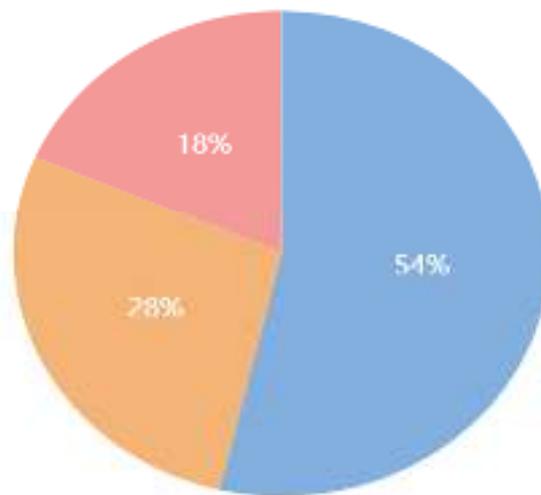
- (a) Assuming management responsibility of the PPE distribution cell at Chilton Depot;
 - (b) Leading on set up of vaccination centres at county hall;
 - (c) Provision of clinical resources for vaccination programmes;
 - (d) Supporting lateral flow device testing within schools;
 - (e) Leading on H&S arrangements for local elections;
 - (f) Supporting service groupings and schools on COVID related risk assessments and COVID secure compliance arrangements.
- 22 As a result of the pandemic, several statutory services have been paused or delivered in different ways, under the guidance of regulatory bodies such as HSE. It is positive to report that during the final quarter of the reporting period a resumption of normal arrangements have been reinstated for provision of health surveillance, pre-employment checks, audits and medical checks.
- 23 Development and implementation of two new H&S related critical systems were completed in 2021/22. A new H&S audit and inspection system was implemented for the H&S service and adopted for audits and inspections across the Councils work activities. This new system provides an electronic capability and improved efficiency for both auditors and auditees. A new H&S accident, incident and near miss reporting system was also successfully introduced following in house development, during this reporting period. This new system provides significant improvements to customer interface, information intelligence and data accessibility and security. This new reporting system has now also been introduced successfully within schools.
- 24 During 2021/22, despite some pandemic related impacts on auditing and inspection capabilities, the H&S service have maintained risk focused auditing and inspection of Council work activities, many of which have continued as normal despite the pandemic. At total of 419 audits and inspections were undertaken across a range of work activities and workplaces.

25 A summary of audit and inspection activity for the reporting period is as follows:



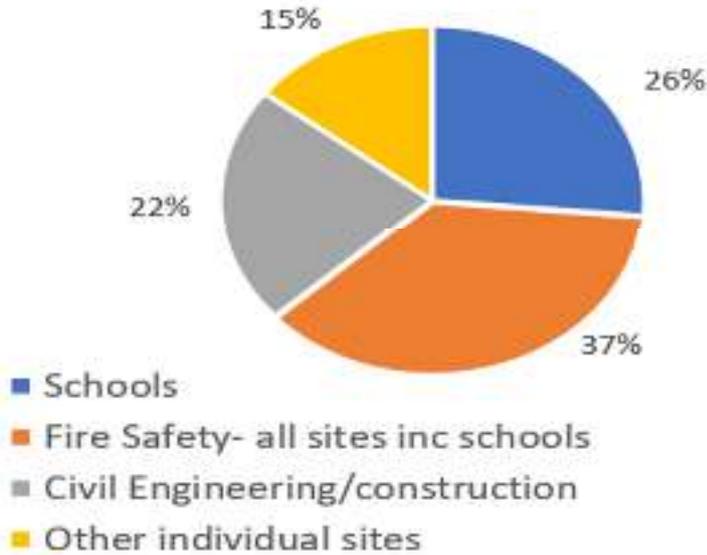
26 From the 419 audit and inspections throughout the reporting period, a total of 1056 items requiring action were recorded. These were predominantly low. Non-conformities and all those identified have been resolved with auditees. Failed item classification and priority is detailed below.

■ Low ■ Medium ■ High ■ None



27 A further breakdown of the 18% (269) priority high priority action areas are provided as follows.

High Priority Action Areas

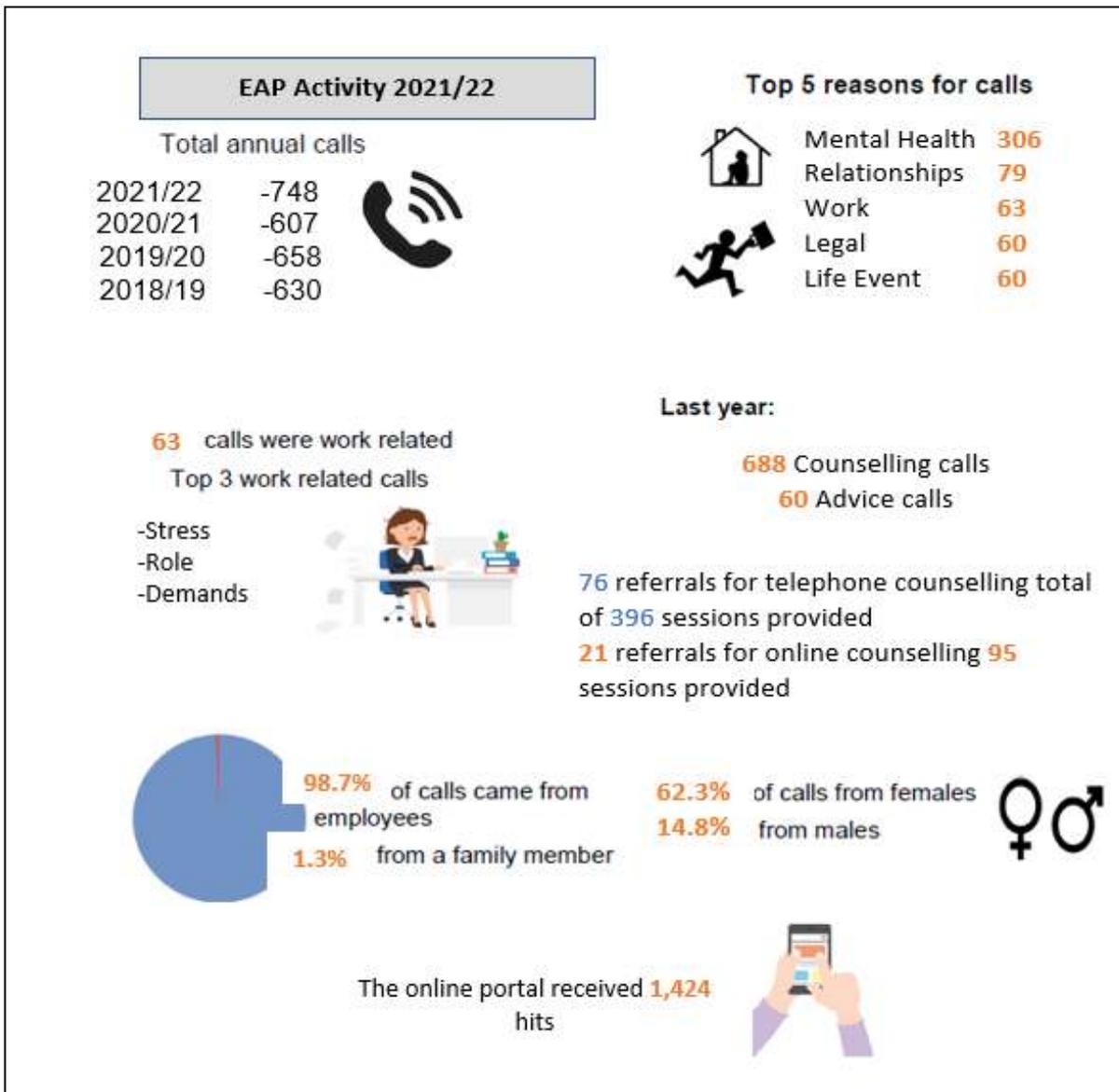


- 28 The H&S and OHS services continued with important support and guidance provision during the varying stages of the COVID pandemic. The H&S service supported all services in collaboration with other key professional support services such as Public Health and HR. Government and UKHSA guidance was implemented across the Council to ensure that employees, service users and public remained as safe as possible. For those employees who remained at work providing essential services, risk assessments and control measures were revised and adapted to manage COVID related risks.
- 29 The H&S service have continued to support strategic aims and objectives of the Safe Durham Partnership relating to reducing harm in relation to public safety and open water safety both from a city centre and county wide perspective.
- 30 H&S committees and consultative forums continued to be held during the reporting period. This collaborative working helps to ensure a consistent approach to HSW is applied and trade union colleagues appreciate the standards and expectation being placed upon their members.
- 31 The H&S service has continued to retain the majority of service level agreement (SLA) buy back from academy schools and has also established various SLA's with parish and town Councils, community associations and schools from neighbouring authorities.
- 32 The OHS achieved the annual SEQOHS (Safe, Effective, Quality Occupational Health Service) reaccreditation. SEQOHS is a set of

standards and formal recognition that an occupational health service provider has demonstrated that it has the competence to deliver services. Durham County Council is one of less than 200 OHS providers across the UK who have this accreditation standard. The scheme is managed by the Royal College of Physicians of London on behalf of the Faculty of Occupational Medicine.

- 33 OHS produce a specific annual report (Appendix 2) which indicates the contribution to supporting employees and their managers in addressing health issues that affect work. The data demonstrates the breadth of activity of the OHS and demonstrates the commitment of the OHS to pre-empt and pro-actively engage with health and work issues at an early stage. The usage of the employee assistance programme, which is provided via Health Assured, has again shown increased levels of access by employees following a range of promotional activities and throughout the pandemic.
- 34 An overview of EAP activity for 2021/22, obtained via EAP provider annual report (Appendix 3) is as follows:

EAP Activity Summary 2021/22



COVID Pandemic

- 35 There were significant challenges presented throughout 2021/22 in relation to the COVID pandemic and changes to mandatory guidance and regulations in relation to general public health and workplace requirements. The H&S and OHS continued to provide significant organisational support and interventions throughout these stages of the pandemic and worked closely with other key stakeholders.
- 36 Ongoing support, guidance and communications were regularly provided to employees throughout the stages of the pandemic during 2021/22. Regular managerial briefing sessions were also convened to reflect key stages of guidance and regulatory changes and convey expected actions and outcomes. The managerial sessions were well

received throughout the course of 2021/22 and enables the Council to remain complaint at all times and manage and mitigate risks effectively and proportionately.

- 37 As the Country entered into the latter phases of COVID 'roadmap' recovery further support was provided in relation to the provision of revised and updated risk assessments, safe working procedures and guidance to services, including schools. 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.
- 38 The government then announced the COVID Autumn and winter plan and this resulted in further planning regarding the return to workplaces and the implementation of 'safer behaviours and actions' guidance. However, an increase in infection rates due to the emerging omicron variant during quarter three prevented this from being progressed. The government introduced Plan B which resulted in a re-introduction of the working from home wherever possible instruction along with other national COVID controls.
- 39 During Quarter four, the government announced further key dates in relation to easing of restrictions and movement towards the 'living with COVID' plan. These significant national changes, particularly around use of face coverings, testing, isolation and contact tracing resulted in the Council having to change its workplace COVID control measures. A move to a COVID considerate approach was implemented within the Council which was based on choice and personal responsibility.
- 40 Taking into account the significant challenges presented throughout the latter stages of the pandemic the Council was able to adhere to the changes in regulations and guidance which applied to workplaces and was able to manage a low number of workplace outbreaks which demonstrated that control measures and risk assessments were robust and effective throughout.

Fire Safety

- 41 Fire Safety advisers within the H&S team continue to assess and baseline the Council's compliance with the Regulatory Reform (Fire Safety) Order (RRFSO) as well as the Council's own fire safety procedures.

42 During 2021/22 there has been 11 fire related incidents which have occurred within Council premises and have been investigated by the fire safety advisers within the H&S team. These incidents occurred at the following premises:

- Bowburn Primary School
- The Croft Community School
- Harbour View Extra Care Scheme
- Greenfields Community College
- Trinity School
- Annfield Plain Waste Transfer Station
- Spennymoor Leisure Centre
- Spennymoor Branch Library
- Willington Library
- Stanley Bus Station
- Shildon Leisure centre and Sports Stadium

43 Whilst it is positive to report that there were no injuries to employees or others associated with any of the incidents, there was some property damage sustained and 5 of the 11 investigated incidents were a result of arson. Full investigations were undertaken by fire safety advisers and managers from the respective premises following the incidents to ensure all corrective actions were identified and implemented. Where appropriate improvements have been made to internal procedures and liaison with County Durham and Darlington Fire and Rescue Service (CDDFRS) and local policing teams police has been undertaken where there has been criminal activity and enforcement agency support was required.

44 During the reporting period, 96 internal risk based internal fire safety audits were completed in a range of Council premises which provide a variety of services and activities. Audit and inspection priorities are given to higher risk premises and operational activities which continue to include residential schools, residential children's homes, Aycliffe secure unit, the four main service depots and the waste transfer stations. These inspections resulted in a 94.34% compliance rate.

45 In addition to the internal fire safety audits, CDDFRS safety officers have also undertaken 13 inspections of higher risk Council premises throughout the year. These inspections resulted in all premises being broadly compliant with fire safety legislation which is the highest standard that can be achieved from CDDFRS inspectors. The findings of these audits support the outcomes of the internal auditing in that the Council has good assurance levels of fire safety standards in a range of workplace settings.

Open Water Safety

- 46 There remain two multiagency open water safety groups within County Durham. In terms of governance, both water safety groups report into the Safe Durham Partnership (SDP) and meet on a quarterly basis. Due to the pandemic, the activities from these groups have changed in terms of delivery of interventions, particularly awareness and information.
- 47 The City Safety Group (CSG) was chaired throughout 2021/22 by the Council's Director of Neighbourhoods and Climate Change and continued to have representation from the Council, emergency services and riparian landowners such as Durham University and Cathedral. Durham University student union is also a key member of the CSG.
- 48 From a County wide perspective, the open water safety group (OWSG) has a remit of reviewing the Councils internal open water safety policy and focusing on safety relating to areas of open water e.g. lakes, rivers, reservoirs) other than in Durham city centre.
- 49 Table 1 below indicates the number of non-fatal and fatal water related incidents in County Durham since 2013/14. This data has been validated using the national water accident & incident database (WAID), emergency services and Council incident reporting data. CDDFRS were involved with two searches and body recoveries in Derwentside and Teesdale areas, with coroner's inquest outcomes unknown. There were also four incidents where suicide attempts were made or intended to be made and emergency services were able to intervene accordingly.

Table 1- Open Water Incident Statistics 2013/14 - 2021/22

Year	Durham City Centre			County Durham (Exc. Durham City centre)		
	Near miss	Injury	Fatality	Near miss	Injury	Fatality
2013/14	13	1	1	3	1	2
2014/15	5	1	4	5	2	3
2015/16	3	1	0	8	5	2
2016/17	2	1	0	1	2	1
2017/18	2	3	0	3	5	0
2018/19	3	6	1	1	1	2
2019/20	2	4	0	6	3	1
2020/21	2	0	0	8	3	2
2021/22	9	4	0	7	1	1

- 50 Throughout 2021/22 the CSG has been continuing to monitor the riverside development projects to ensure that any public safety issues and impacts were identified with the developers. A monthly cycle of inspection and monitoring continues in relation to the completion of all physical safety infrastructure works in the city centre. This provides the CSG with assurance that the control measures identified in 2016/17 remain effectively in situ and proactively identifies any further actions required.
- 51 Additional works have been undertaken in relation to the independent assessment of the river corridor and new developments within the city that may have an impact on river related safety. The DCSG commissioned the Royal Society for the Prevention of Accidents (ROSPA) to undertake a further assessment of river related risks. The scope of the assessments included safety reviews of the new Milburngate development, wider city centre and the river corridor following previous assessments in 2015 and 2018. These assessments were completed in December 2021 and subsequent reports were provided to the DCSG members in early 2022 for consideration and action
- 52 The independent assessment of the river corridor and new city centre development areas may introduce further infrastructure related actions which the DCSG will consider and implement appropriately following consultation with partners and stakeholders.
- 53 The CSG has once again reviewed arrangements for student induction weeks to ensure that appropriate arrangements had been put in place and partners were working in collaboration. A specific student induction task and finish group was established, and work was undertaken to ensure that safety related controls were in place for freshers week. This involved collaborative work with the police, university, business and licensed premises. The work particularly focused on the high footfall night-time economy areas within the city and it was positive that the activities went safely and without incident.
- 54 The OWSG continues to manage and monitor County wide open water safety risks. A schedule of monitoring and reassessment of priority risk locations identified in the initial county wide assessment process continues to be applied in order to provide assurance. As in previous years, reassessments of priority open water locations prior to the summer holiday periods were completed to ensure that safety controls remain in situ.
- 55 The OWSG were responsible for planning and implementation of water safety educational campaigns throughout 2021/22. Whilst these were

significantly impacted during the reporting period in terms of not being able to deliver assemblies and undertake some promotional activities, there remained a range of awareness activities delivered. These included promotions of national drowning prevention weeks and once again the annual 'dying to be cool' cold water shock safety campaign through a variation of social media, posters and alerts at high footfall open water sites across the county.

Employee Health and Wellbeing

- 56 The Council has successfully achieved the maintaining excellence standard Better Health at Work status during this reporting period. As part of this award assessment the Council was required to undertake another employee health and wellbeing engagement survey, and this was completed in quarter 3 of 2021/22. There was a positive response with 2486 employees completing the survey. This will provide further intelligence and opportunities in relation to a wide range of factors which affect the health and wellbeing of employees.
- 57 In terms of further employee engagement, a proposal to repeat the employee working well survey which was originally undertaken in 2017 has been agreed. This survey, which is a blend of workplace stress management standards, HR and employee communication related questions will be revised and launched by the end of 2022.
- 58 Further promotions of various employee support opportunities were undertaken through the year and supported and championed by members of CMT and senior management teams. A series of communications to ensure that employees were aware of such opportunities were also issued via various forms such as the intranet, VLOG's, payslip messaging, buzz and general employee email communications.
- 59 Briefings also continued to be undertaken throughout 2021/22 with managers to ensure those with line management responsibilities continue to identify and acknowledge issues which may be affecting work during the challenges of the pandemic, ranging from those who worked on the front line throughout and those worked remotely and were transitioning back into hybrid ways of working.
- 60 Following the promotion of the employee assistance programme (EAP) during 2021/22, and particularly during the start of the COVID pandemic, there has again been more than 1,400 access hits to EAP online services. Calls numbers have increased during 2021/22 from previous years as have access to counselling services via telephone and online. Work related calls also increased from 49 to 63 and have

seen a changes to causes for calls to role and demands in addition to work related stress.

Health, Safety and Wellbeing Training and Development

- 61 In accordance with legislative requirements and key strategic objectives, the Council continues to identify and provide HSW information, instruction and training to ensure that employees have the knowledge, skills, ability and confidence to take ownership and manage HSW issues. HSW related training continues to be identified by various means such as job descriptions, appraisals, and risk assessments and via proactive and reactive monitoring. The responsibility for the identification, organising and recording of HSW training rests with the employing service grouping in accordance with the Councils H&S policy.
- 62 The H&S service provided extensive and intensive guidance regarding risk assessments and safe working procedures in accordance with ongoing changes to government guidance during COVID pandemic. In particular, frequently updated workplace individual and collective controls, testing, vaccination and isolation guidance was required for the formation of risk assessments for work activities and workplaces including schools settings to ensure continuation of education activities.
- 63 Many H&S training and development activities such as first aid, fire safety and food hygiene were temporarily paused during the early part of 2021/22 however have resumed as normal following removal of COVID related restrictions. Where possible alternative means of safe delivery was provided to ensure that employees retain certification, competence in their roles and enable the Council to control and mitigate risks.

Risk Profiling

- 64 The Council has continued to provide a wide range of essential front-line service throughout the reporting period and there has been a continued statutory requirement to identify, control and manage significant H&S related risks not associated with the pandemic. If not managed appropriately, these risks can compromise the Councils HSW performance and the ability to meet its statutory obligations.
- 65 Whilst the risk related focus during 2021/22 continued to be targeted towards COVID 19, the Council's business as usual risks also required risk assessment, management and control. A range of significant risk areas and activities continued to be a priority for the Council in line with national and regional sector intelligence. These are:

- Construction, Design & Management
- Asbestos and Legionella Management
- Fire Safety
- Manual/Moving & Handling
- Workplace Transport
- Work Related Stress
- Work at Height
- Refuse & Recycling
- Violence and Aggression
- Open Water Safety.

- 66 It remains crucial that the Council focuses on HSE's serious injury and ill health sector statistics as this emphasises the importance of continued focus on the above risk factors. The 2021/22 statistics indicate once again that construction related activities are most at risk followed by agriculture, manufacturing, transport and storage sectors. The three most common causes of fatal injuries continue to be workers falling from height, being struck by a moving vehicle and being struck by a moving object. Aside from COVID 19, there are also key causes of work-related ill health which include work related stress/anxiety and depression, musculoskeletal disorders and occupational lung diseases.
- 67 The Council's potentially violent persons register (PVPR) remains a key mechanism for employee and elected members to access in order to view potential risks associated with their working activities. Where appropriate the Council has demonstrated that robust action will be taken to control risk and work with police to ensure safeguards are in place. The H&S team continue to manage the PVPR and ensure that all risk related information remains current and accurate in order to manage and mitigate risks so far as reasonably practicable.
- 68 The strategic risks are reviewed every quarter by HSWSG, in line with the Council's risk management strategy. A number of these risks may have an impact on HSW if they occur, the Council's Risk and Governance Manager provides a quarterly update on these risks to the HSWSG. Service specific HSW risks are monitored and managed via service H&S committee's/steering groups. Table 2 indicates the Corporate Risks that may have an impact on HSW as of July 2022.

Corporate risks that may have an impact on Health and Safety

- 69 The below tables detail the corporate risk that may have an impact on Health and Safety at the end of 2021/22.

Table 2 – Health and Safety Related Strategic Risks

Ref	Service	Risk	Treatment
1	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.	Treat
2	CYPS	Failure to protect a child from death or serious harm (where service failure is a factor or issue).	Treat
3	REG	Serious injury or loss of life due to Safeguarding failure (Transport Service)	The current controls are considered adequate.
4	AHS	Failure to protect a vulnerable adult from death or serious harm (where service failure is a factor or issue).	Treat
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.	Treat
6	RES	Serious breach of Health and Safety Legislation	The current controls are considered adequate.
7	REG	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	Potential violence and aggression towards members and employees from members of the public	The current controls are considered adequate.
9	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.	Treat

Statistical Information and Performance Indicators

- 70 The Council continues to reactively record, monitor and review work related accidents, near miss, ill health data via internal reporting procedures by means of the new H&S Accident Recording Database (HASARD). Quarterly statistical reports are provided to the HSWG and service specific H&S committee's/steering groups for consideration and action where appropriate.

71 Other than the above data, a range of other performance indicators have been used in this annual report to measure, monitor and manage the Councils H&S performance. These are:

- Proactive and reactive H&S Auditing (Internal & External)
- Enforcement Actions (HSE/CDDFRS Improvement/Prohibition notices and Fees for Intervention)
- Employer Liability Claims
- Occupational Health Service data
- Employee engagement surveys
- H&S Training provision
- Health Surveillance and Management referrals

72 A summary of the top-level HSW performance data for 2021/22 is shown in the following tables with the 2020/21 data as a comparison. The Council employed an average total of 14,769 employees throughout 2021/22 that equated to 12,127 full time equivalents (FTE).

Table 3- Employee work related accidents/near misses

Employee work related accidents and near miss reports.	2020/21	2021/22	+/-% Difference
Number of FTE employees	12,201	12,127	-0.61
Fatalities	0	0	0
RIDDOR reportable 'specified' injuries	4	5	+25.00
RIDDOR reportable accidents (more than 7-day injury).	37	41	+10.81
Non RIDDOR reportable accidents	509	1,051	+106.48
Near miss reports	210	354	+68.57
Total accidents and near misses	760	1451	+90.92
Rates per 1000 FTE employees.	2020/21	2021/22	+/-% Difference
RIDDOR reportable - 'specified' injuries	0.08	0.41	+412.50
RIDDOR reportable accidents- over 7-day absence	3.03	3.38	+11.55
All accidents	65.65	119.69	+82.32

Table 4 – Employee Accidents by Severity and Service Grouping 2019-Present

Table 7 Accidents / Incidents to Employees - Severity								
Note: Figures are for 2019/20, 2020/21 and 2021/22					HSE RIDDOR Reportable			Total
Service	Year	Minor Injury	No Injury	Injury with 7 day or less absence	Over 7 Day injury	Specified Injury	Sub-Total RIDDOR Reportable	Total
Neighbourhoods & Climate Change	2019/20	77	63	14	13	1	(14)	168
	2020/21	67	51	5	19	1	(20)	143
	2021/22	78	56	1	16	0	(16)	151
Children & Young People's Services	2019/20	805	177	20	13	4	(16)	1019
	2020/21	343	95	13	13	3	(16)	467
	2021/22	828	139	11	20	5	(25)	1003
Adult and Health Services	2019/20	90	32	1	3	0	(3)	126
	2020/21	28	21	0	1	0	(1)	50
	2021/22	55	33	1	1	0	(1)	90
Regeneration, Economy & Growth	2019/20	74	72	6	5	0	(5)	157
	2020/21	43	38	5	4	0	(4)	90
	2021/22	71	110	1	4	0	(4)	186
Resources	2019/20	21	37	0	0	0	(0)	58
	2020/21	3	5	2	0	0	(0)	10
	2021/22	5	16	0	0	0	(0)	21
DCC Totals	2019/20	1067	381	41	34	5	(35)	1528
	2020/21	484	210	25	37	4	(41)	760
	2021/22	1037	354	14	41	5	(46)	1451

Chart 1– Top 5 Accident Causations 2021/22



73 In relation to all employee accidents the majority of reports, 69% of total reported, emanate from Children and Young Peoples Service grouping. In terms of severity of accidents reflected within the HSE RIDDOR reportable section there has been a reversal from previous years with CYPS now accounting for 54% of these followed by NACC with 35%.

74 Accident and Incidents statistics indicate that in 2021/22 the main causes of employee reporting were in relation to, behavioural (service users and pupils), violence and aggression incidents (physical and non-physical), slips, trips and falls, and moving and handling. Accident statistics and causes correlate with HSE statistics for local authority incident data across the UK. This data enables opportunities to refocus on areas of risk and known accident/incident causation within the Council.

75 Accident reports for the year have, as expected, increased by 91% following a return to business as usual and the release of pandemic related restrictions which have occurred throughout the reporting year. In particular a significant number of employees have been reintegrated into workplaces and work activities which have resulted in an increase in reported accidents and incidents, although it must be noted that these have returned to pre pandemic levels and are not excessive. As many of the Councils higher risk work activities have continued throughout the course of the pandemic it was expected that RIDDOR reportable statistics would be similar to previous years data. This indeed was the case and there was a slight increase on reportable accidents during 2021/22 of 5 overall, with only 5 specified injuries reported which is

positive given the services provided and work activities undertaken by the Council.

Table 5 – Employee Work Related Ill Health by Service Grouping 2019- Present

Table 5 Cases of Incidents of Ill-health of Employees				
Service	Year	Physical	Psychological	RIDDOR Reportable Diseases
Neighbourhoods & Climate Change	2019/20	0	14	0
	2020/21	1	4	7
	2021/22	0	12	0
Children and Young People's Services	2019/20	0	111	0
	2020/21	0	60	32
	2021/22	2	119	0
Adult and Health Services	2019/20	0	16	0
	2020/21	0	16	0
	2021/22	1	10	0
Regeneration, Economy & Growth	2019/20	2	19	0
	2020/21	0	9	2
	2021/22	1	20	0
Resources	2019/20	0	23	0
	2020/21	1	12	0
	2021/22	0	23	0
Total	2019/20	2	183	0
	2020/21	2	101	41*
	2021/22	4	184	0

NB: Work-related ill-health Psychological is not RIDDOR reportable

*All cases of RIDDOR reportable Disease were related to workplace outbreaks of COVID-19 during 2021/22.

76 In terms of employee ill health table 6 indicates that work related psychological ill health incidents have increased by 82% in 2021/22. As in previous years it is apparent that psychological ill health incidents involving employees remain most prevalent within Children and Young Peoples Services (65% of all reported cases). This data also corresponds with an increase in access to the employee assistance programme provider for the same period.

Table 6- Non-Employee Accidents/Incidents

Table 6 Accidents / Incidents to Non-Employees					
Service	Year	Minor Injury	No Injury	Taken to Hospital	Total
Neighbourhoods & Climate Change	2019/20	13	15	3	31
	2020/21	2	3	1	6
	2021/22	15	8	2	25
Children and Young People's Services	2019/20	1225	196	2	1423
	2020/21	540	119	2	661
	2021/22	1065	159	6	1230
Adult and Health Services	2019/20	406	586	10	1002
	2020/21	316	548	0	864
	2021/22	234	511	0	745
Regeneration, Economy & Growth	2019/20	237	130	31	398
	2020/21	22	14	1	37
	2021/22	165	114	4	283
Resources	2019/20	4	3	0	7
	2020/21	0	0	0	0
	2021/22	0	6	0	6
Total	2019/20	1886	930	46	2862
	2020/21	880	684	4	1568
	2021/22	1479	798	12	2289

Table 7- Non-Employee Accidents/Incidents

Accidents/incidents/involving Non-employees (Clients, pupils, contractors, members of the public etc.)	2020/21	2021/22	+/-% Difference
Incident (no injury)	684	798	+16.67
Minor Injuries (includes Non RIDDOR reportable incidents)	880	1479	+68.07
Taken to Hospital (RIDDOR reportable)	4	12	+200.00
TOTAL	1568	2289	+45.98

77 In relation to accidents involving non-employees 54% can be attributed to Children and Young Peoples Services and involve pupils in educational settings and activities. Increases overall in the number of accidents in 2021/22 from 2020/21 can be predominantly attributed to

the reduction of pupil numbers and activities during the most severe restrictions of the pandemic during 2020/21.

Regulatory Interventions

- 78 There was one enforcement related notice served during 2021/22. Following an inspection of Durham bus station construction works in January 2022, the Health and Safety Executive issued an improvement notice. This was in relation to breaches of the Construction (design and management) Regulations 2015 (CDM) and related to structural calculations for hoarding and a retaining wall on site, and inspection regimes. Following issue of the improvement notice, an immediate response was provided, including the required structural information and confirmation was given that the notice had been complied with fully and the matter was resolved.
- 79 HSE inspectors also visited several other council workplaces during the reporting period. Other visits were predominantly focused on construction, refurbishment and asbestos removal related activities taking place and where the HSE had received notification work in accordance with CDM regulations. Despite the improvement notice issued in relation to Durham bus station works, all other visits produced positive outcomes and evidence that compliance across a range of statutory areas was being achieved.
- 80 CDDFRS undertook 13 inspections of council premises during 2021/22 and these resulted in broad compliance with fire safety legislation requirements. The majority of premises visited were schools and other priority risk premises and it is positive to report that in conjunction with internal fire safety audits, standards of fire safety management remain compliant and effective.

Partnership Working

- 81 The Council continues to actively engage with a wide range of partners in a diverse range of H&S activities. Partnership approaches to addressing operational and community related risks play a pivotal role in harm reduction and risk control.
- 82 During the period 2021/22 several formal and informal partnerships focused on key H&S issues, examples include:
- (a) Working with public health/UKHSA regional and national colleagues to ensure that COVID related control measures were in accordance with latest guidance

- (b) Working with CDDFT and other NHS partners to accommodate testing and vaccination related delivery programmes and accommodation provision
- (c) In relation to the City Safety and County wide open water safety groups, the H&S team have worked closely with all emergency services, regional and national local authorities, utilities companies, environmental organisations and recreational groups to address public safety issues. Work has also continued to be undertaken where required with industry experts in water safety such as the RoSPA, RLSS and RNLI
- (d) Working closely with County Durham and Darlington Fire and Rescue Service to ensure fire safety standards are maintained and the outcomes of audit and inspection activities are implemented and monitored
- (e) Working with Durham Constabulary regarding violence and aggression related risks in relation to elected members and Council officers
- (f) Work with wellbeing for life in the design and delivery workplace wellbeing initiatives and interventions
- (g) Working in partnership with the Coal Authority in relation to coal mining legacy inspection outcomes and following incidents where old mining workings have collapsed or where construction work is required to secure and make safe structures on Council owned land

Joint Consultation

- 83 The Council recognises the importance of effective arrangements for consultation and as a result appropriate structures have been established. Statutory consultation with employees takes place through trade union attended safety committees at both corporate and service grouping levels. There are many other methods of consultation including through employee groups such as focus and working groups, use of Council publications, intranet and email.
- 84 The HSWSG, now jointly chaired by Corporate Director of Resources and Regeneration, Economy and Growth, continues to monitor the development, implementation and review of the revised H&S Policy to ensure that it is consistently applied throughout the County Council and that performance standards are achieved.

- 85 HSWSG continues to meet on a quarterly basis and the core membership of the group continues to be made up of representatives from all Services Groupings, Trade Unions and specialist advisors i.e. H&S, Fire Safety, Occupational Health service and Public Health.
- 86 Each Service Grouping also has established H&S Committee /Steering Groups based on the HSWSG model and all met at least four times in 2021/22. Meetings were held remotely and in accordance with COVID guidance and restrictions. Additional H&S committees were established during 2021/22 taking into account the new service structures.
- 87 Trade Union representatives actively participate in H&S service specific and corporate group meetings. Despite joint TU and H&S audit and inspection activities being hampered throughout 2021/22 there remains an ongoing commitment to continue with previous arrangements for joint audit and inspections in 2022/23.

Monitoring H&S performance

- 88 Throughout 2021/22, periodic monitoring of the H&S performance within the Council included several tiers of monitoring which were integrated into the management of H&S both corporately and across services.
- 89 Specific monitoring and reporting arrangements included:
- (a) Corporate and Service specific annual H&S performance reports presented to relevant management teams providing an overview of H&S management within DCC compared to the previous year, highlighting successes and areas for improvement.
 - (b) The HSWSG and Service H&S Committees/Steering Groups, chaired by Directors or Heads of Service met remotely on a quarterly basis and monitored performance which included progress against strategic objectives and significant risks, emerging H&S issues, incident statistics, development, investigation & audit findings and areas requiring improvement.
 - (c) Quarterly HSW reports presented to the overview and scrutiny and audit committees respectively.
 - (d) Reports submitted to CMT and cabinet in relation to COVID interventions such as testing and vaccinations.
 - (e) H&S Advisers and Trade Union Safety Representatives undertook planned joint inspections and audits of Council workplaces.

- 90 In addition to the above further monitoring of performance was undertaken and included accidents/incidents recorded on the Councils new reporting system (HASARD) being reviewed by the H&S team; this included 1,451 to employees and 2,289 to non-employees.
- 91 During the varying stages of the pandemic, the H&S team continued to undertake formal accidents and incidents investigations, which included employees and non-employees. Findings and recommendations were passed to the relevant managers and parties concerned.
- 92 A total of 419 audit and inspections were undertaken by the H&S service throughout the reporting period, a total of 1,056 actions were recorded. These were predominantly low. Non-conformities and all those identified have or are in the process of being resolved with auditees.
- 93 Continued monitoring activities of open water safety related assessments and control measures are being undertaken to ensure that they remain as safe as necessary.
- 94 H&S team supported Legal Services in the investigation of employer's liability claims made against the Council. Reviews of public liability and employee liability claims are undertaken on a quarterly basis to ensure that preventative risk measures and controls are identified and implemented.
- 95 A planned series of fire safety audits, 96 in total, across a number of higher risk council occupied premises were undertaken along with fire risk assessments to ensure compliance with fire safety legislation.
- 96 The Occupational Health service continued to play a lead clinical role in managing COVID related absence, return to work and advising on COVID related conditions.
- 97 H&S team provided advice and support to COVID outbreak control teams and service managers throughout the reporting period to ensure that transmission related risks were controlled and COVID public health guidance adhered to.

Main implications

Legal

- 98 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

- 99 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

- 100 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 and Looking Forward

- 101 The impact of COVID pandemic on H&S and OHS services continued to be challenging throughout 2021/22. Both services had to adapt to new and emerging demands throughout various stages of government restrictions and guidance, as well as continuing to deliver business as usual statutory services and interventions. It was positive to note however that at the latter stages of the reporting period both services were returning to business as usual proactive and reactive activities not associated with COVID. The low number of workplaces experiencing COVID transmissions generally throughout the year was reflective of effective risk assessments, mitigation measures and employees understanding their roles and responsibilities.
- 102 A key success throughout 2021/22 was the continued planning and preparation to provide ongoing support, guidance and communications to all employees and convening of regular managerial briefing sessions to enable the Council to remain complaint at all times and manage and mitigate risks effectively and proportionately.
- 103 It was expected to see that accidents statistics would eventually return to pre-pandemic related levels throughout 2021/22 and this was proven to be the case due to work activities, workplaces and working practices returning to some level of normality once more. Despite the headline

statistic of an increase of 91% the figures are similar to those in pre-pandemic years. The number of more serious accidents in terms of RIDDOR reportables has also stayed relatively static and it was positive to report a relatively low number of specified injuries for the reporting period.

- 104 Employee communications regarding health and wellbeing support available were also constant through the year and this paid dividends in terms of access statistics to the employee assistance programme (EAP) which had in excess of 1,400 online access hits, 680 counselling calls and 740 general calls to the service. As well as the EAP service a wide range of other services and activities were promoted which ensures that employees were supported during the pandemic. It should be noted that EAP data from the annual report evidences an improvement of up to 60% for those employees who engaged with counselling and therapy services, which further validates the effectiveness of the service and interventions. The increase in calls to the EAP provider should be noted and monitored in the year ahead to ascertain if 2021/22 was an isolated increase or indicates a more permanent trend in demand for the service. The proposed employee working well 2022 survey can be used a further opportunity to understand causes of increased EAP usage and reports.
- 105 Achievement of the Better Health at Work Maintaining Excellence award status continues to demonstrate the Councils corporate management commitment to employee health and wellbeing. There has been more focus on this risk during the pandemic and the Council has shown clear supportive strategies and interventions and continues to demonstrate this via ongoing progress toward the ambassador status award in 2022/23.
- 106 Whilst it was disappointing to receive an enforcement notice in relation to Durham bus station construction works this remains the first notice served of this nature since 2013 and has provided opportunity to improve internal procedures and control measures. Despite this it was positive to report that other enforcement inspections of construction activities and fire safety went well and provided assurance regarding statutory compliance.
- 107 In relation to the strategic aims and objectives there has again been progress across a range of areas which demonstrate improvements in relation to acting together, tackling ill health, promoting a positive culture, supporting and enabling people and ensuring competence of employees and those who may work on behalf of the Council. The development of a post COVID HSW strategy for 2022-2025 will be key

to refocusing and reenergising the HSW agenda and setting the organisational objectives and priorities for the future.

- 108 In terms of governance, there has remained a good level of governance overall for HSW during 2021/22 and effective reporting and consultation from a service grouping and corporate perspective. Members of CMT and EMT continued to chair and lead remote consultative forums and demonstrate HSW as being a significant issue for the Council and ensuring actions are taken to reduce injury and ill health where required. COVID related governance arrangements remained throughout the year, specifically in relation to COVID risks and control measures and enabled a continued focus on keeping employees and member of the public safe.
- 109 Further positive actions were taken regarding open water safety throughout the year, particularly coinciding with easing of restrictions and the general public being able to visit and utilise areas where open water may be present and a risk. City centre safety will be further enhanced by the commissioning of further independent inspections of the river corridor. Further reassessments of county wide open water locations will also ensure that these areas are as safe as necessary and support safe public access and use. This is further supported and enhanced by public awareness and information campaigns which were also undertaken during 2021/22.
- 110 The introduction of a new HSW strategy will continue to promote a continued approach to take a sensible, proportionate approach to managing the hazards associated with work activities. Continued work to place more emphasis on practical risk control, employees continuing to be competent, accountable, taking responsibility at a local level and proactive action where necessary is essential to enable further cultural and performance improvements.

Other useful documents

- Occupational Health Annual Report 2021/22.
- Health, Safety and Wellbeing statistical reports 2021/22

Author(s)

Kevin Lough

Tel: 03000 263381

Appendix 1: Implications

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 health and wellbeing forums and trade union safety representatives 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

This report references interactions with police and other enforcement agencies who may take criminal action in relation to incidents associated with violence and aggression, arson and anti-social behaviours.

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

Appendix 2



Employee Assistance Programme:
Durham County Council - Parent

Report period:
1 April 2021 - 31 March 2022



Prepared for: Durham County Council - Parent
Prepared by: Health Assured

The annualised utilisation for Durham County Council - Parent is 6.1%, calculated as counselling and advice calls against employee headcount of 12,355.

A total of 748 calls have been logged within the current reporting period.

688 of these were counselling calls.

Counselling calls account for 92.0% of all calls, sitting above our benchmark of 74.0% by 18.0%

Anxiety was the most common reason, accounting for 23.1% of overall counselling engagement. This was followed by Service Enquiry 18.2% and Low Mood 14.0%.

60 of these were advice calls.

Advice calls account for 8.0% of all calls, sitting below our benchmark of 26.0% by 18.0%

Employment was the most common reason, accounting for 35.0% of overall advice engagement. This was followed by Divorce & Separation (Legal) 18.3% and Civil 13.3%.

In terms of formal counselling engagement there has been

- 0 referrals for face-to-face counselling, with a total of 0 sessions being delivered
- 75 referrals for structured telephone counselling, with a total of 396 sessions being delivered
- 21 referrals for online counselling, with a total of 90 sessions being delivered
- 5 referrals for online CBT counselling, with a total of 15 sessions being delivered

The online portal has received a total of 1,424 hits within the current reporting period

After engaging in structured therapy, the Generalised Anxiety Disorder (GAD-7) average score reduced from 2.0 to 0.8 and the average Patient Health Questionnaire (PHQ-9) score reduced from 1.4 to 0.7

The Workplace Outcomes Suite (WOS) demonstrates the value of the EAP and the positive impact that the service is having on employees. At the start of therapy 35.5% of employees were out of work, after engaging in therapy this reduced to 23.1% with 40.0% of employees returning to work.

	Apr 2021	May 2021	Jun 2021	Jul 2021	Aug 2021	Sep 2021	Oct 2021	Nov 2021	Dec 2021	Jan 2022	Feb 2022	Mar 2022	Total	Total
Counselling	35	60	56	63	26	40	67	53	47	66	62	84	688	92%
Legal	6	2	4	13	0	5	1	6	0	3	15	5	60	8%
Overall	41	62	60	76	26	44	68	59	47	69	77	89	748	100%

Call Summary





Utilisation Summary

Employee Assistance Programme:
Durham County Council - Parents

1 April 2021 - 31 March 2022

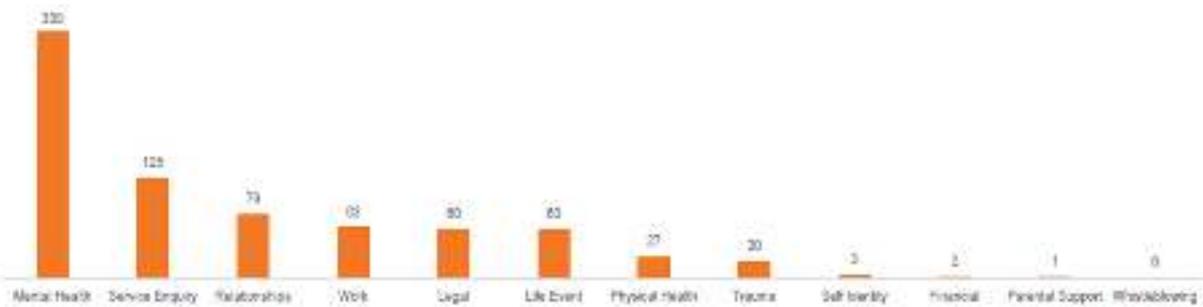
	Apr 2021	May 2021	Jun 2021	Jul 2021	Aug 2021	Sep 2021	Oct 2021	Nov 2021	Dec 2021	Jan 2022	Feb 2022	Mar 2022	Total
Counselling calls	35	02	55	83	28	49	87	50	47	80	52	34	680
Legal calls	0	2	4	13	3	5	1	8	3	3	15	1	66
Face to face counselling cases	0	0	0	0	0	0	0	0	0	0	0	0	0
Face to face counselling sessions	0	0	0	0	0	0	0	0	0	0	0	0	0
Telephone counselling cases	0	17	0	0	4	0	0	4	0	0	4	4	76
Telephone counselling sessions	40	33	55	83	40	24	23	17	13	17	35	45	396
Online CBT cases	0	0	0	2	3	0	1	1	0	0	0	1	8
Online CBT sessions	0	0	0	0	0	0	0	0	1	0	0	0	15
Online counselling cases	1	4	2	2	0	0	4	1	0	2	2	2	21
Online counselling sessions	1	8	15	16	7	3	0	14	0	0	1	0	90
Management referral cases	0	1	0	1	0	0	0	0	0	1	1	2	5
Monitored cases	1	0	0	0	0	1	0	0	0	0	0	0	4
Online hits	169	7	2	4	74	142	162	174	152	274	201	28	1,428

Utilisation Summary



	Apr 2021	May 2021	Jun 2021	Jul 2021	Aug 2021	Sep 2021	Oct 2021	Nov 2021	Dec 2021	Jan 2022	Feb 2022	Mar 2022	Total
Mental Health	22	30	24	33	11	22	34	14	14	28	27	26	308
Service Enquiry	5	17	12	8	5	8	12	24	16	8	11	7	125
Relationships	2	10	3	4	2	5	0	6	4	12	7	15	73
Work	3	6	2	11	1	8	3	2	7	3	12	4	63
Legal	0	2	4	13	0	5	1	6	0	2	15	5	63
Life Event	1	10	2	2	3	2	10	8	4	4	8	17	63
Physical Health	3	7	2	0	3	3	1	1	2	4	0	4	27
Trauma	0	0	4	8	2	3	1	0	0	2	0	0	20
Self-harm	0	0	3	0	0	0	3	0	0	0	0	0	3
Financial	1	0	1	0	0	0	0	0	0	0	0	0	2
Parental Support	0	0	3	0	0	0	0	0	0	0	0	1	4
Widowhood	0	0	2	0	0	0	0	0	0	0	0	0	2
Grand Total	45	82	68	74	26	54	68	59	47	68	77	89	748

Calls by Category





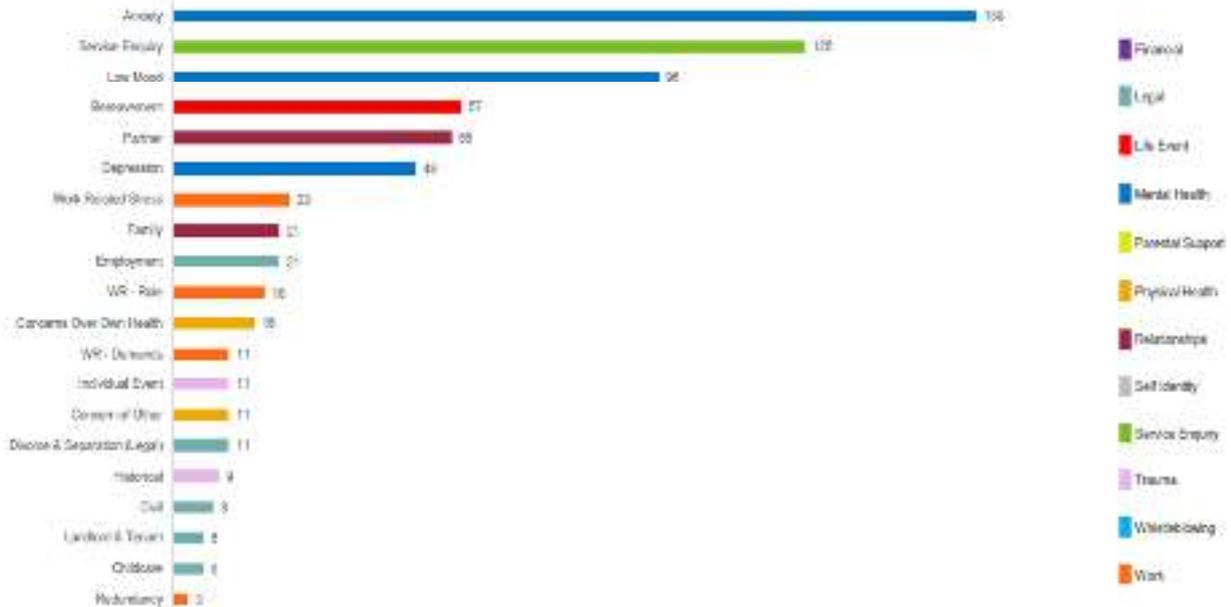
Top 40 Counseling Call Categories

Employee Assistance Program
Durham County Council - Forest

1 April 2021 - 31 March 2022

	Apr 2021	May 2021	Jun 2021	Jul 2021	Aug 2021	Sep 2021	Oct 2021	Nov 2021	Dec 2021	Jan 2022	Feb 2022	Mar 2022	Total
Anxiety	8	13	14	12	2	8	23	8	12	18	13	28	159
Service User	5	17	12	5	5	6	13	24	15	6	11	7	125
Loneliness	4	18	5	19	3	12	13	4	1	8	3	3	86
Domestic	1	18	2	2	7	2	18	1	9	2	8	17	81
Partners	2	8	3	3	2	2	0	8	4	8	2	12	55
Depression	1	3	5	3	3	0	2	2	0	19	11	3	48
Work Related Stress	0	4	1	12	1	1	3	2	0	3	0	3	25
Family	0	1	2	1	3	3	3	1	0	4	2	3	21
Employment	0	0	0	0	3	0	0	2	0	3	7	3	21
WR - Role	0	0	1	1	3	0	3	2	0	1	0	3	16
Concerns Over Own Health	1	4	1	0	2	0	1	2	2	3	0	4	20
WR - Demands	0	1	0	0	3	0	3	2	0	2	1	2	11
Individual Issues	0	0	0	1	2	0	0	2	0	3	2	3	11
Concerns of Others	2	3	1	0	3	0	3	1	0	4	0	3	11
Diagnosis & Specialist Support	4	5	1	0	3	0	3	2	6	1	2	3	11
Historical	0	0	4	1	3	3	1	0	0	3	0	3	8
Child	0	0	0	3	3	0	3	2	0	3	0	3	8
Landlord & Tenant	0	0	0	0	3	0	1	2	0	3	5	3	6
Children	0	2	0	0	3	0	3	2	0	2	0	2	6
Redundancy	0	0	0	0	3	0	3	2	0	3	0	3	3
Theological	0	0	0	0	3	0	3	2	0	3	1	1	3
Bullying/Harassment	0	0	0	0	3	2	3	2	1	3	0	3	3
Self-harm	0	0	0	0	3	0	3	2	0	3	0	3	3
Domestic Abuse	0	0	2	0	3	0	3	2	0	3	0	3	3
Menopause	0	0	0	0	3	0	3	2	0	3	0	3	3
Wills & Probate	0	0	2	0	3	0	3	2	0	3	0	3	3
Substance	3	0	3	0	3	0	3	2	3	0	1	0	3
Impact of Mental Health on Another	3	0	3	0	3	1	1	0	3	0	3	0	2
Separation/Divorce	3	0	3	0	3	0	3	0	3	2	0	0	2
Data Protection	3	0	2	0	3	0	3	0	3	0	2	0	2
Debt	1	0	1	0	3	0	3	0	3	0	3	0	2
WR - Support	3	0	3	0	3	0	3	0	3	0	3	1	1
WR - Change	3	1	3	0	3	0	3	0	3	0	3	0	1
Concerns of children's mental health	3	0	3	0	3	0	3	0	3	0	3	1	1
Threats/Crime	3	0	3	0	1	0	3	0	3	0	3	0	1
Grand Total	41	82	88	79	26	54	88	89	47	69	77	85	148

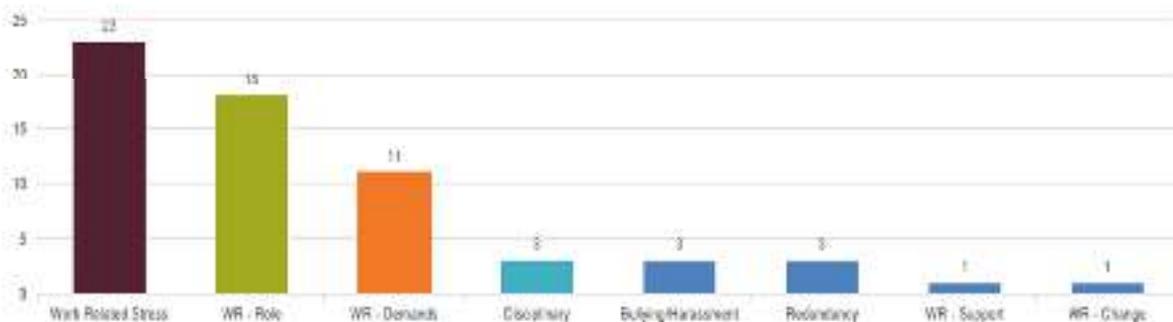
Counselling Call Categories



Work Related Calls

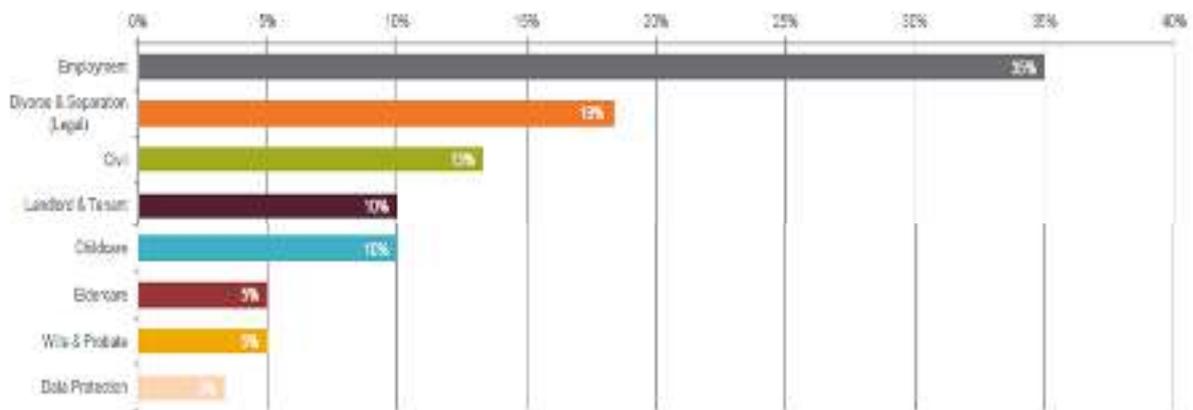
	Apr 2021	May 2021	Jun 2021	Jul 2021	Aug 2021	Sep 2021	Oct 2021	Nov 2021	Dec 2021	Jan 2022	Feb 2022	Mar 2022	Total
Work Related Stress	3	4	1	10	1	7	3	0	0	0	0	0	29
WR - Role	0	0	1	1	0	0	3	0	0	1	0	0	16
WR - Demands	3	1	0	3	0	0	3	2	0	2	1	2	11
Disciplinary	3	0	0	3	0	0	3	0	0	0	2	1	3
Bullying/Harassment	3	0	0	3	0	2	3	0	1	0	0	0	3
Redundancy	3	0	0	3	0	0	3	0	0	0	0	0	3
WR - Support	3	0	0	3	0	0	3	0	0	0	0	1	1
WR - Change	3	1	0	3	0	0	3	0	0	0	0	0	1
Grand Total	3	6	2	11	1	3	3	2	7	3	12	3	63

Work Related Calls



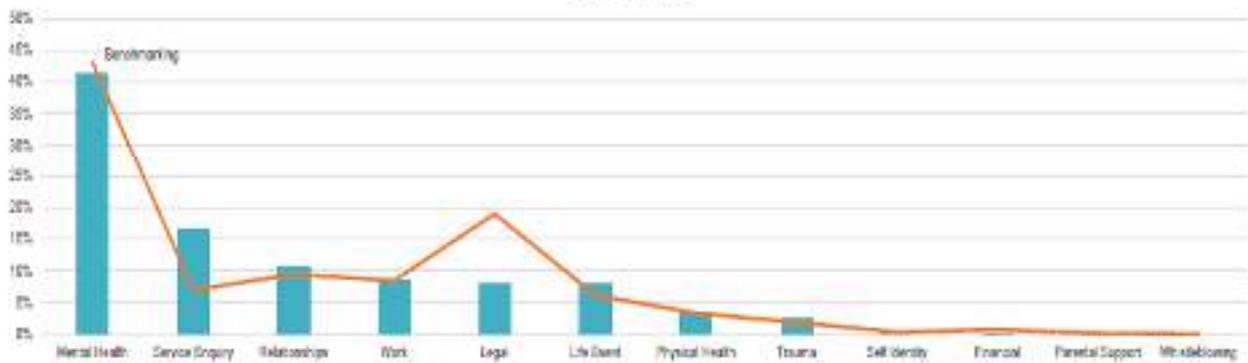
	Apr 2021	May 2021	Jun 2021	Jul 2021	Aug 2021	Sep 2021	Oct 2021	Nov 2021	Dec 2021	Jan 2022	Feb 2022	Mar 2022	Total
Employment	2	0	0	5	0	5	0	2	0	0	7	0	21
Unwise & Separation (Legal)	1	0	1	0	0	1	1	2	0	1	0	0	11
Civil	0	0	0	0	0	0	0	0	0	0	0	0	0
Landlord & Tenant	0	0	0	0	0	0	1	0	0	0	0	0	1
Children	0	2	0	0	0	0	0	0	0	2	0	2	6
Elder care	0	0	0	0	0	0	0	2	0	0	1	0	3
Wills & Probate	0	0	0	0	0	0	0	0	0	0	0	0	0
Data Protection	0	0	0	0	0	0	0	0	0	0	2	0	2
Grand Total	6	2	4	10	0	6	1	6	0	3	10	2	48

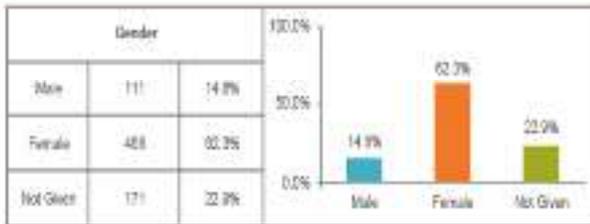
Legal Calls



	Apr 2021	May 2021	Jun 2021	Jul 2021	Aug 2021	Sep 2021	Oct 2021	Nov 2021	Dec 2021	Jan 2022	Feb 2022	Mar 2022	Total	Split by %	Benchmarking
Mental Health	20	20	24	23	11	22	18	14	14	20	27	26	180	41%	43%
Service Enquiry	5	17	12	5	5	8	18	24	19	5	11	7	125	17%	7%
Relationship	2	10	6	4	2	3	0	9	4	17	7	10	78	11%	18%
Work	3	6	2	11	1	9	2	2	7	3	12	4	81	8%	8%
Legal	0	2	4	13	8	3	1	0	0	3	10	8	56	8%	18%
Life Event	1	10	2	2	2	2	12	3	4	4	3	17	26	8%	8%
Physical Health	2	7	2	8	3	3	7	1	2	4	6	4	27	4%	3%
Trauma	0	0	4	8	2	3	1	0	0	0	2	0	26	3%	2%
Self Identity	0	0	0	8	8	3	0	0	0	0	0	0	3	0%	0%
Financial	1	0	1	8	8	3	0	0	0	0	0	0	2	0%	1%
Parental Support	0	0	0	8	8	3	0	0	0	0	0	1	1	8%	8%
Misdiagnosing	0	0	0	8	8	3	0	0	0	0	0	0	8	8%	8%
Grand Total	41	82	80	78	28	24	58	28	47	69	77	89	746	100%	100%

Benchmarking

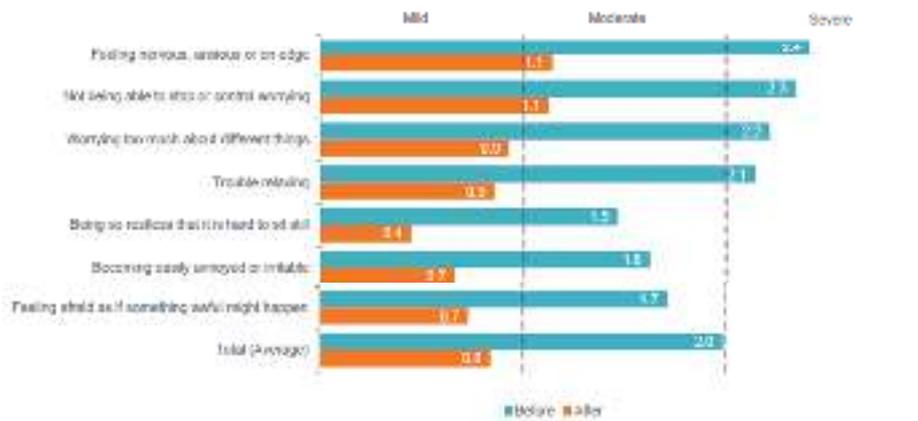




	Apr 2021	May 2021	Jun 2021	Jul 2021	Aug 2021	Sep 2021	Oct 2021	Nov 2021	Dec 2021	Jan 2022	Feb 2022	Mar 2022	Total
Worked cases (YTD)	1	0	3	2	0	1	0	0	0	0	0	2	4
Manager Helpline Referrals	0	1	3	1	2	2	3	1	0	1	1	2	9

Over the last 2 weeks, how often have you been bothered by the following problems?	Start of Therapy	End of Therapy
Feeling nervous, anxious or on edge	2.4	1.1
Not being able to stop or control worrying	2.3	1.1
Worrying too much about different things	2.2	0.9
Trouble relaxing	2.1	0.9
Being so restless that it is hard to sit still	1.5	0.4
Becoming easily annoyed or irritable	1.8	0.7
Feeling afraid as if something awful might happen	1.7	0.7
Total (Average)	2.0	0.6

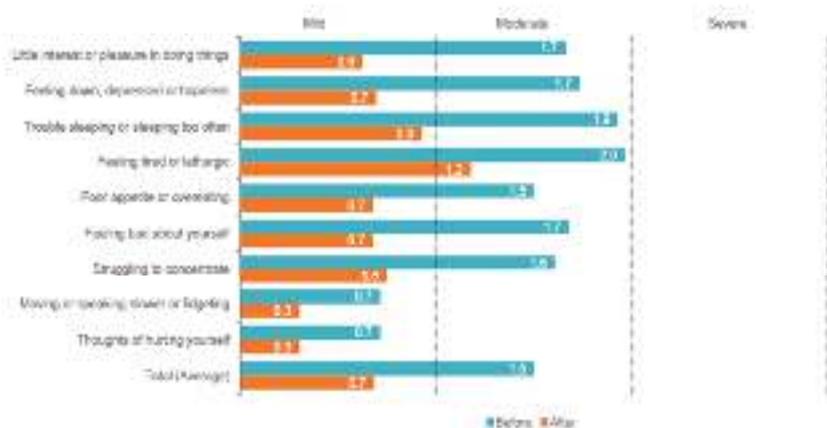
KEY: 0 = Not at all, 1 = Several days, 2 = More than half the days, 3 = Nearly every day



Following structured therapy there has been a 60.0% improvement in the GAD-7 scores

Over the last 7 weeks, how often have you been bothered by the following problems?	Start of Therapy	End of Therapy
Little interest or pleasure in doing things	1.7	0.6
Feeling down, depressed, or hopeless	1.7	0.7
Trouble sleeping or sleeping too much	1.8	0.6
Feeling tired or having little energy	2.2	1.2
Poor appetite or overeating	1.5	0.7
Feeling bad about yourself	1.7	0.7
Trouble concentrating on things	1.8	0.6
Moving or speaking slowly	0.7	0.3
Thoughts of hurting yourself	0.7	0.3
Total (Average)	1.5	0.7

ICD-10: Major Depressive Disorder, Moderate to Severe



Following structured therapy there has been a 50.0% improvement in the PHQ-9 scores



This page is intentionally left blank

Audit Committee**30 September 2022****2022/23 Quarter 1 Health, Safety
and Wellbeing Performance
Report****Report of Corporate Management Team**

Report of Kevin Lough, Corporate Health and Safety Manager.

Electoral division(s) affected:

Countywide.

Purpose of the Report

1. To provide an update to Audit Committee on the council's Health, Safety and Wellbeing (HSW) performance for Quarter one 2022/23.

Executive summary

2. There was further progression towards a living with COVID and despite this timely reminder of ongoing personal choices and responsibility were provided against a backdrop of increased rates at the end of quarter one. Plans were being made for offering a fourth booster vaccination for the over 50's and those at higher risk to ensure protection was provided ahead of the autumn and winter period.
3. There were 373 accidents and incidents during quarter one which was a decrease from the previous quarter (472). Of these there were 6 RIDDOR reportable over 7 days incidents and 1 RIDDOR specified injury related incident. Over all the figures indicate a return to pre COVID related statistics and accident rates.
4. There were 2 fire related incidents at Council premises during Quarter one. These were at West Rainton children's home and Willington Library. Whilst there were no injuries to employees or service users, these required emergency services intervention. In terms of enforcement activity there was two CDDFRS inspections of County Hall and Chester le street CE primary school, with actions being attributed to the latter to ensure compliance with fire safety legislation.
5. There were in excess of 100 H&S and fire safety audits and inspections of council premises and work activities during the quarter which resulted in an overall compliance rate of 94.31%. Once again, the majority of

noncompliance issues were of a low priority and almost 300 opportunities for improvement were identified during auditing as well as best practice being evidenced in many areas.

6. Progress was made in relation to a second employee working well survey. Consultation of the revised 2022 survey was undertaken and early indications were that a survey proposal could progress to CMT in August 2022 ahead of a proposed survey launch at the end of September 2022.
7. A review of automated external defibrillator devices was completed during the quarter. This resulted in several recommendations to improve workplace provision within the Council but also to support, facilitate and publicise their locations across the County and work in partnership with the Northeast Ambulance service to ensure accurate intelligence and information exists regarding their provision.

Recommendation(s)

8. Audit Committee is recommended to note and agree the contents of this report.

373

Accidents, incidents and near misses reported (1469 in 2021/22 and 760 in 2020/2021)

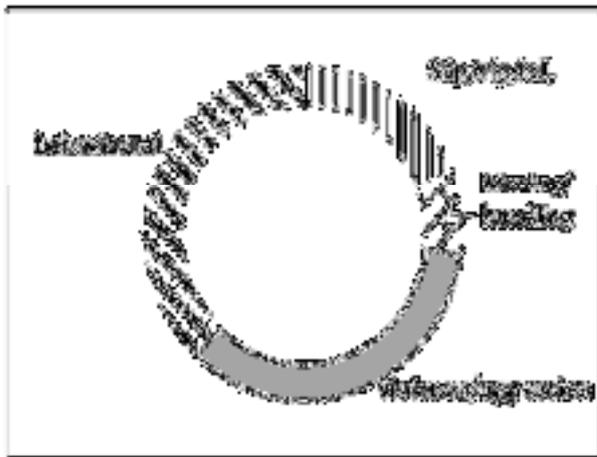


95%

Of all reported accidents are either no injury or near miss



Main recorded accident causes



1 employee 'specified' injury, and 6 over 7 days absence (RIDDOR injuries)

143 employees attended statutory Health Surveillance



• 100% of employees at work attending the Health Surveillance



20 psychological work-related incidents in Q1 2023.
- 100 in 2022/23
- 107 in 2021/22.

2 fire related incidents



A complete inspections of council premises



687 pre-employment/ placement assessments with OHS

1

Enforcement related action or advice from HSE/CDDFRS following inspections and audit activity

607 mental consultations in OHS

85 physiotherapy sessions attended

52 EAP online counselling/ CBT sessions

126 calls to EAP

Background

- 1 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.

Health, Safety and Wellbeing Strategy 2022-2025

- 2 A revised Health, Safety and Wellbeing strategy for 2022-2025 has been consulted upon and presented to CMT on 3 August 2022. A series of communications promoting the strategy will be undertaken to ensure that service groupings are aware of the aims and objectives and are able to develop localised service action plans linked to these.
- 3 This post COVID strategy replaces the previous 2017 version and focuses on six key areas which are control, compliance, culture, cooperation, competence, and communication. A series of key milestones for each of the indicators has been attributed and will be implemented and monitored through the corporate HSWSG group.

COVID 19 H&S Update

- 4 During Quarter one, government and UKHSA guidance evolved further to reflect living safely with respiratory infections, including coronavirus (COVID-19) and continued to focus on personal choices and safe behaviours.
- 5 This guidance has been reflected in council workplaces and continues to be informative and guide employees to learn to live safely with coronavirus (COVID-19), and what actions can continue to be taken to help reduce the risk of catching COVID-19 and passing it on to others. These actions will also help to reduce workplace and community transmission of other respiratory infections, such as flu, which can spread easily and may cause serious illness in some people.
- 6 During the first quarter 2022 there was an upturn in order and demand for lateral flow testing kits, moving towards the end of the free provision. Many employees therefore would not be able to take a test when symptomatic and corporate guidance was issued to ensure that employees remained aware of symptoms of COVID and respiratory diseases and encouraged to take actions such as working remotely wherever possible to protect others from the risk of infection.

- 7 There was evidence nationally and locally that there were increased numbers of COVID related infections occurring and new variants emerging. Rates were much higher than public health colleagues were expecting approaching the summer months. Increasing case rates were resulting in higher hospital admission despite the vaccination programme. Planning was being put in place to offer everyone aged 50 and those who are more vulnerable to be a COVID-19 booster and a flu jab this autumn under plans to increase protection against respiratory viruses ahead of winter.
- 8 Reviews of workplace posters, information, provision of cleaning equipment and hand sanitiser were undertaken during the quarter to ensure that necessary equipment and information remained in place, particularly as there was an increase in COVID related cases being reported at the end of the quarter and into quarter two.

Consultation/Communication

- 9 Trade Union H&S representatives continue to actively participate in the corporate and service specific H&S meetings. Each service grouping has an established H&S forum that meets on a regular basis. The H&S team continue to undertake, on a priority basis, a range of joint audit and inspection programmes in conjunction with trade union H&S representatives.
- 10 A schools trade union consultation meeting continues to be held on a monthly basis. This meeting is attended by H&S representatives along with officers from CYPS and HR.

Audits and Inspections

- 11 There were a total of 111 audits and inspections undertaken by the H&S team during quarter one.

Chart 1 – Audit and Inspection Activity for Quarter 1.



- 12 From the audits undertaken the following headline percentage compliance scores can be determined for each area:

Table 1 Compliance scores Q1 2022/23.

TITLE	INSPECTIONS	SCORE (%)
	Total	Average
AHS General Audit 2022	2	97.37%
Care Connect (CC) / CCTV Works Audit	1	80.56%
Civil Engineering and Construction Sites	20	88.95%
Clean & Green (General)	4	93.75%
CYPS General Audit 2022	5	92.06%
Extra Care Audit 2022	3	99.02%
Fire Safety Audit	2	97.67%
Refuse and Recycling	16	93.13%
School Audits	50	94.90%
Sub Depot	1	97.37%
Waste Transfer Stations	2	90.40%

Q3 2021/22

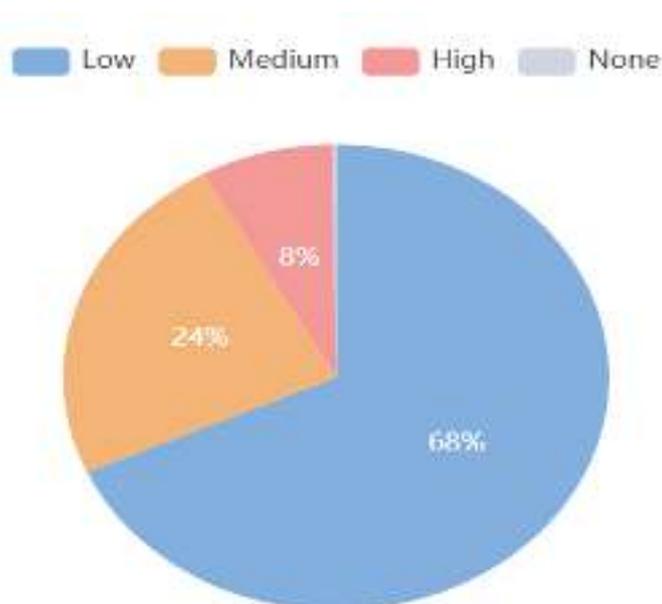
Audit and Inspection Area	Compliance Score %
DCC Fire Safety Audit	95.03
Civil Engineering and Construction Sites	85.56
CYPS - Schools Audit/COVID Audit	96.98
Culture and Sport	89.85
Refuse and Recycling	96.83
NACC Services/Depot	91.81

Q4 2021/22

Audit and Inspection Area	Compliance Score %
Civil Engineering and Construction Sites	85.80%
Culture and Sport- leisure	95.66%
DCC Fire Safety Audit	94.59%
DCC Schools audits	95.44%
Waste Transfer Stations	98.51%

- 13 From the compliance scoring it must be noted that the majority of non-compliance related issues identified were low to medium low as per below chart 2.

Chart 2 Compliance Actions by Priority



Site	High Priority Actions
BFM Construction sites	8
Ferryhill Station Primary	5
Highways Operational	4
Castleside Primary	4
Woodhouse Community Primary School	2
Seaham Trinity Primary	2
Kelloe Primary	1
West Cornforth Primary	1
South Hetton Primary	1
The Oaks secondary school	2
St Cuthbert's primary	1
Framwellgate Moor children's home	1
Leisure Services	1

Fire Incidents

- 14 There were two fire related incidents at Council premises or staffed premises during Quarter one. These were at West Rainton Children's Home and Willington Library.

West Rainton Children's Home

- 15 It was reported that at approximately 22:17 hours on 22 April 2022 a young person returned to the home after some free time and went to his bedroom and set two fires within it. The Police and Fire Service were called, the Fire Service sent two appliances to the home and the fire

was extinguished quickly. There was minimal damage to the property and the house was successfully evacuated, no injuries were reported to the staff or other young person in the home at the time. The home was able to resume operational duties shortly after the incident.

- 16 Following the incident, the young person was arrested and subsequently charged with arson and is awaiting to go to court. The young person has also been moved to a more suitable placement out of the County and no further incidents have been reported at this premises.

Willington Library

- 17 At approximately 17:45 hours on 29 April 2022 a member of the public contacted the Police that youths were setting deliberate fires at the rear of the library premises. The CCTV footage from the library shows the youth turning up with their own fuel believed to be leaflets from the nearby Doctors surgery and setting fire to them in the grounds. The Police arrived at 18:35 hours however the youths had dispersed by this time.
- 18 The following day library staff liaised with the local PCSO for the area and CCTV footage was taken with the aim of identifying the youths involved. Fortunately, there was no damage to the building from this incident and staff remain vigilant with regards to anti-social behaviour as this is the second time in a few months where youths have been congregating at the rear of the library and engaging in anti-social behaviour. Police enquiries are ongoing with regards to identifying the youths.

Fire Inspections – County Durham and Darlington Fire and Rescue Service

- 19 There were two Fire and Rescue Service inspection of Council premises during Quarter one. These were at County Hall Durham and Chester-le – Street CE Primary School. The outcome of the inspection of County Hall was that the premises were deemed to be broadly compliant with fire safety legislation. At Chester - le - Street CE Primary School it was deemed that there were minor deficiencies of legislation. This related to emergency lighting and checking the operation of final exit doors fitted with magnetic locks. The Senior H&S (fire) advisor has visited the school and given appropriate advice and liaised with the Fire Service regarding this matter to resolve.

Employee Health and Wellbeing

- 20 The employee better health at work group, chaired by Corporate Director Adult and Health Services, met again during this quarter, 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 The better health at work group reviewed the proposed employee working well survey content and survey timescales prior to submission to CMT in August 2022 for final approval. Work undertaken to provide a draft survey to the group has been approved and subject to some final feedback being incorporated, this piece of work will be presented to CMT as scheduled.
- 22 Planning for the staff flu vaccination programme for 2022/2023 has also commenced during the quarter. Ahead of a proposed launch in September, a range of communications will be launched as per previous years. JCVI guidance is awaited on the possibility of a joint flu and COVID vaccination, however this could be 1-2 years away still depending on research and testing developments.
- 23 Further work continues regarding improving menopause related awareness and support. Options to sign the Menopause Workplace Pledge are being considered. Space has been made on the employee wellbeing portal for menopause. Menopause awareness day on 18 October 2022 will be promoted via the better health at work group. Consideration is also being given to incorporating menopause awareness training as mandatory as part of induction training for new and existing employees.
- 24 Following the introduction of health advocates and anti-stigma ambassadors for mental health, a review of the advocates network is being undertaken to ensure that post COVID arrangements remain robust in terms of organisational and geographical coverage for workplace support and awareness activities.

Open Water Safety

- 25 The City Safety Group and county wide Open Water Safety Group both met during the reporting period. Both groups were supported by multi agency attendance and reviewed plans for risk assessment and controls for open water across the county, including the city centre.
- 26 The City Safety Group made further progress against its action plan which was agreed in 2020. Action owners were identified in relation to

the independent assessment of the city centre river corridor by RoSPA and monitoring of recommendations progress will be undertaken to ensure delivery.

- 27 The County wide open water safety group also met during Quarter one to review work undertaken across the County in 2021 and plan for future activities and interventions in 2022. Further interventions, particularly regarding education and awareness for young people in the Chester-Le-Street riverside complex area were delivered during this quarter and led by APP coordinators in that area as part of a multi-agency approach. Several schools accommodated water safety assemblies in Chester-Le-Street and feedback on delivery of these educational activities was extremely positive. Public rescue throw line training was also undertaken for riverside park employees and friends of the riverside group members by emergency services. There were also further improvements to the riverside park in terms of lost and found children designated location points and repairs to fencing and footpaths.
- 28 Reassessments of previous open water safety risk assessments have been completed during this quarter for the higher risk locations across the county to ensure that public safety control measures are in place as we approach increased periods of footfall and seasonal warmer weather.
- 29 Work has been undertaken in Shotton to address regular anti-social behaviour that has been affecting provision of public rescue equipment at Shotton pond. Local youths have, over a prolonged period of time, been deliberately setting fire to life rings installed at the pond. Clean and green colleagues have been replacing this equipment on an ongoing basis for a number of years. A life ring was deployed by a 12-year-old boy to assist in saving a man at this location in 2017 and therefore it has been essential that damaged equipment has been replaced. Such has been the frequency of damage, a decision has been taken to install alternative vandal resistant equipment in the form of throw lines which are secured within metal cabinets, in order to prevent arson attacks. These will be installed in September 2022 and users of the equipment will be required to call 999 and ask for the fire and rescue service to provide a code to gain entry and access to the lifesaving equipment. It is hoped that this approach will reduce the risks of life saving equipment not being available and reduce replacement costs for damaged life rings that have been incurred during the last few years. Communications have been issued regarding this with the AAP coordinators and with local councillors.

Occupational Health

- 30 During Quarter 1, 317 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 appointments attended in Q1 this year has decreased from the Q1, 2021/22, a decrease of 15 referrals which represents a 4% decrease.

Chart 3

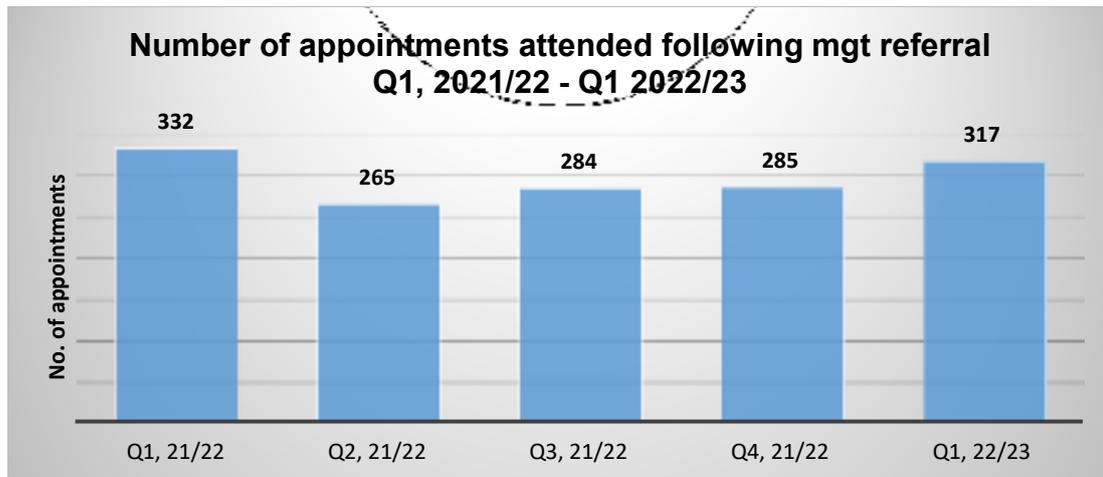
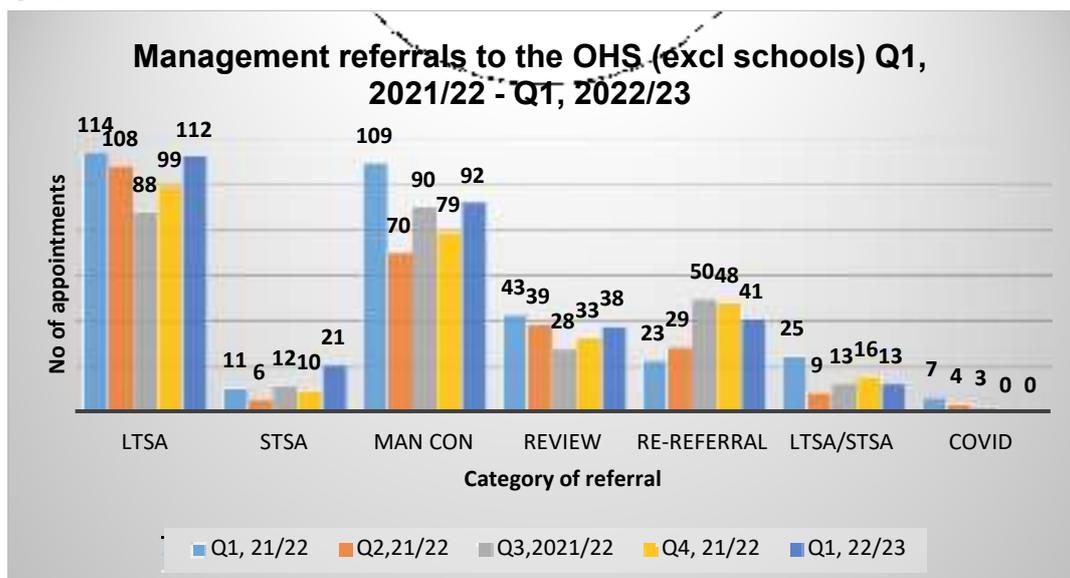


Chart 2 shows the categorisation of management referral appointments attended.

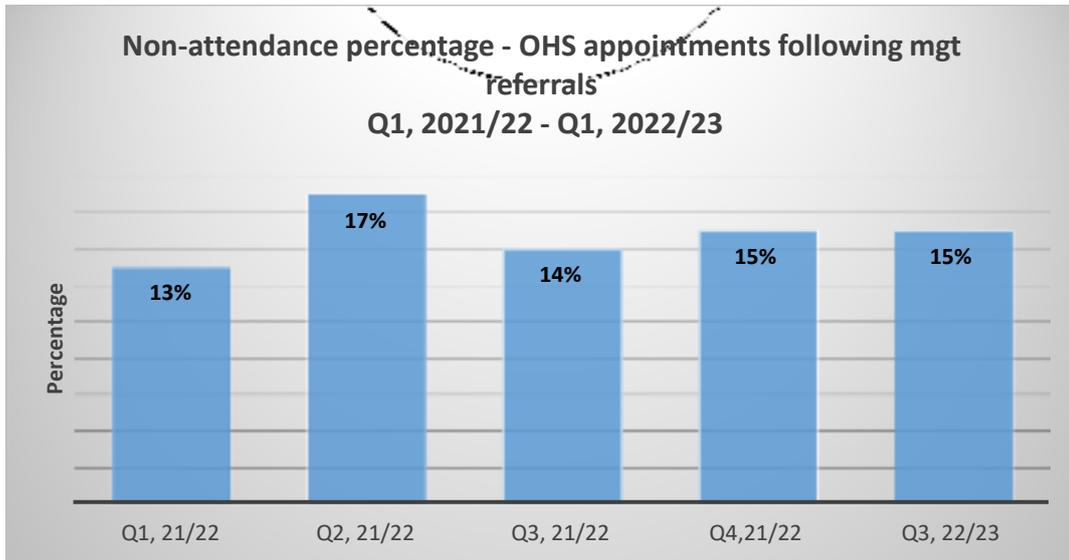
Chart 4



Management Referrals - Non Attendance

- 31 During Q1, 58 employees did not attend their allocated appointment following management referral. This represents a 15% non-attendance rate. See Chart 5.

Chart 5



Management Referrals – Employee Attribution

- 32 During Quarter 1, 112 employees were seen for LTSA of which 20% (n=22) stated to the OHS that they consider the underlying cause to be due to work related factors. Of the 22 employees, 94% (n=21) identified this was due to 'psychological' reasons and 5% (n=1) identified as 'musculoskeletal' See Charts 6-9.
- 33 Chart 6 shows the cause of absence categories for non-work related LTSA seen in the OHS, 17% (n=15) were due to psychological reasons; 33% (n=29) were due to musculoskeletal problems; 5% (n=5) was due to respiratory problems; 2% (n=2) were due to hearing problems; 5% (n=5) were due to Covid and 38% (n=34) was due to other.

Chart 6

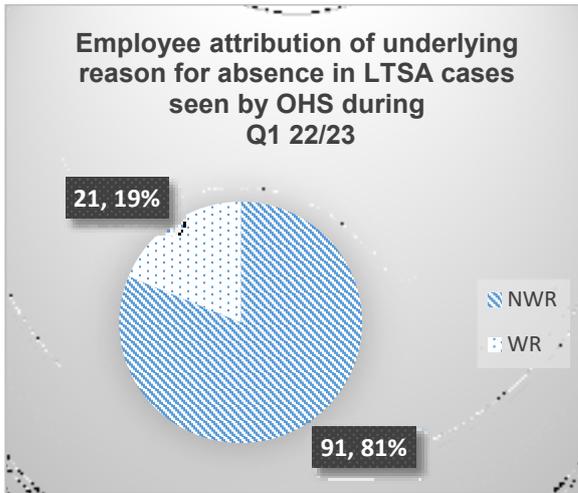


Chart 7

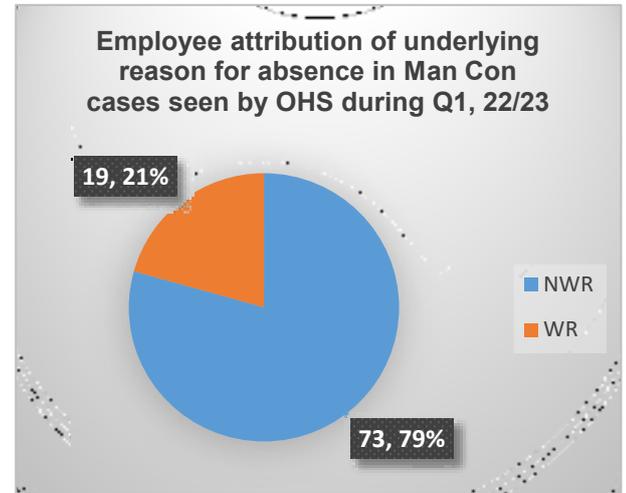


Chart 8

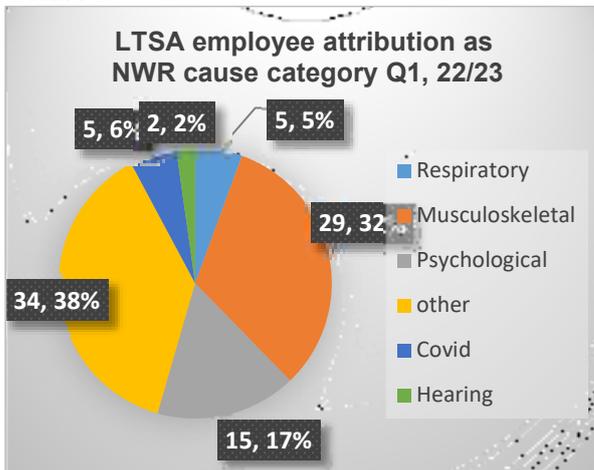
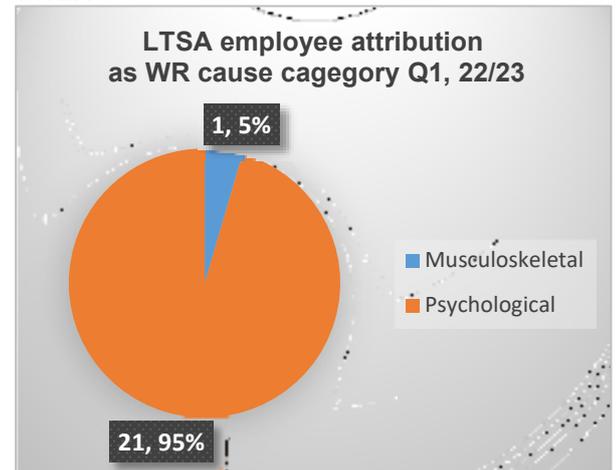


Chart 9



- 34 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.
- 35 During Q1, 92 employees were seen as a management concern, 15% (n=12) of these referrals stated to the OHS that they consider the underlying cause to be due to work related factors. Of the 92 employees seen 58% (n=11) of the work related and 10% (n=7) 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 26% of non-work related and 32% 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.

- 36 Further analysis of the data relating to management concern referrals identified that 2% of the LTSA referrals received in Q1 were seen in the previous 12 months as a management concern referral.

Chart 10

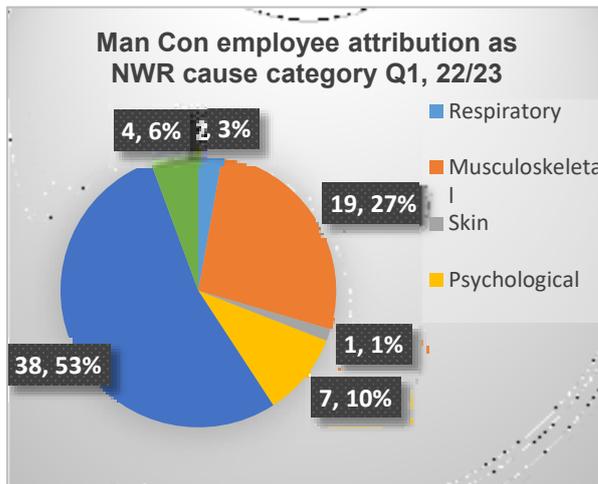
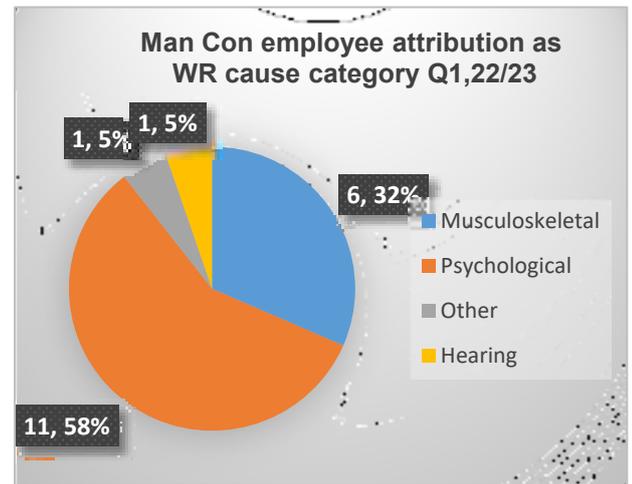


Chart 11



Support Services

- 37 During Quarter 1, the OHS provided the following additional support services. See Table 1.

Table 1

Additional Support services accessed via the OHS	A&HS	CYPS	NCC	REG	Res	Cex	Service not detailed	Q1	Q4	Q3	Q2	Q1
								22/23	21/22	21/22	21/22	21/22
								Total	Total	Total	Total	Total
Number of routine physiotherapy referrals	6	25	14	12	8	0	-	65	57	59	46	37
Number of routine physiotherapy sessions	35	54	47	52	26	0	-	214	188	176	126	121
Number of 'face to face' counselling referrals	0	3	1	2	0	0	-	6	2	0	1	1
Number of 'face to face' counselling sessions	0	1	0	12	0	0	-	13	0	0	5	0
Total number of calls to the EAP	11	25	5	0	25	0	26	92	159	125	114	144

Telephone EAP structured counselling cases	0	0	0	0	0	0	0	0	0	77	15	22
Telephone EAP structured counselling sessions	0	0	0	0	0	0	0	0	0	62	29	90
Employees referred to online counselling	0	2	0	0	1	0	2	5	5	5	3	7
Online Counselling Sessions	2	1	1	0	1	0	2	7	9	10	93	25
Employees referred to online CBT	0	11	6	0	2	0	15	32	9	15	0	0
Online CBT sessions	9	2	0	0	6	0	11	22	72	46	0	0

Physiotherapy

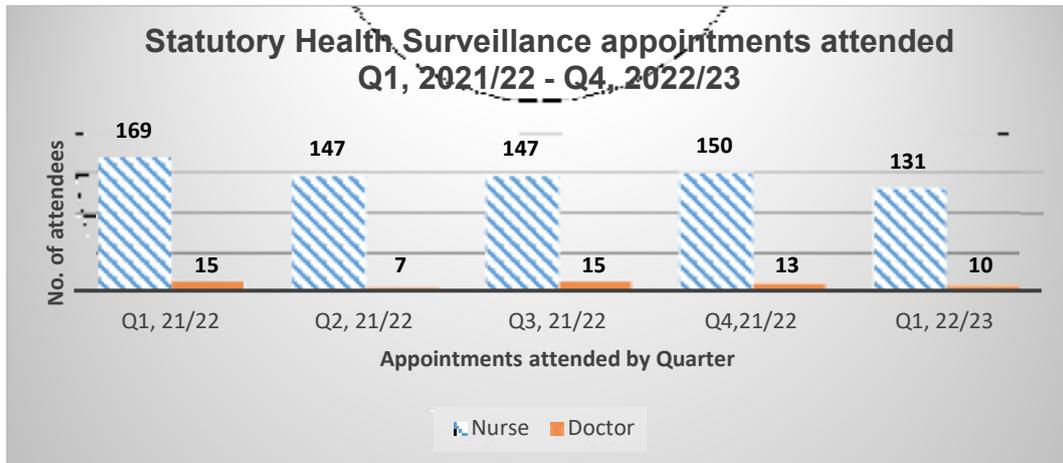
- 38 Routine physiotherapy clinics operate two days per week in the OHS at Annand House under contract with the OHS, the clinics are a combination of telephone assessments and face to face physiotherapy appointments, should following the physiotherapy initial assessment by telephone the physiotherapist deem this to be clinically required.
- 39 Q1 data provided by the contracted service has identified that 40% of the referrals for physiotherapy were related to work, it was also reported that 3 of the referrals were reported by the employee to be following a work accident. The 3 referrals reported this quarter were from different services therefore no potential hotspots were identified. At the time of preparing this report (26/7/22) the waiting time for an initial assessment is 13 working days. The OHS will continue to monitor this waiting time and report to this group.

Health Surveillance

- 40 The OHS continues to provide statutory health surveillance programmes to employees in line with HSE guidelines. The OHS has addressed the backlog of health surveillance created by the pandemic and face to face health surveillance is up to date with the exception of one depot that requires an onsite clinic and is currently not suitable due to building work. Some health surveillance clinics have been carried out on site to minimise the effect on service delivery.
- 41 During Quarter 1, a total of 141 employees attended OHS appointments for routine statutory health surveillance, 131 with an

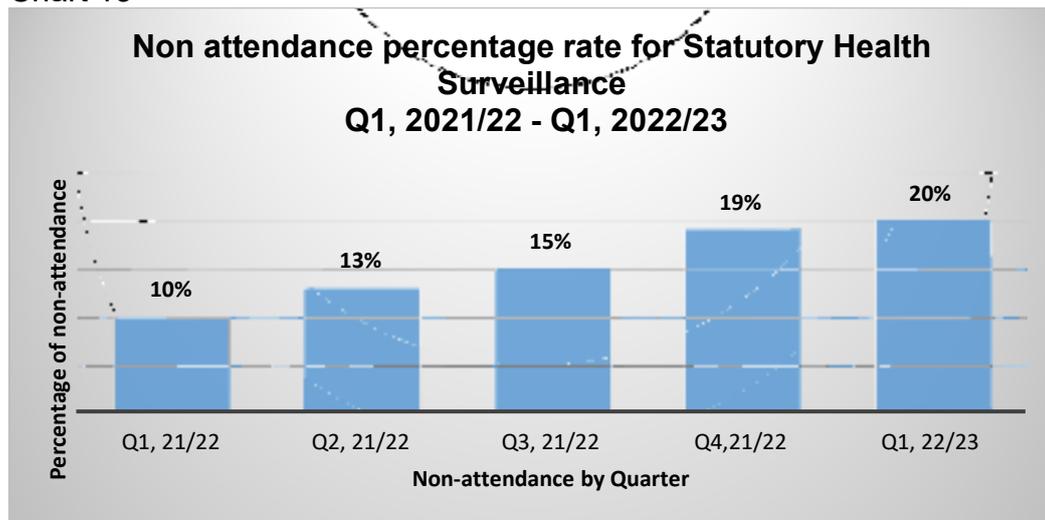
Occupational Health Nurse and 10 with the Senior Occupational Health Physician.

Chart 12



- 42 During Quarter 1, 20% (n=36) employees failed to attend their appointment with the OHS in relation to statutory health surveillance. See Chart 13.

Chart 13



Welding

- 43 New guidance was published by the Health and Safety Executive in February 2020 regarding welding operations, this has led to a DCC Health and Safety Service driven project to revisit risk assessments for areas of the Council undertaking welding activities. The OHS have attended visits to a number of work sites to undertake walkthrough surveys, with a Health and Safety Officer. Biological monitoring is being arranged and a schedule of respiratory health surveillance for those employees identified by the risk assessment is to be arranged.

Immunisation

- 44 During Q1 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 25 vaccines.
- 45 During Q1 there were 3 inoculation incidents, 2 involving spitting into the eye by a client and 1 human bite. Appropriate action was taken to support the employees involved including immunisation, follow up blood tests, advice and signposting to the EAP. Planning for the staff flu vaccination programme for 2022/2023 has also commenced.

Review of Automated External Defibrillators (AED's)

- 46 A review of AED's was undertaken to ensure that the Council had adequate arrangements in place across its workplaces and was also supportive of third-party provision within communities and private sector workplaces.
- 47 Whilst the Council has a comprehensive offer in terms of provision of AEDs in its workplaces the review resulted in a number of recommendations in relation improving awareness, access and provision, not only in Council workplaces but communities also. A summary of recommendations include:
- Revision of current AED Council workplace policy.
 - Providing NEAS on an ongoing basis with information and intelligence regarding locations of AED's across the County.
 - Active promotion of the NEAS 'circuit' scheme on the Council public facing website on a designated page which is easily identifiable and accessible.
 - The Council, in a public health capacity, should undertake further promotion and awareness of CPR, how to undertake this and where to access formal training. This could be supplemented by Council website videos and visual aids to improve general untrained awareness.
 - The Council website should also promote the British Heart Foundation 'find a defib' app when it is launched in late 2022.
 - The Council, as a public health authority for the County, should work with and support NEAS, to engage and establish what provision of AED's are provided in the private and voluntary sectors and encourage registration of devices with NEAS.
 - The Council should work with NEAS to support provision of AED's in areas of foreseeable health risk and deprivation where SCA's related

risks are statistically higher, utilising local cardiac arrest data as appropriate.

- The Council should consider what funding is available to supplement NEAS funding initiatives and further incentivise AED's across the county.
- The Council should request that NEAS promote both CPAD and non CPAD devices across the county and display these on the circuit system. This would provide residents with a clear indication of where there are AED's and if they have 24/7 accessibility or restricted accessibility such as during normal business hours.
- The Council should review its current landlord approval policy and process for third party requests for installing CPAD on council buildings to ensure that there remains a balance of clear delineation of liabilities and providing improved access to AED's for the public.
- Where Council premises are closed or operational use reduced, checks should be undertaken to ensure that if AED's are present and will be no longer available that there remains alternative provision in that locality area.
- The Councils Education service should undertake schools related awareness and promotion of DfE offer of funding. This should also include the requirement for schools to check with their insurance provider before choosing to locate an AED in a publicly accessible location.
- Launch awareness campaign within Schools to consider purchasing AED's as part of their first aid risk assessment, as with other Council locations, in particular those schools where fitness equipment has been provided and is accessible to the public and where the premise is used outside of curriculum time for public fitness activities.
- Where schools are intending to install a community access device then consideration should be given to its location as when schools perimeters are secured this will result in a restriction to the device if situation within secure school grounds.
- A further review of locations and accessibility of AED's should be undertaken once the additional intelligence referenced in this report has been provided to NEAS and populated to supplement existing information. Work can then be focused on any communities without known AED availability and funding can be identified and allocated to such areas for provision.

Violence and Aggression – Potentially Violent Persons Register (PVPR)

- 48 At the close of Quarter one 2022/23, there were 85 live entries on the PVPR register. The 12 month rolling figures for PVPR live entries are as follows:

Year		Quarter	PVPR live entries
2021/22		2	47
2021/22		3	66
2021/22		4	75
2022/23		1	85
Number of Live Records			85
Number of Additions			22
Number of Removals			12
Number of Warning Letters Sent			12
Number of PVPR Appeals			1

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

- CYPS - 41 viewed 58 times
- AHS - 39 viewed 57 times
- N&CC - 37 viewed 67 times
- REG - 97 viewed 207 times
- RES - 74 viewed 385 times
- Members - 1 viewed 4 times

Corporate risks that may have an impact on Health and Safety on 5 August 2022

50 The below tables detail the corporate risk that may have an impact on Health and Safety at the end of July 2022.

Health and Safety Related Strategic Risks

Ref	Service	Risk	Treatment
1	CYPS	Failure to protect a child from death or serious harm (where service failure is a factor or issue).	Treat
2	REG	Serious injury or loss of life due to Safeguarding failure (Transport Service).	The current controls are considered adequate.

3	AHS	Failure to protect a vulnerable adult from death or serious harm (where service failure is a factor or issue).	Treat
4	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.	Treat
5	RES	Serious breach of Health and Safety Legislation	The current controls are considered adequate.
6	REG	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
7	RES	Potential violence and aggression towards members and employees from members of the public	The current controls are considered adequate.
8	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.	Treat
9	NCC	Potential impacts of the spread of Ash Dieback Disease on the environment, public safety, and Council finances.	Treat

51 One risk has been closed, *“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”*.

52 This risk has been closed following a decision by Corporate Management Team to discontinue the Covid risk register and for significant, residual Covid risks to be managed through existing business as usual processes. This followed the Government’s publication, in February 2022, of the Spring Plan: Living with Covid, which removed all remaining domestic restrictions, while encouraging safer behaviours through public health advice.

53 One risk has been added, *“Potential impacts of the spread of **Ash Dieback Disease** on the environment, public safety, and Council finances”*.

- 54 Ash dieback is a fungal disease, first found in the UK 20 years ago, particularly in the south, and can now be found across County Durham. It has the potential to cause significant damage to the County's ash population, with implications for woodland biodiversity and ecology, landscape and townscape character. There are also potential public safety implications and additional resources will be required to manage trees and woodlands, and to prevent accidents.

Statistical Information

- 55 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

- 56 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

- 57 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

- 58 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

- 59 Whilst a return to business as usual continues it was still appropriate to remind employees of the ongoing risks regarding COVID, support the up-and-coming autumn and winter vaccination programme and retain workplace control measures such as sanitiser, cleaning equipment and ventilation guidance.
- 60 Accident statistics indicate that rates continue to return to pre pandemic levels, with a total of 373 accidents during this quarter. There was only 1 RIDDOR specified injury and 6 over RIDDOR 7-day related incidents which are below average for a quarter.
- 61 Whilst concerning to see COVID infection rates increasing across the county and several workplace outbreak control teams being put in place, the health impacts were significantly less and reiteration of the importance of COVID controls was a proportionate and appropriate approach.
- 62 The continued audit and inspection activity by the H&S team continues to provide opportunities for improvement in relation to the working practices and procedures, with almost 300 flagged items being identified during the quarter. The majority of items identified continue to be low priority which is positive.
- 63 Another fire related incident reported during this quarter at Willington library continues with a long running causation theme of anti-social behaviour. The H&S service continue to work with CDDFRS and police neighbourhood teams to address issues and take action where appropriate against individuals.
- 64 The development of a revised employee working well survey provides the Council with an excellent opportunity to gain insight into employees views on a range of key issues regarding workplaces, working practices and working conditions across the organisation. This is timely given the volume of organisational change that has occurred pre and post pandemic.
- 65 The review of AEDs from a Council workplace and general public health perspective has resulted in some very useful recommendations which will result in improved provision, awareness and accessibility across the County and ensuring that partnership working with NEAS continues.

Other useful documents

- Occupational Health Quarter one 2022/23 Report
- Health, Safety and Wellbeing statistical Quarter one 2022/23 report

Author

Kevin Lough

Tel: 03000 263381

Appendix 1: Implications

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

This page is intentionally left blank



Audit Committee

30 September 2022

Strategic Risk Management Progress

Report for 2022/23

Review 1: 1 January – 31 May 2022

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 supports the Council's Risk Management Strategy. It highlights the strategic risks facing the Council and provides an insight into the work carried out by the Corporate Risk Management Group between January and May 2022.

Executive summary

- 2 In line with the Constitution and the Corporate Risk Management Strategy, Audit Committee are 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.
- 3 All risks are formally reviewed three times each year, which contributes to improved performance, decision-making and governance. The review of the strategic risk register is overseen by the Corporate Risk Management Group. The member and officer risk champions are the Cabinet Portfolio Holder for Finance (Cllr Richard Bell) and Corporate Director of Resources (Paul Darby).
- 4 Since the last update to the committee,
 - (a) five new risks have been added (construction industry price inflation, homelessness, leisure/retail units, Ash Dieback Disease, and demand for children's safeguarding services),

- (b) three risks have been amended (poverty, energy prices, urgent and emergency care services), and
 - (c) two risks have been closed (Covid19, suspension notice).
- 5 There are updates on eleven risks (climate change, major incident, health and safety breach, care providers, A690 land slippage, economic strategy, residential care charging policy, school improvement grant, violence and aggression, residential children’s homes staff, HGV drivers) provided in the report. Following a request by Audit Committee in February 2022, a location plan for the A690 land slippage is attached in appendix 6 together with an illustration showing the slip details. One emerging risk has been highlighted (adult social care charging reforms).
- 6 In summary, the report outlines that on 31 May 2022, there were 39 risks on the strategic risk register. There are nine key risks, relating to Government funding, construction industry price inflation, energy prices, urgent and emergency care services, statutory sufficiency duty, climate change, child safeguarding, MTFP savings plans and vulnerable adults, for which key mitigating actions have been identified.
- 7 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 are included in the report.

Recommendation

- 8 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

- 9 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 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.
- 10 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

- 11 On 31 May 2022, there were 39 risks included on the corporate strategic risk register, three more than on 31 December 2021. During the period covered by this report five risks have been added, and two removed.
- 12 In summary, the key risks to the Council are:
- (a) There is significant uncertainty in relation to future **funding settlements** from government, which will be impacted by the upcoming Fair Funding Review and by the allocation of funding from the Health and Social Care Levy.
 - (b) Limited product availability and price increases in the **construction industry** may disrupt or inhibit the delivery of capital projects by the Council through external procurement routes and through the in-house construction delivery arms within both Corporate Property and Land and Highway Services.
 - (c) Potential adverse impact of **energy price increases** on Council finances and service delivery.
 - (d) Potential disruption to the Council's and partners' **urgent and emergency care services** due to backlogs caused by Covid, increased demand and staff capacity issues.
 - (e) 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.

- (f) 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 2045 (**climate change**).
- (g) **Failure to protect a child** from death or serious harm (where service failure is a factor or issue).
- (h) If timely and comprehensive **MTFP savings plans** are not in place across the council, required savings may not be achieved, necessitating extensive utilisation of reserves.
- (i) 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.

- 13 Appendix 3 includes details on five new risks (construction industry price inflation, homelessness, leisure/retail units, Ash Dieback Disease, demand for children’s safeguarding services), three amended risks (poverty, energy prices, urgent and emergency care services), and two closed risks (Covid19, suspension notice). There are progress updates on eleven other risks (climate change, major incident, health and safety breach, care providers, A690 land slippage, economic strategy, residential care charging policy, school improvement grant, violence and aggression, residential children’s homes staff, HGV drivers) included in the report. Following a request by Audit Committee in February 2022, a location plan for the A690 land slippage is attached in appendix 6 together with an illustration showing the slip details. One emerging risk has been highlighted (adult social care charging reforms).
- 14 A list of all the Council’s strategic risks on 31 May 2022, aligned to the corporate themes in County Durham Vision 2035 and the Council Plan, is included in appendix 4.
- 15 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.

- 16 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.

Background papers

- None

Other useful documents

- None

Author

Kevin Roberts

Tel: 03000 269657

Appendix 1: Implications

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

Appendix 2: How the Risk Management Framework operates

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 31 May 2022, there were 39 risks on the corporate strategic risk register, three more than on 31 December 2021. During this period five risks were added and two were removed.

The following matrix profiles the strategic risks according to their net risk evaluation on 31 May 2022. To highlight changes in each category during the last period, the number of risks on 31 December 2021 is shown in brackets.

Overall number of Strategic Risks on 31 May 2022

Impact					
Critical	1 (1)		3 (4)		2 (1)
Major		5 (6)	5 (4)	3 (3)	1 (0)
Moderate			12 (12)	7 (4)	0 (1)
Minor					
Insignificant					
Likelihood	Remote	Unlikely	Possible	Probable	Highly Probable

In the above matrix, the risks assessed as Critical/Highly Probable are,

- There is significant uncertainty in relation to future funding settlements from government, which will be impacted by the upcoming Fair Funding Review and by the allocation of funding from the Health and Social Care Levy.
- Limited product availability and price increases in the construction industry may disrupt the delivery of capital projects by the Council through external procurement routes and through the in-house

construction delivery arms within both Corporate Property and Land and Highway Services.

New Risks

- 1 *Limited product availability and price increases in the **construction industry** may disrupt the delivery of capital projects by the Council through external procurement routes and through the in-house construction delivery arms within both Corporate Property and Land and Highway Services (REG).*

The net risk evaluation is **critical impact, highly probable likelihood**, which makes this a key risk. This risk is driven by a range of market factors that are driving inflationary price increases. These include EU exit, the war in Ukraine, extremely high levels of post-Covid demand, rising oil and gas prices, and increased shipping costs. There are additional design costs to meet the requirements of the Path to Net Zero Carbon Policy. The risk will undoubtedly have a critical impact on the Council's capital programme.

Capital schemes are prioritised in line with the medium-term financial plan, which is monitored by CMT with oversight from the Member Officer Working Group. The potential impact on in-progress and committed projects has been evaluated and will be subject to ongoing monitoring. The Council follows Government guidance issued through the Construction Leadership Council entitled, "CLC Plan to Mitigate the Impact of Construction Inflation".

Options to be considered may include potential scaling back of the capital programme and/or delaying some of the projects. The service will seek to reduce risk exposure through changes to forward planning, placing advance orders and timely communications with clients and supply chain partners. Customised financial guidance for budget holders will include inflation forecasts and contingency budgeting.

- 2 *Financial and other pressures on tenants may cause a rise in the number of evictions and repossessions, leading to a significant increase in **homeless presentations** and pressure on housing support services (REG).*

The net risk evaluation is **moderate impact, probable likelihood**. This risk was first highlighted as a Covid-related issue during 2020 and the Government introduced temporary measures to prevent evictions taking place during this time. Since the temporary restrictions were lifted the increase in homeless presentations has continued during the current cost of living crisis. There are various triggers, including the ending of

private rented tenancies due to rent arrears, people at risk of losing their home due to mortgage arrears, violent and non-violent relationship breakdowns, and families no longer able or willing to provide accommodation.

The number of people in temporary accommodation is larger than normal and, for reasons not yet understood, there is a shortage of vacant accommodation in the private and social sectors. The opportunities for extending the remit of the County Durham Lettings Agency, part of the Council's housing service, are currently being reviewed to consider the purchase of further accommodation to discharge homelessness duties. We are also working to address these issues with housing providers, who are fully aware of the pressures and demand for accommodation. Current caseloads are around 100 per full-time equivalent staff, compared to the standard of around 50 cases.

The Housing Solutions service supports residents who are in financial difficulty and at risk of homelessness, including referrals to organisations providing advice and support on subjects such as housing, finance, financial management, employment, energy/fuel, foodbanks, furniture schemes. The Housing Poverty Group meets every six weeks to consider issues relating to poverty, share best practice and promote joint working. Partnership working with social housing providers seeks to understand, raise awareness and respond to key issues. The Stop B4U Serve initiative encourages landlords and tenants to approach the Council about potential eviction notices to consider alternatives. We have implemented various Government-funded initiatives to support vulnerable/excluded groups (e.g., Rough Sleeping, Move On Fund). County Durham Lettings Agency accommodates and supports vulnerable individuals who cannot access mainstream housing.

Training and awareness are being provided to enable front line staff to support and work collectively with partners, and we are monitoring the number of presentations from people at risk of losing their home through mortgage arrears. The recruitment of additional temporary staff is also underway.

A more detailed account of the Council's response to the increase in homeless presentations can be found in paragraphs 53 to 65 of the [Quarter Four, 2021/22 Performance Management Report](#) to Cabinet on 15 June 2022.

- 3 *Increased difficulty in retaining or finding tenants for Council-owned **leisure/retail units**, leading to an increased risk of medium to long term losses in revenue (REG).*

The net risk evaluation is **moderate impact, probable likelihood**. Current economic conditions including inflation, labour shortages and the impacts of the Covid19 pandemic have led to increased difficulty in retaining or finding tenants for Council-owned leisure/retail units, leading to an increased risk of medium to long term losses in revenue. Proactive marketing of units is undertaken through a specialist external agency. Regular progress reports are submitted to senior management.

4 *Potential impacts of the spread of Ash Dieback Disease on the environment, public safety, and Council finances (NCC).*

The net risk evaluation is **moderate impact, possible likelihood**. Ash dieback is a fungal disease, first found in the UK 20 years ago, particularly in the south, and can now be found across County Durham. It has the potential to cause significant damage to the County's ash population, with implications for woodland biodiversity and ecology, landscape and townscape character. There are also potential public safety implications and additional resources will be required to manage trees and woodlands, and to prevent accidents.

An Ash Dieback Management Plan is being developed as part of the Tree and Woodland Strategy, and a proactive inspection regime for trees owned or managed by the Council is being developed. Management of woodland estate will be enhanced through Woodland Management Grants, and a programme of tree and woodland planting on 70 hectares of council land is being delivered between 2020 and 2024.

Additional permanent staff have been appointed to support tree inspections as well as temporary staff to support woodland management and tree planting. Potential insurance claims arising from the Ash Dieback situation have been discussed with the Council's insurer, who has been informed of the Council's tree management arrangements.

5 *Increase in volume and complexity of demand for children's safeguarding services post coronavirus period (CYPS).*

The net risk evaluation is **moderate impact, possible likelihood**. This risk, which was first highlighted during the height of the Covid19 pandemic, has more recently been exacerbated by high inflation and the impacts of poverty, including abuse, neglect and mental health issues. To strengthen Families First services, additional management capacity has been provided and the number of teams has been increased from 14 to 15. A growth bid to strengthen children's social

care capacity has been agreed. Robust processes in place at First Contact and MASH to assess new referrals, while trends and patterns are monitored regularly to ensure managers are sighted on peaks and troughs. Weekly discussions are also held with safeguarding partners.

Amended Risks

- 6 *Potential adverse impact of **energy price increases** on Council finances (RES).*

The net risk evaluation has been **uprated from moderate impact / highly probable likelihood to major / highly probable**. This reflects potential premises disruption (e.g., relocating services to minimise consumption and temporarily mothballing of some premises) and potential impacts on stakeholders (e.g., academies, town and parish councils, and employees).

The Future Buying Strategy has been amended so that, by increasing hedging ratios (the proportion of energy bought prior to delivery compared to on the 'day ahead market'), financial uncertainty is reduced. From April 2022, a monthly statement is being sent to every internal and external site on the contract so that potential overspends can be identified sooner and consumption modified, where possible.

- 7 *Potential disruption to the Council's and partners' **urgent and emergency care services** due to backlogs caused by Covid, increased demand and staff capacity issues (AHS).*

The description of this key risk has been modified to better reflect the causes (Covid backlogs, increased demand, staffing capacity) and that they are not restricted to the winter period.

- 8 *Risk that Council does not fully respond to the drivers of financial hardship, including those caused by the 'cost of living crisis', the ongoing impacts of the coronavirus pandemic and wider determinants of **poverty** to help alleviate the impacts on County Durham residents (RES).*

The net likelihood has been **uprated from possible to probable**. Several factors have been influencing financial insecurity recently, including the continued impact of the Covid pandemic, rising living costs especially in relation to food, fuel, energy and utility costs, and the economic uncertainty arising from events in the Ukraine which is compounding the squeeze on household budgets.

Work continues through the Poverty Action Steering Group to ensure there is a coherent and co-ordinated strategic approach, both within the

council and across our partners to address poverty across County Durham. In April 2022, Cabinet granted approval to consult on a revised County Durham Poverty Action Plan which sets out a comprehensive response to the impacts of the wide-ranging poverty issues within the county. The updated strategy and action plan are due to be reported back to Cabinet in October / November.

Closed Risks

- 9 *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 (**Corporate Management Team**).*

This risk has been closed following a decision by Corporate Management Team to discontinue the Covid risk register and for significant, residual Covid risks to be managed through existing business as usual processes. This followed the Government's publication, in February 2022, of the Spring Plan: Living with Covid, which removed all remaining domestic restrictions, while encouraging safer behaviours through public health advice.

- 10 *Risk of a **suspension notice** under Regulation 37, Environmental Permitting Regulations 2016, leading to a partial cessation of operations at Mountsett Crematorium (**NCC**).*

This risk has been closed as the two new cremators have been operational for several months and emissions testing is complete and in compliance with the Environmental Permitting Regulations 2016.

Updates on Developments

- 11 *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 2045 (**climate change**) (**NCC**).*

This is a key risk. Climate change targets are being reviewed for inclusion in the Climate Change Emergency Response Plan – Year 2 Update, which was considered by Cabinet in June 2022.

- 12 *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 (**NCC**).*

A review of the response to Storm Arwen by the Council and partners was reported to Cabinet on 13 July 2022.

- 13 *Potential **violence and aggression** towards members and employees from members of the public (REG).*

All newly elected members have had induction training, including violence and aggression risk management.

- 14 *Serious **breach of Health and Safety Legislation** (REG).*

A new Health and Wellbeing Strategy is being developed and consulted on. The Employee Working Well survey on Health and Safety Executive stress management standards will be re-run, following on from the initial survey in 2017.

- 15 *The national **shortage of HGV drivers** may impact the Council workforce, leading to potential disruption to statutory services (including refuse & recycling, highways gritting and maintenance) (NCC).*

When the risk was reviewed in May, there was a handful of vacancies, all in the Refuse and Recycling service, but this was not due to any recruitment problems at that time. Plans to train internal employees are being considered to complement existing internal HGV drivers.

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

The A690 was constructed during the 1970s on a disused railway and has a recorded history of ground movements, which have resulted in structural repairs being required to maintain the carriageway, associated highway drainage and the nearby Northern Powergrid Training Centre. The road is built on a hillside and over recent years has suffered structural failure, which is understood to be due to movement of the supporting embankment.

Several small-scale highway maintenance schemes have been undertaken on defects which have formed in the carriageway to restore it to a serviceable condition. Additional remote monitoring stations have been installed across the site to monitor movement and the stability of the supporting embankment. A multi-agency contingency planning exercise was also undertaken in March 2022 to coordinate planning between the highways authority, utility companies and the emergency services, in the event that the road needed to close.

Consultants are being engaged to provide a costed solution to the permanent stabilisation of the embankment ahead of including this scheme in a Levelling Up 2 funding bid to Central Government. Bids

were submitted in Summer 2022, with successful applications expected to be notified in October 2022.

Following a request by Audit Committee in February 2022, a location plan is attached in appendix 6 together with an illustration showing the slip details.

- 17 *Changing and uncertain economic factors, including levelling up and shared prosperity funding and the impact of the EU exit, may impede the delivery of the **countywide economic strategy**, resulting in damage to the strength and competitiveness of the of the Co Durham economy (**REG**).*

Consultation titled 'Our Big E-Conversation' started on 31 January 2022 and finished at the end of April. This included a wide range of workshops and meetings with varied stakeholders. The results of the exercise are being collated and analysed and an initial 'straw man' of an Economic Strategy is being developed. There will be further consultation during the summer with Cabinet considering a report later in the year.

Shared Prosperity Fund grant allocations were announced recently, where County Durham has been awarded around £34 million of funding – roughly half of the previous EU funding levels and substantially less than what we would have received had the UK remained within the EU given the enhanced status level the Council was due to be awarded.

- 18 *Government proposals to phase out **school improvement grant** by 2024/25 could undermine the Council's ability to support maintained schools effectively (**CYPS**).*

The Government has consulted on proposals to reform how local authorities' improvement functions for maintained schools are funded and the outcome is that the grant for school improvement support will be withdrawn by 2024/25. This will have a disproportionately adverse effect on County Durham because of the high number of maintained schools. Successive reductions of 50% in 2022-23 and 2023-24 amount to £400k then £800k respectively and will make it difficult to maintain service levels around the high proportions of maintained schools with the staffing reductions required.

An option to de-delegate funds from maintained schools was considered but rejected in favour of a service restructure after consultation with schools and other education providers to ensure that they remain fit for purpose. The restructure has been finalised and interviews for new posts will be completed by the end of June 2022. The new structure will enable significant staffing cost savings and is

designed to provide support to schools and educational settings at reduced cost and economies of scale.

- 19 *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. (AHS).*

Recruitment and retention of care employees continues to be an issue. Care home providers regard the Council's fee increase offer as unsatisfactory and an application for judicial review is being made against the decision (this application does not apply to the domiciliary care market).

The Government's Fair Cost of Care reforms aim to enable local authorities to begin preparing local markets for reform and move towards paying providers a fair rate that reflects the actual cost of delivery of care. Local authorities will be required to undertake a cost of care exercise and make a submission to the DHSC with a provisional market sustainability plan and a spend report.

- 20 *Inability to recruit **residential children's homes staff** may seriously inhibit capacity to deliver essential, specialist services to children and young people from across England and Wales (CYPS).*

A specialist recruitment agency has been commissioned to identify and recruit residential workers, and this has proved extremely positive with consistently successful recruitment campaigns month on month. This service will continue to be utilised to enable stabilisation of the workforce across the five existing homes and the new Transition Home until the contract concludes in September 2022. The Early Help, Inclusion and Vulnerable Children service will be represented on the new Corporate Recruitment and Retention Working Group.

- 21 *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** (CYPS).*

The Government's Fair Cost of Care reforms aim to enable local authorities to begin preparing local markets for reform and move towards paying providers a fair rate that reflects the actual cost of delivery of care. Local authorities will be required to undertake a cost of care exercise and make a submission to the Department of Health and Social Care with a provisional market sustainability plan and a spend report. From October 2023, service users will be able to opt to be included in the Council's contract and pay fees at the contract rate.

In the meantime, regular discussions continue to be held between relevant services with the aim of ensuring that decisions are made in compliance with the Council policies. Decisions on new cases are subject to approval by interdisciplinary self-funder panels and all potential self-funder cases that remain on the Council contract are checked periodically by senior officers.

Emerging Risk

22 *Uncertainty and challenges around Government plans to introduce reforms to the system for charging for adult social care (AHS).*

The changes include a cap on personal care costs, which will place a limit on the amount that people will need to spend to meet their eligible care and support needs. From October 2023, anyone assessed as having eligible care and support needs, either new entrants or existing social care users, will begin to progress towards the cap. To enable this, the Council will be required to create a personalised care account for each individual and monitor their progress towards the cap. People who currently meet their eligible needs themselves will need to be identified, to ensure that they can begin progressing towards the cap from the point it comes into effect. Other challenges include the tight timescale, additional workloads, meeting public expectations and the development and implementation of new or enhanced software applications.

Project governance arrangements are in place and implementation risks will be kept under review and, if necessary, escalated to the corporate risk register.

Key Risks

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

Key Risks Matrix

Net Impact					
Critical			R7 Child Safeguarding R8 Savings Plans R9 Vulnerable Adults		Risk 1 Govt Funding R2 Construction Industry
Major				R4 Emergency Services R5 Sufficiency Duty R6 Climate Change	R3 Energy Prices
Moderate					
Minor					
Insignificant					
Net Likelihood	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	RES Risk Owner: Jeff Garfoot	Cross-cutting	Our Council - Durham County Council has a reputation for listening to its residents, being well-managed and getting things done	R0595 - There is significant uncertainty in relation to future funding settlements from government, which will be impacted by the Fair Funding Review and by the allocation of funding from the Health and Social Care Levy.	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 the pandemic and in relation to changes relating to the Health and Social Care levy.		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
2	REG Risk Owner: Susan Robinson	Cross-cutting	Our Economy - Durham has a thriving and inclusive economy with more and better jobs and fewer people suffering from the hardships of poverty and deprivation / A strong, competitive economy where County Durham is a premier place in the North-East to live and do business	UR0161 - Limited product availability and price increases in the construction industry may disrupt the delivery of capital projects by the Council either through external procurement routes or through the in-house construction delivery arms within both Corporate Property and Land and Highway Services.	Critical	Highly Probable	Capital schemes are prioritised in line with the medium-term financial plan, which is monitored by CMT with oversight from the Member Officer Working Group. The potential impact on in-progress and committed projects was evaluated and reported to CMT in January 2022. The Council follows Government guidance issued through the Construction Leadership Council entitled, "CLC Plan to Mitigate the Impact of Construction Inflation". The service receives specialist support from the Corporate Procurement and Corporate Finance teams. The capital programme will be scaled back where possible, and some projects will be delayed until the global market stabilises. The service will seek to reduce risk exposure through changes to forward planning, placing advance orders and timely communications with clients and supply chain partners. Customised financial guidance for budget holders will include inflation forecasts and contingency budgeting.	New risk	The duration of this risk is uncertain, but it is expected to continue for several 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
3	RES Risk Owner: Darren Knowd	Cross-cutting	Our Council - Durham County Council has a reputation for listening to its residents, being well-managed and getting things done	UR0153 - Potential adverse impact of energy price increases on Council finances.	Major	Highly Probable	The Council and the North East Procurement Organisation (NEPO) lead the response to this risk on behalf of partners. The North East Directors of Resources Group (DRG) provides strategic direction on energy procurement. In response to current market conditions, the approach to purchasing energy has been modified through the Forward Purchasing Strategy. Collaboration North East, which consists of the heads of procurement across all twelve NE authorities, reports to the DRG and works collaboratively on procurement issues. Support and specialist advice on improving energy efficiency is provided by the Council's Low Carbon team. Future years' budgets will be increased to reflect price increases.	Net impact increased from minor to major.	The duration of this risk is uncertain, but the indications are that it will continue for the next two years. Markets are unstable and prices are still rising.

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	AHS Risk Owner: Jane Robinson	Service-specific	Our People - Durham is a place where people will enjoy fulfilling, long and independent lives	UR0158 - Potential disruption to the Council's and partners' urgent and emergency care services due to backlogs caused by Covid, increased demand and staff capacity issues.	Major	Probable	A detailed account of preparations was presented to Adults, Health and Wellbeing Overview and Scrutiny Committee (OSC) on 1 October 2021 by the CEO, County Durham and Darlington Foundation Trust. A cross-partner Task and Finish Group (T&F) operated up to 31 October 2021 to prepare for the expected surge in demand and to co-ordinate work across partners. The T&F Group has met to bring plans together in one place, to share information and to prepare reports to be presented to OSC and the Health and Well-Being Board. Partnership working is key to managing this risk and includes engagement with the Local Accident and Emergency Delivery Board, jointly developing improvement plans, and engaging with the voluntary and community sector on preventative support.		The duration of this risk is uncertain.

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
5	CYPS Risk Owner: John Pearce, Jane Robinson	Service-specific	Our People - Durham is a place where people will enjoy fulfilling, long and independent lives	R0659 - 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	The Council has developed a Sufficiency Strategy which sets out how it will address the risk at a local level, which includes a focus on recruitment and retention of foster carers and the development of residential accommodation options for young people. The Council will establish a Sufficiency Board in 2022 to provide additional corporate strategic oversight and leadership.		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
6	NCC Risk Owner: Alan Patrickson	Cross-cutting	Our Environment - Durham has taken action to tackle the climate emergency, reduce the impact of pollution and waste on our county and protect, restore and sustain our natural environment	R0684 - 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 2045 (climate change).	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.

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
7	CYPS Risk Owner: John Pearce	Service-specific	Our People - Durham is a place where people will enjoy fulfilling, long and independent lives	0227 - 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 has been completed reported during 2020/21.		This risk is long term.
8	RES Risk Owner: Jeff Garfoot	Cross-cutting	Our Council - Durham County Council has a reputation for listening to its residents, being well-managed and getting things done	R0561 - 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.

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
9	Adult and Health Services / Adult Care Risk Owner: Lee Alexander	Service-specific	Our People - Durham is a place where people will enjoy fulfilling, long and independent lives	R0562 - 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 31 May 2022, the following tables highlight the risks for each Corporate Theme in County Durham Vision 2035 and the Council Plan.

Corporate Theme: Our Council - Durham County Council has a reputation for listening to its residents, being well-managed and getting things done

Ref	Service	Risk	Net Impact	Net Likelihood	Conclusion	Current Controls and Planned Improvements
1	RES	R0595 - There is significant uncertainty in relation to future funding settlements from government, which will be impacted by the upcoming Fair Funding Review and by the allocation of funding from the Health and Social Care Levy.	Critical	Highly Probable	Treat	See key risk schedule in appendix 3.
2	RES	UR0153 - Potential adverse impact of energy price increases on Council finances.	Major	Highly Probable	Treat	See key risk schedule in appendix 3.
3	RES	R0561 - 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	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 .	Major	Possible	Treat	Main controls: Unitised Corporate Property and Land Service, asset database, training programme. Capitalised maintenance programme. Incident reporting and monitoring in collaboration with relevant parties, where appropriate. Planned improvements: 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	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.	Major	Possible	Treat	Main controls: 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. Planned improvements: Provide refresher training.
6	REG	UR0169 - Increased difficulty in retaining or finding tenants for Council-owned leisure/retail units , leading to an increased risk of medium to long term losses in revenue.	Moderate	Probable	The current controls are considered adequate.	New Risk Main controls: Marketing Strategy. Proactive marketing of units through a specialist external agency. Where appropriate, tailored incentives for potential tenants. Budget monitoring and control. Regular progress reports to senior management.
7	REG	R0681 - Potential violence and aggression towards members and employees from members of the public	Moderate	Possible	The current controls are considered adequate.	Main controls: Oversight by Health, Safety and Wellbeing Strategic Group. Management of Violence & Aggression Policy. Potentially Violent Persons Register. Guidance to employees and elected members. Violence and Aggression accident and incident reporting procedure. Physical security features on Council premises. Collaboration with Durham Police re intelligence, where appropriate. Civil action against individuals, where appropriate. Security Strategy and Policy. Security assessment of customer access related premises. Violence and aggression related guidance, support and inductions for members.
8	NCC	R0589 - 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.	Main controls: 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).
9	REG	R0611 - Serious breach of Health and Safety Legislation	Moderate	Possible	The current controls are considered adequate.	Main controls: 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.
10	RES	R0649 - Potential significant size and scope of the liabilities of equal value claims	Moderate	Possible	The current controls are considered adequate.	Main controls: 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.

Ref	Service	Risk	Net Impact	Net Likelihood	Conclusion	Current Controls and Planned Improvements
11	RES	R0657 - If the Council suffered a successful cyberattack or IT security breach, then it may be unable to effectively deliver essential services.	Major	Unlikely	The current controls are considered adequate.	Main controls: In June 2022, Cabinet approved a new cyber security strategy, which will be underpinned by the implementation programme. 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.
12	RES	R0440 - 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.	Main controls: 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.
13	NCC	R0633 - 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	Main controls: 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. Planned improvements: develop a business continuity e-learning package for senior managers.
14	RES	R0655 - Potential breach of the Data Protection Act 2018	Major	Unlikely	The current controls are considered adequate.	Main controls: 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.
15	NCC	UR0151 - The national shortage of HGV drivers may impact the Council workforce, leading to potential disruption to statutory services (including refuse & recycling, highways gritting and maintenance).	Major	Unlikely	The current controls are considered adequate.	Main controls: Favourable terms and conditions for Council HGV drivers, including a local group task and finish collective agreement. A job re-evaluation in 2020 resulted in pay rises for HGV drivers. Capacity pressures are managed through prioritisation of services, redeployment and engagement with recruitment agencies to recruit drivers. Agency drivers are subject to internal assessment to ensure they have the required level of competence. The Council's contractors have their own contingency plans, and these are regularly monitored by Council officers.

Corporate Theme: Our Communities - Durham is a great county in which to live, with flourishing communities which are connected and supportive of each other

Ref	Service	Risk	Net Impact	Net Likelihood	Conclusion	Current Controls and Planned Improvements
16	NCC	R0641 - 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	Main controls: 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 communication between Strategic Highways Team and nearby property occupier. Planned improvements: Continued Embankment monitoring. Develop road closure contingency plans. Develop designs and estimates for permanent stabilisation of the embankment with a view to submitting an application through the Government's Levelling up Fund Round 2 process.
17	RES	R0470 - 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.	Main controls: 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.

Corporate Theme: Our Economy - Durham has a thriving and inclusive economy with more and better jobs and fewer people suffering from the hardships of poverty and deprivation

Ref	Service	Risk	Net Impact	Net Likelihood	Conclusion	Current Controls and Planned Improvements
18	REG	UR0161 - Limited product availability and price increases in the construction industry may disrupt the delivery of capital projects by the Council either through external procurement routes or through the in-house construction delivery arms within both Corporate Property and Land and Highway Services.	Critical	Highly Probable	Treat	New risk - see key risk schedule in appendix 3.

Ref	Service	Risk	Net Impact	Net Likelihood	Conclusion	Current Controls and Planned Improvements
19	REG	UR0166 - Financial and other pressures on tenants may cause a rise in the number of evictions and repossessions, leading to a significant increase in homeless presentations and pressure on housing support services.	Moderate	Probable	Treat	<p>Main controls: The Housing Solutions service supports residents who are in financial difficulty and at risk of homelessness, including referrals to organisations providing advice and support on subjects such as housing, finance/financial management, employment, energy/fuel, foodbanks, furniture schemes. The Housing Poverty Group meets every six weeks to consider issues relating to poverty, share best practice and promote joint working. Partnership working with social housing providers to understand, raise awareness and respond to key issues. The Stop B4U Serve initiative encourages landlords and tenants to approach the Council about potential eviction notices to consider alternatives. Implementation of Government-funded initiatives to support vulnerable/excluded groups: Rough Sleeping, Move On Fund. Co Durham Lettings Agency, part of the Council's housing service, accommodates and supports vulnerable individuals who cannot access mainstream housing.</p> <p>Improvements planned: Review the Housing Solutions service to assist people in financial difficulty. Training and awareness to enable front line staff support and work collectively with partners. Ongoing monitoring the number of presentations from those at risk of losing their home through mortgage arrears. Recruitment of additional temporary staff. Ongoing monitoring of temporary accommodation costs.</p>
20	RES	R0683 - Risk that Council does not fully respond to the drivers of financial hardship, including those caused by the 'cost of living crisis', the ongoing impacts of the coronavirus pandemic and wider determinants of poverty to help alleviate the impacts on County Durham residents.	Moderate	Probable	The current controls are considered adequate.	<p>Main controls: Poverty Action Strategy and Plan; Child Poverty Action Plan; Poverty Action Steering Group; Housing Welfare Reform Group triage process; Child Poverty Group; Partnership working including but not exclusive to Advice in County Durham Partnership; Various practical, financial and advisory support services; and Communications programme and staff training.</p>
21	CYPS	R0646 - Potential financial and other pressures threaten the viability of some education providers	Major	Possible	The current controls are considered adequate.	<p>Main controls: 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.</p>

Ref	Service	Risk	Net Impact	Net Likelihood	Conclusion	Current Controls and Planned Improvements
22	REG	R0648 - Changing and uncertain economic factors, including levelling up and shared prosperity funding and the impact of the EU exit, may impede the delivery of the countywide economic strategy , resulting in damage to the strength and competitiveness of the of the Co Durham economy	Moderate	Probable	Treat	Main controls: Engagement and advice by Business Durham. Weekly Regional Business Intelligence reports to Government. The County Durham Pound project. Business Grant Schemes. Levelling Up process. Planned improvements: Develop an Economic Strategy. DCC to explore opportunities presented by Devolution Deals. Lobby Government for continuation of funding.
23	CYPS	R0668 - Government proposals to phase out school improvement grant by 2024/25 could undermine the Council's ability to support maintained schools effectively.	Moderate	Possible	Treat	Main controls: Monitoring, Intervention and Improvement Protocol. Regular visits and liaison with school heads. Increased focus on commercialisation opportunities. Planned improvements: Implement a service restructure to adapt to new level of service demand.
24	CYPS	UR0149 - 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.	Main controls: CYP Strategic Plan 2019 – 2022. Education Durham Support and Development team. School governing bodies. CYP O&SC. 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.

Corporate Theme: Our Environment - Durham has taken action to tackle the climate emergency, reduce the impact of pollution and waste on our county and protect, restore and sustain our natural environment

Ref	Service	Risk	Net Impact	Net Likelihood	Conclusion	Current Controls and Planned Improvements
25	NCC	R0684 - 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 2045 (climate change).	Major	Probable	Treat	See key risk schedule in appendix 3.
26	NCC	UR0175 - Potential impacts of the spread of Ash Dieback Disease on the environment, public safety, and Council finances.	Moderate	Possible	Treat	<p>New risk</p> <p>Main controls: Appointment of additional permanent staff to support tree inspections. Appointment of additional temporary staff to support woodland management and tree planting. Potential insurance claims arising from the Ash Dieback situation has been discussed with the Council's insurer, who has been informed of the Council's tree management arrangements.</p> <p>Planned improvements: An Ash Dieback Management Plan is being developed as part of Tree and Woodland Strategy. A proactive inspection regime for trees owned or managed by the council is being developed. Management of woodland estate is being enhanced through Woodland Management Grants. A programme of tree and woodland planting on 70 hectares of council land is being delivered between 2020 – 2024.</p>

Corporate Theme: Our People - Durham is a place where people will enjoy fulfilling, long and independent lives

Ref	Service	Risk	Net Impact	Net Likelihood	Conclusion	Current Controls and Planned Improvements
27	AHS	UR0158 - Potential disruption to the Council's and partners' urgent and emergency care services due to backlogs caused by Covid, increased demand and staff capacity issues.	Major	Probable	Treat	See key risk schedule in appendix 3.
28	CYPS	R0659 - 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.
29	CYPS	0227 - 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.
30	AHS	R0562 - 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.

Ref	Service	Risk	Net Impact	Net Likelihood	Conclusion	Current Controls and Planned Improvements
31	CYPS	R0660 - Inability to recruit and retain children's social workers and social work managers may seriously inhibit the delivery of services.	Moderate	Probable	Treat	<p>Main controls: Social Work (SW) Academy. Regional agreement on agency payments. Recruitment and Selection Policy and guidance. Monitoring competitiveness of grades / pay rates. Recruitment and retention for specified roles. Supporting various routes into SW. Management development to ensure SWs are well supported. Supervision framework.</p> <p>Improvements planned: Ongoing risk assessment to determine if extensions to R&R allowances are justified. Develop leadership academy to support front line managers. Agreement to recruit to SW posts over current establishment to enable vacancies to be filled as they arise. Review capacity of service and teams with proposals to change team boundaries and increase SW capacity. Restructure the children in care service to increase capacity and create smaller teams with manageable caseloads. Recruitment of SW students into unqualified support worker roles to support management of demand. Recruit temporary additional business support capacity to support teams where demand is high.</p>
32	CYPS	R0674 - 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.	<p>Main controls: Monthly outturn forecasts monitored by CMT. Quality Improvement Board. Children's Services Improvement Plan. Oversight by CMT, Cabinet, DSCP & partners. Fostering & Adoption Strategies. Placement Resource Panel. Risk-based approach to identifying children to be looked after. Placement Efficiency Strategy. Pre-Birth Service.</p>
33	AHS	R0634 - 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.	Major	Possible	Treat	<p>Main controls: Market analysis and engagement, to help providers understand the local context and align business plans with the council's vision for the future of local public health, social care and housing markets. Links to national policy makers and professional bodies, collaboration with providers and health colleagues to share intelligence and understand market sustainability issues. County Durham Care Academy supports the development of an adult social care workforce with a range of courses. As part of the Covid response, regular information is collected from providers via the Operating Pressure Escalation Levels tool to identify provider pressures, enabling the Council to offer appropriate support and maintain market oversight. Contingency arrangements are in place for backup care workers and an emergency nurse, and a process is in place to request volunteer support.</p> <p>Planned improvements: In line with Fair Cost of Care reforms, submit to the Department of Health and Social Care a cost of care exercise, a provisional market sustainability plan and a spend report.</p>

Ref	Service	Risk	Net Impact	Net Likelihood	Conclusion	Current Controls and Planned Improvements
34	CYPS	R0671 - 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	Main controls: 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. Planned Improvements: Implementation of HNB Sustainability Programme.
35	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.	Moderate	Possible	Treat	Main controls: 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. Improvements planned: Upgrade the ICT system. Workforce Development Plan.
36	CYPS	UR0148 - Inability to recruit 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	Main controls: Human Resources Team. Recruitment strategy. Working with specialised recruitment agency. Performance and Development Review Scheme. Occupational Health service. Employee assistance programme. Independent psychotherapy service. Post-incident debriefing and learning. Secure and recruitment/retention allowances. Planned improvements: Develop webpage to improve appeal to prospective candidates. Review induction process. Service to be involved in Corporate Recruitment & Retention Working Group now being set up.
37	CYPS	UR0167 - Increase in volume and complexity of demand for children's safeguarding services post coronavirus period.	Moderate	Possible	The current controls are considered adequate.	New risk Main controls: To strengthen Families First services, additional management capacity has been provided and the number of teams has been increased from 14 to 15. A growth bid to strengthen children's social care capacity has been agreed. Robust processes in place at First Contact and MASH to assess new referrals, while trends and patterns are monitored regularly to ensure managers are sighted on peaks and troughs. Weekly discussions are also held with safeguarding partners.

Ref	Service	Risk	Net Impact	Net Likelihood	Conclusion	Current Controls and Planned Improvements
38	AHS	R0666 - 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	Treat	Main controls: 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. Planned improvements: In line with Fair Cost of Care reforms, submit to the Department of Health and Social Care a cost of care exercise, a provisional market sustainability plan and a spend report.
39	REG	R0490 - Serious injury or loss of life due to Safeguarding failure (Transport Service)	Critical	Remote	The current controls are considered adequate.	Main controls: 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.

Appendix 5: Performance of Risk Management

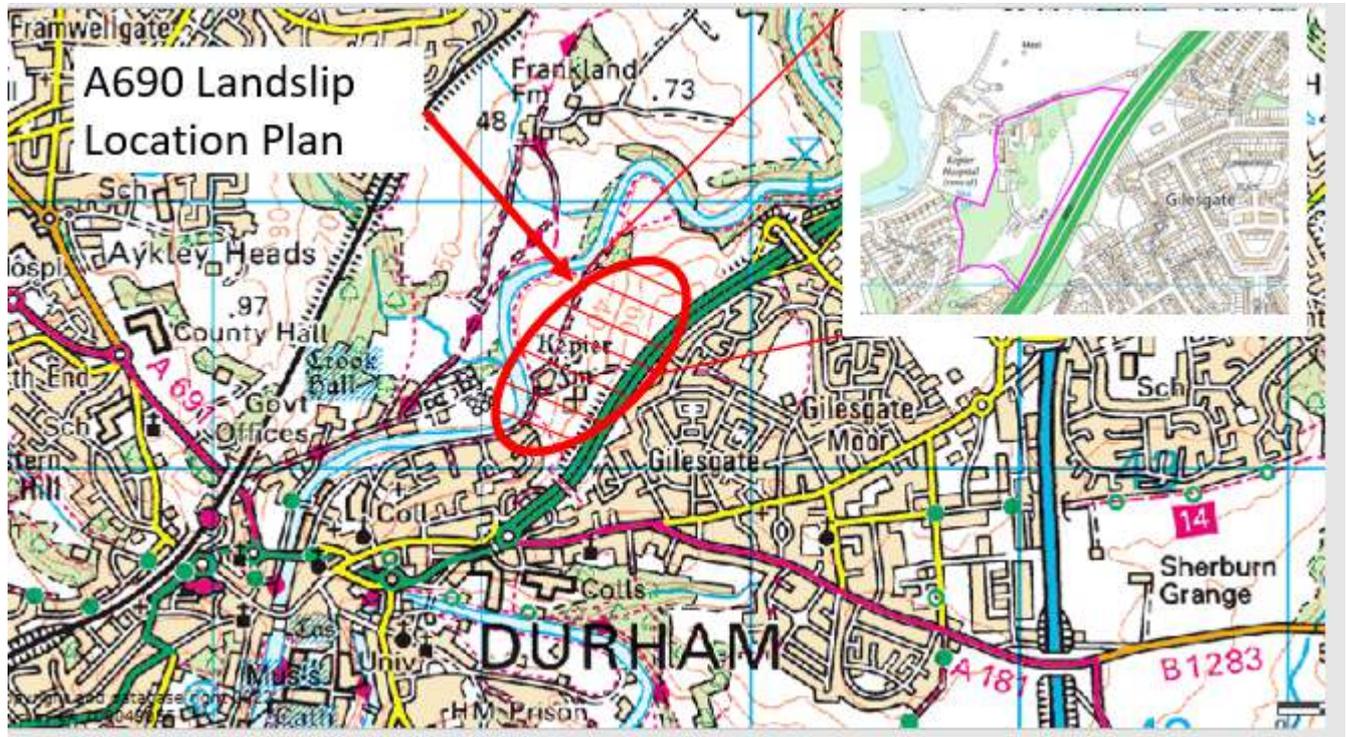
Performance Indicators - Tangible Measures

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 current 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.

Appendix 6: Location Plan for Land Slippage near the A690 highway

This location plan was requested by Audit Committee in February 2022.

Location Plan



Slip Details



Audit Committee

30 September 2022

2021/22 Final Outturn for the General Fund and Collection fund

Ordinary Decision



Report of Paul Darby, Corporate Director of Resources

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 To provide Audit Committee with information on the General Fund and Collection Fund outturn position for 2021/22.

Executive Summary

- 2 The attached report was presented to Cabinet on 13 July 2022 and presents:
 - a) a summary of the Council's revenue and capital outturn position for the General Fund for 2021/22;
 - b) the final outturn for the Council's Council Tax and Business Rates Collection Fund for 2021/22;
 - c) use of and contributions to earmarked, cash limit and general reserves in year and at year end together with the closing position regarding balances held at 31 March 2022; and
 - d) achievement of Medium Term Financial Plan (MTFP) (11) savings targets in 2021/22.

Recommendation

- 3 It is recommended that Members note the contents of this report.

Contact: Jeff Garfoot Tel: 03000 261946

Cabinet

13 July 2022

2021/22 Final Outturn for the General Fund and Collection Fund



Ordinary Decision

Report of Corporate Management Team

Paul Darby, Corporate Director of Resources

Councillor Richard Bell, Portfolio Holder for Finance

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 To provide Cabinet with information on the:
 - (a) final revenue and capital outturn for the General Fund for 2021/22;
 - (b) final outturn for the Council's Council Tax and Business Rates Collection Fund for 2021/22;
 - (c) use of and contributions to earmarked, cash limit and general reserves in year and at year end together with the closing position regarding balances held at 31 March 2022; and
 - (d) achievement of Medium Term Financial Plan (MTFP) (11) savings targets in 2021/22.

Executive summary

- 2 Since the outbreak of the COVID-19 pandemic in early 2020, the council, its partners, local businesses, and local communities have worked tirelessly to respond to it and put plans in place for the restoration and recovery of services post-pandemic.
- 3 The financial impact of COVID-19 in 2021/22 was again significant and complex, which has made forecasting the council's outturn position even more challenging than usual during the year.

- 4 The longer-term financial impact of the pandemic into the current year and beyond remains uncertain at this stage. The risk in this regard will be considered and assessed in MTFP Cabinet reports going forward.
- 5 Since the outbreak of COVID-19, the council has had to implement a range of national support schemes at short notice such as the various Business Rates Grants Support Schemes; the Council Tax Hardship Support Schemes; Test and Trace Payments; the Winter Support Payments Scheme; Infection Control Schemes and Contain Outbreak Management schemes. In addition, the council has implemented a range of supplier relief schemes and has addressed increased demand for support to vulnerable households whilst trying to accommodate new ways of working in response to the pandemic.
- 6 In 2021/22 service grouping budgets overspent by a net £14.110 million. Within this there was net additional expenditure and loss of income associated with the COVID-19 outbreak of £20.372 million, offset by COVID-19 related underspends of £5.904 million in year (relating to the closure of facilities and disruption to normal activity as a result of the pandemic), resulting in a net COVID-19 additional expenditure of £14.468 million charged to service groupings. Excluding this COVID-19 related net expenditure, which was funded corporately from the government grant funding received in year, the service grouping underlying cash limit position was an underspend of £0.358 million.
- 7 The government provided non ringfenced funding to local authorities in 2021/22 for the additional costs incurred as a result of COVID-19. The funding allocated to the council for 2021/22 was £15.560 million.
- 8 The council submitted returns for support under the government's Sales Fees and Charges Income Guarantee Scheme for three months to 30 June 2021. The scheme required councils to bear the first 5% of any qualifying income loss after which the government provides a grant for 75% of subsequent losses. The council claimed circa £2.650 million from the scheme for 2021/22, bringing the total COVID-19 funding support from government to £18.210 million for 2021/22, which is £3.742 million more than the net COVID-19 costs incurred.
- 9 Throughout the year it has been difficult to forecast the outturn position for 2021/22 and a wide range of assumptions had to be applied in formulating the quarterly forecast reports in year in relation to expenditure and income due to uncertainty around the ongoing impact of COVID-19 restrictions following the initial lifting restrictions at the beginning of quarter two and the changes implemented in December following the outbreak of the Omicron variant.

- 10 There will potentially be a range of interventions required by the council and ongoing impacts post pandemic that will have an as yet unquantified financial pressure. The Cash Limit and General Reserves will potentially be required to meet any shortfalls in the funding that ultimately arises in this regard whilst longer term strategies are implemented.
- 11 Budget pressures relating to inflationary pressures in the energy, transport, and waste management markets have been managed during 2021/22 within the general contingency budget but this position will need to be kept under review as forecasts would indicate that significant overspends will manifest in these budgets in 2022/23. A further corporate risk relates to pay inflation in 2022/23. Broader inflationary pressures will need to continue to be managed within service cash limits in 2022/23 and into future years.
- 12 The MTFP(12) report to Council on 23 February 2022 highlighted ongoing budget concerns for the council with a forecast savings shortfall of £29.987 million over the 2022/23 to 2025/26 period, with the delivery of further savings becoming ever more challenging to achieve. A separate report on the agenda today seeks to update those forecasts and show a deterioration (increased deficit) across the period 2022/23 to 2025/26.
- 13 The final revenue outturn position for 2021/22 is a net service grouping cash limit underspend of £0.358 million and additional s31 government grant income received plus an underspend on other corporate budgets totalling £11.067 million. This includes surplus COVID-19 grant funding of £3.742 million, underspending against corporate contingencies (the pay award was 0.25% less than budgeted in 2021/22 for example) and additional investment income due to unbudgeted dividends received in year and higher level of cash balances being held as significant government grant funding was paid in advance of expenditure being incurred. The total net underspend is £11.425 million which represents 2.48% of the revised net expenditure budget of £461.251 million.
- 14 The year-end underspend position has enabled the creation and replenishment of £11.332 million of earmarked and cash limit reserves as part of the final account's closedown process.
- 15 Total general, earmarked and cash limit reserves (excluding school reserves) reduced by a net £10.258 million in 2021/22, from £271.685 million at 31 March 2021 to £261.427 million at 31 March 2022. This is less than what was forecast at quarter 3 and reflects the receipt of government funding in March where expenditure will be defrayed in 2022/23.

- 16 The general reserve at 31 March 2022 is £25.898 million, which is broadly in line with the position at 31 March 2021 – a slight reduction in year of £0.255 million – and within the council’s general reserves policy of retaining a balance of between 5% and 7.5% of the net budget requirement, which in cash terms is between £23.336 million and £35.005 million. The £25.898 million balance at 31 March 2022 equates to 5.55% of the 2022/23 net budget requirement.
- 17 During the year, a review of all reserves enabled the realignment of £14.9 million of cash limit and earmarked reserves enabling the investment of earmarked reserves in council priorities. This included a £10 million transfer into the Cabinet Priorities Reserve supporting one off investment priorities and £4.9 million to replenish corporate reserves as factored into MTFP(12) and the 2022/23 budget agreed by Council on 23 February 2022.
- 18 At year end a further review of reserves has enabled a number of adjustments to be made as part of the final accounts’ closedown. A new Budget Support Reserve has been created to offset the overspends manifesting in 2022/23 as a result of inflationary pressures, alongside transfers into the Climate Change Earmarked Reserve, the corporate ERVR Reserve (in anticipation of further staffing reductions across MTFP13) and the Culture Reserve.
- 19 In terms of the capital programme, the final capital outturn position for 2021/22 is an underspend of £15.911 million, which is 10% of the revised capital budget of £158.979 million agreed by Cabinet in March.
- 20 In 2020/21, the government introduced regulations identifying that the financial impact of any 2020/21 in year Collection Fund deficit for council tax and business rates must be spread over three years. Across the three years 2021/22 to 2023/24, the government provided 75% grant support for the 2020/21 in year deficit position.
- 21 The final outturn for the Council Tax Collection Fund is a deficit of £5.772 million after accounting for the second instalment of the phasing of the 2020/21 deficit (£1.907 million). Durham County Council’s share of this net deficit is £4.867 million. The outturn position is broadly in line with the Quarter 3 forecast presented to Cabinet in March.
- 22 The final outturn for the Business Rates Collection Fund is a net deficit of £10.007 million after taking into account the 2020/21 undeclared surplus of which Durham County Council’s share (49%) is £4.903 million.
- 23 The £7.823 million council’s share of the in year business rates deficit, (excluding the surplus brought forward from 2020/21) is offset in the General Fund by the receipt of additional Section 31 grants of £9.166

million, leaving a net in year surplus of £1.343 million at year end, which is an improved position compared to the Quarter 3 forecast.

- 24 The in year collection of Council Tax and Business Rates increased from 2020/21 as a result of re-instating of formal recovery action from June 2021.
- 25 In 2021/22 the council delivered MTFP(11) savings totalling £5.312 million, which was 100% of the target for the year. As at 31 March 2022, since 2011, the council has delivered over £248 million in savings / budget reductions to balance its budgets.

Recommendations

- 26 It is recommended that Cabinet note:
- (a) the final revenue outturn underspend of £11.425 million which represents 2.48% of the revised net expenditure budget of £461.251 million;
 - (b) the net decrease in the Cash Limit Reserves of £4.208 million during 2021/22 (following General Fund funding of CYPS in year Cash limit overspend), with closing Cash Limit Reserves of £11.565 million. These sums will continue to be held as Earmarked Reserves and be available for Service Groupings to manage their budgets effectively;
 - (c) the closing General Reserve balance of £25.898 million, which is within the council's general reserves policy of retaining a balance of between 5% and 7.5% of the net budget requirement;
 - (d) the closing balance on Earmarked Reserves (excluding Cash Limit and Schools Reserves) is £223.964 million, which includes the creation and replenishment of earmarked reserves at year end;
 - (e) the closing balance on Schools Reserves of £34.276 million;
 - (f) the outturn position for the Collection Funds in respect of Council Tax and Business Rates.
 - (g) the amount of savings delivered during 2021/22 of the MTFP(11) period.
 - (h) The emerging inflationary pressures that have been managed within contingencies during 2021/22 and the requirement to manage via reserve and service cash limits going forward.
- 27 It is recommended that Cabinet approve:

- (a) that the capital budget underspend of £15.911 million is carried forward into 2022/23;
- (b) that service groupings continue to regularly review capital profiles throughout 2022/23, reporting revisions to Cabinet as necessary.

Background

- 28 The longer-term financial outlook for the council will continue to be extremely uncertain until the Fair Funding Review is concluded and detailed national policy around the new Health and Social Care Levy and Fair Cost of Care requirements (as highlighted in the Comprehensive Spending review) are received.
- 29 It is unlikely however that there will be clarity in any of these areas until late 2022 at the earliest leading to potential implementation in 2024/25.
- 30 No detail on links to a Business Rate Reset, further Business Rate Retention (BRR) or consideration of the inclusion of the Public Health Grant in BRR has yet been published therefore significant uncertainty beyond 2022/23 remains. This continues to make accurate medium term financial planning forecasts extremely difficult.
- 31 There is currently no certainty in terms of the quantum of recurrent funding to be available to local government from 2023/24 onwards, nor how this funding will be apportioned between authorities. It is clear however that there are significant risks to the council's funding depending on the principles that are ultimately agreed for fair funding distribution.
- 32 The COVID-19 outbreak has also continued to have a significant financial impact on the council during 2021/22. The council has faced further challenges and budget pressures in relation to the continuing response to the pandemic and the restoration of services and supporting the post pandemic recovery.
- 33 More recently, budget pressures relating to inflationary pressures in the energy, transport and waste management markets have emerged. These have been managed during 2021/22 within the general contingency budget but this position will need to be kept under review as forecasts would indicate that significant overspends will manifest in these budgets in 2022/23. A further corporate risk relates to pay inflation in 2022/23. Broader inflationary pressures will need to continue to be managed within service cash limits in 2022/23 and into future years.
- 34 National support schemes implemented in 2020/21 by the council continued into 2021/22. These included the various Business Rates Grants Support Scheme(s); the Council Tax Hardship Support Schemes; Test and Trace Payments; the Winter Support Payments Scheme; COVID-19 Local Support Scheme; Infection Control Schemes; and Contain Outbreak Management Schemes as well as dealing with and implementing a range of supplier relief schemes whilst addressing increased demand for support to vulnerable households

whilst trying to accommodate new ways of working itself in response to the pandemic.

- 35 The longer-term financial impact of the pandemic remains uncertain at this stage. There will potentially be a range of interventions required by the council and ongoing impacts post pandemic that will have as yet unquantified financial pressures. Cash Limit Reserves and the General Reserves will potentially be required to meet any shortfalls in the funding that will be available.
- 36 The risk in this regard will be considered and assessed in future MTFP(13) Cabinet reports
- 37 On 24 February 2021, County Council agreed a net revenue budget of £441.131 million for 2021/22. Factoring in any reductions in Government grant, inflation, and other budget pressures, £5.312 million of savings were required in 2021/22 to deliver a balanced budget, alongside the application of £8.778 million of reserves.
- 38 This report provides an update on the delivery of the £5.312 million MTFP(11) savings target included in the 2021/21 budgets, which brings the overall savings target for the period from 2011/12 to 2021/22 to circa £248 million. All £5.312 million savings were achieved in 2021/22.
- 39 Quarterly forecast outturn reports have been considered by Cabinet throughout the 2021/22 financial year. Detailed reports on individual service groupings have also been considered by the various Overview and Scrutiny Committees on a quarterly basis.
- 40 This final outturn for 2021/22 has been prepared as part of the production of the Annual Statement of Accounts. During the process of finalising the Statement of Accounts, the Corporate Director of Resources is required to make a number of technical decisions in the best financial interests of the Council. Such decisions are fully disclosed in the Statement of Accounts.

General Fund Outturn

- 41 This section of the report details the following:
 - (a) cash limit outturn for service groupings;
 - (b) overall revenue outturn for the General Fund with summarised service grouping commentary;
 - (c) overall capital outturn of the General Fund with summarised service grouping commentary.

Cash Limit Outturn for Service Groupings

42 The overall outturn for the council is shown in Appendix 2 which details how the cash limit outturn for each service grouping is calculated. Two key elements have been excluded from the service grouping outturn when calculating the cash limit outturn as detailed below:

(a) Sums Outside the Cash Limit

Certain expenditure and income items are excluded from the Cash Limit for a range of reasons. Examples of these are as follows:

- (i) items not controlled by the service groupings e.g., technical accounting entries such as capital charges and central administration recharges processed at year end;
- (ii) exceptional items and expenditure pressures which were not accounted for in the service grouping base budget build and which are funded from contingencies or earmarked reserves held corporately e.g., redundancy and early access costs linked to restructuring activity to achieve MTFP savings proposals, the outcome of the 2021/22 pay agreement; and
- (iii) COVID-19 related expenditure and income losses in year which were met from a received non ring fenced COVID-19 grant support from government to address general expenditure pressures and the Income Guarantee Scheme to support lost income. In total non-ring-fenced funding of £18.2 million was received in 2021/22;

(b) Use of or Contribution to Earmarked Reserves

Sums that service groupings have utilised or contributed to earmarked reserves have been excluded from their outturn position in order to calculate the year end cash limit position.

43 After taking into account the above exclusions, four of the service groupings generated a cash limit underspend in 2021/22 whilst one service grouping overspent. Children and Young People's Services (CYPS) did not have a cash limit reserve balance to call on and have overspent in year by £3.771 million. To prevent a deficit cash limit reserve being carried forward General Reserves have been drawn on. Further details can be found within service grouping commentary.

44 Overall, in 2021/22 there was a net reduction to cash limit reserves of £4.208 million, with the balance carried forward at 31 March 2022 being

£11.565 million. The cash limit position for each service grouping is detailed in the table below:

Type of Reserve	Opening Balance as at 1/4/21	Budgeted Use at 1/4/21	Movement during 21/22		Closing Balance as at 31/3/22
			Contribution to (-)/ Use of Approved Quarter 3	Year end Outturn as at 31/3/22	
	£million	£million	£million	£million	£million
Service Grouping Cash Limit					
Adult and Health Services	-10.451		4.494	-0.192	-6.149
Chief Executive's Office (CEO)	-0.135		0.135	0.000	0.000
Children and Young People's Services	0.000			3.771	3.771
Neighbourhoods & Climate Change	-1.294		0.400	-0.563	-1.457
Regeneration, Economy & Growth	-1.431		0.417	-1.854	-2.868
Resources	-2.462	0.094	2.797	-1.520	-1.091
Total Cash Limit Reserve	-15.773	0.094	8.243	-0.358	-7.794
CYPS Overspend funded by General Reserve					-3.771
Total Cash Limit Reserve					-11.565

45 During the year, a review of all reserves enabled the realignment of £14.9 million of cash limit and earmarked reserves enabling the investment of earmarked reserves in council priorities. This included a £10 million transfer into the Cabinet Priorities Reserve supporting one off investment priorities and £4.9 million to replenish corporate reserves as factored into MTFP(12) and the 2022/23 budget agreed by Council on 23 February 2022.

46 In closing the accounts for 2021/22, a further review of all reserves has been undertaken. This review has identified a range of areas where it is estimated additional expenditure will be required on a one off basis in the future. Consequently, the following earmarked reserves have been created / replenished as part of the final accounts closedown process:

- (a) **New Budget Support Reserve £10.0 million** – this reserve will provide budget support where inflationary costs significantly

exceed original budgets. The pre-existing Budget Support Reserve was set aside to support the MTFP. The £15.2 million balance on the pre-existing Budget Support Reserve has been transferred into a new MTFP reserve. This reserve will support the MTFP on an ongoing basis whilst the new Budget Support Reserve will support budgets in year where inflation is impacting significantly upon the 2022/23 outturn;

- (b) **Cultural Events Reserve £3.0 million** – the transfer to this reserve will augment existing funding of £2.0 million and provide £5.0 million of funding to support a cultural events programme that will still be implemented despite the 2025 City of Culture Bid outcome;
- (c) **Climate Change Reserve £0.322 million** – this will increase the value of this reserve at 31 March 2022 to £1 million, which is available to support projects within the Climate Emergency Response Plan to help achieve our carbon reduction targets;
- (d) **ER/VR Reserve £2.007 million** – this will increase the value of this reserve to £6.044 million, to provide additional capacity to meet the cost of approved redundancy and early retirements in anticipation of further downsizing required to help balance budgets going forward.

47 Transfers to the above earmarked reserves total £15.329 million and along with the funding of the CYPS Cash limit overspend of £3.771 million, resulted in a total £19.100 million of transfers between reserves at year end. These transfers have been enabled by the underspend position on the General Fund in 2021/22, to the value of £11.322 million, plus a transfer from other Earmarked Reserves (Insurance, Recovery Support and Collection fund deficit) of £7.778 million at year end.

48 In 2021/22, the council received £22.068 million in Section 31 grants from central government to compensate for the lost business rate income which will impact the general fund in future years. The grant has been transferred to the Collection Fund Deficit Reserve to be utilised in 2022/23 and 2023/24.

Revenue Outturn

49 Appendix 2 provides a more detailed outturn position for the council's general fund by service grouping. In addition, Appendix 3 provides a detailed outturn position for the council by type of expenditure and income. The following table provides a summary of the final outturn position.

	£ million	£ million
Gross expenditure		1,645.771
Gross income		-1,188.562
Net Expenditure		457.209
Financed by:		
Council Tax	-241.266	
COVID-19 Support Grant tranche 5	-15.560	
COVID-19 Income Guarantee Grant	-2.652	
Estimated net surplus (-) / deficit on Collection Fund	22.380	
Business Rates	-57.649	
Top up grant	-72.780	
Revenue Support Grant	-28.227	
Lower Tier Services Grant	-0.747	
New Homes Bonus	-4.476	
Section 31 Grant	-22.068	
Adult/Childrens Pressures Grant	-22.888	
Net contribution from Cash Limit Reserve	-7.983	
Use of (-) / contribution to earmarked reserves		
Schools and DSG	0.045	
Non-schools	-14.405	
Net contribution to the General Reserve	11.067	
		-457.209

50 The final outturn position for 2021/22 was an underspend of £11.425 million. The table below details the transfers to reserves:

	£ million
2021/22 underspend transferred to General Reserve	-11.067
2021/22 underspend transferred to Cash Limit Reserves	-0.358
Total 2021/22 Underspend	-11.425

- 51 The final outturn position for the Council's General Reserve is detailed below:

	£ million
Opening Balance as at 1 April 2021	-26.153
2020/21 Net Underspend to General Reserve	-11.067
<u>Less:</u>	
Transfer to Earmarked Reserves	7,551
Transfer to CYPS cash limit reserve	3.771
Closing General Reserve Balance at 31 March 2022	-25.898

- 52 The general reserve balance carried forward of £25.898 million is within the council's general reserves policy of retaining a balance of between 5% and 7.5% of the net budget requirement, which in cash terms is between £23.336 million and £35.005 million. The £25.898 million balance at 31 March 2022 equates to 5.55% of the 2022/23 net budget requirement.

- 53 The main reasons for the movement in the general reserve balance during 2021/22 are as follows:

- (a) a transfer of £3.771 million to CYPS cash limit reserve at year end to eradicate the negative cash limit reserve balance in year. This negative cash limit reserve has resulted from continued pressure upon the CYPS revenue budget which is detailed later in the report;
 - (b) net transfers to earmarked reserves totalling £7.551 million as set out at paragraph 46 and 47;
 - (c) additional net expenditure of £20.408 million incurred as a result of COVID-19;
 - (d) a slight overspend of £0.182 million (0.47%) in interest payable and similar charges against the budget;
- offset by:
- (e) COVID-19 related underspends of £5.904 million, due to savings such as: operational building and travelling costs as a

consequence of the majority of the workforce working from home and delays in staff recruitment;

- (f) COVID-19 related grant funding from central government of £18.210 million (£15.56 million COVID-19 grant and £2.65 million from the Income Guarantee Scheme);
- (g) S31 grant and other income being £1.832 million more than budgeted;
- (h) interest and investment income - £1.500 million more than budgeted, mainly generated from higher returns on loan investments, additional dividend income from Durham Villages Regeneration Company and higher levels of cash balances being held; and
- (i) corporate costs and contingencies - £4.174 million less than budgeted, including the fact that the pay award was 0.25% less than budgeted in 2021/22.

54 The following table shows that in 2021/22 the total non schools reserves decreased by 3.77%, from £271.685 million to £261.427 million.

Total Non-School Reserves

	General Reserve	Earmarked Reserves	Cash Limits	TOTAL
	£ million	£ million	£ million	£ million
Opening Balance at 1 April 2021	-26.153	-229.759	-15.773	-271.685
Net Contribution to (-) / Use of Reserves	0.255	5.795	4.208	10.258
Closing Balance at 31 March 2022	-25.898	-223.964	-11.565	-261.427

55 The total schools' balances and DSG reserves decreased from £35.298 million to £34.276 million during 2021/22.

56 Schools' balances increased slightly from £31.174 million to £31.219 million, however, the DSG High Needs Block (HNB) cumulative deficit balance, which is held in the DSG unusable reserve increased during the year by £0.796 million to £8.843 million. The five-year plan to recover the accumulated deficit continues and adjustments will be made at each year end to recover these accumulated deficits over the coming years.

Schools Balances and Centrally Held DSG Reserves

	Schools Balances	Centrally Held DSG	TOTAL
	£ million	£ million	£ million
Opening Balance at 1 April 2021	-31.174	-4.124	-35.298
Contribution to (-) / use of Reserves	-0.045	1.067	1.022
Balance at 31 March 2022	-31.219	-3.057	-34.276

57 Appendix 4 details the movement on earmarked reserves during 2021/22.

Service Grouping Commentary

58 A summary of the outturn for each service grouping is provided below. Detailed outturn reports will be provided to the relevant Overview and Scrutiny Committees.

Adult and Health Services (AHS)

59 The 2021/22 outturn for Adult and Health Services (AHS) is a cash limit underspend of £0.192 million, representing circa 0.15% of the total budget for AHS. The outturn takes into account adjustments for sums outside the cash limit including redundancy costs which are met from the corporate reserve, year-end capital accounting entries and contributions to earmarked reserves. COVID-19 related expenditure and income and any COVID-19 related underspends have also been excluded from the cash limit outturn.

60 The cash limit outturn compares to the previously forecast position at Quarter 3 of £0.189 million under budget, so is broadly in line with the Quarter 3 forecasts.

61 The outturn is a managed position, reflecting the proactive management of activity by Heads of Service across AHS to remain within the cash limit. The outturn position is accounted for as follows:

- (a) Careful management and control of vacant posts and supplies and services budgets across the service together with uncommitted budgets has created a net under budget of £1.931 million;

- (b) Net spend on adult care packages was £1.739 million over budget. This includes the approved in year 10% increase on the domiciliary care fee rate. This area of spend is being closely monitored to assess the ongoing impact of COVID-19, which has seen a reduction in care home placements but an increase in domiciliary care, as well as ongoing demographic and procedural/operational changes, where significant MTFP savings have been taken over recent years;
 - (c) Net expenditure on Public Health-related activity is in line with grant allocations, with any under or overspending transferred to an earmarked Public Health grant reserve.
- 62 In arriving at the outturn position, the service had £3.147 million of additional costs and lost income relating to COVID-19 and £1.335 million of COVID-19 related underspends in the year. The net COVID-19 impact was £1.812 million, which has been met corporately by utilising central government grants.
- 63 The following items have been excluded from the outturn in arriving at the cash limit at the year-end:
- (a) Contribution of £0.538 million to the Adult Social Care reserve to fund future projects in adult social care;
 - (b) Contribution of £0.600 million to Public Health reserves for future Public Health projects;
 - (c) Contribution of £0.392 million to the Community Discharge Reserve for future projects;
 - (d) Contribution of £3.547 million to Regional Public Health reserves for future regional public health projects;
 - (e) Use of £0.179 million of the Corporate Recovery Reserve to meet COVID19 recovery costs;
 - (f) Use of £0.057 million of the Adults Safeguarding Reserve;
 - (g) Use of £4,000 of the corporate Insurance Reserve;
 - (h) Use of £0.537 million of central contingency to meet the 2021/22 pay award costs;
 - (i) £0.457 million relates to a range of adjustments associated with capital charges, centralised repairs and maintenance and central administration charges outside the cash limit.

- 64 Taking the outturn position into account, including the transfers to/from reserves in year, the cash limit reserve carried forward for AHS is £6.149 million as at 31 March 2022.

Children and Young People's Services (CYPS)

- 65 The revenue outturn for 2021/22 was a cash limit overspend of £3.771 million for the year, representing circa 2.8% of the total net revenue budget for CYPS. This compares to a forecast cash limit overspend at quarter three of £2.210 million. The final position takes into account the in-year £4.5 million budget transfer from AHS. Had this not been actioned the outturn would have been a £8.271 million overspend when compared to the original budget approved by Council in February 2021.

- 66 The outturn consists of an overspend within Education of £1.539 million and an overspend within Children's Services of £2.232 million. Further details are shown below:

- (a) Within the Education Service there was a net cash limit overspend of £1.539 million, consisting of an overspend of £2.072 million on Home to School Transport, a shortfall in school and academy SLA income of £0.464 million, a shortfall on other income (contributions from schools, course income etc) of £0.374 million and an overspend due to bearing the costs of non-MTFP related early retirement costs of £0.119 million.

These overspends were partially offset by underspends of £0.449 million in employee costs, mainly due to vacant posts and other pay budgets, an underspend on Early Years Administrative costs of £0.385 million, an underspend of £0.233 million on Early Years Sustainability / Activity budgets, an underspend of £0.195 million on 'Other Pay' related activity a £0.172 million underspend relating to an underspend on the SEN Inclusion Fund and general Supplies & Service saving of £56,000.

- (b) The Children's Services (Children's Social Care and Early Help & Intervention) outturn was a net £2.232 million overspend for the year. These services had an overspend of £4.263 million in relation to looked after children's placements and £2.733 million in relation to Bespoke Placements.

These overspends were partially offset by underspending of £2.141 million on employee budgets, £0.993 million on transport budgets, £0.687 million on Special Guardianship, Child Arrangement and Adoption allowances, £0.333 million on other care related activity and third party payments, £0.203 million on Direct Payment budgets, and £0.407 million additional income from SLA arrangements.

- 67 The pressure on the budget in children's social care has been evident for a number of years, as the number of children in the care system has increased significantly and their needs have continued to become more complex. There are now 950 looked after children, compared to an average of 877 in 2019/20.
- 68 This budget was increased by £5.5 million in 2018/19 and by a further £6.5 million in 2019/20 to cover the escalating care costs, as well as additional costs for staffing in order to meet the expected challenges and pressures identified in 2019/20. The 2020/21 budget included an additional increase for placement costs of £3.417 million.
- 69 The Children's Social Care and Early Help & Intervention 2021/22 budget included base growth of £6.14 million, further base growth of £4.50 million following an in-year transfer from Adult and Health Services and investment of £0.821 million temporary one off-funding in order to meet the challenges and pressures being experienced by the service. In setting the 2022/23 budget the Council agreed further growth of £4.4 million in the current year in these budgets.
- 70 The 2021/22 budgets also included additional budget growth of £1.7 million to recognise the financial pressures experienced in delivering home to school transport, which had seen costs increase by 35% over the preceding two years. Additional growth of £2.6 million was built into the 2022/23 budget to reflect the continuing pressure in the home to school transport budget.
- 71 In arriving at the outturn position, £2.955 million of additional costs, and lost income relating to COVID-19 and £0.840 million of COVID-19 related underspends were excluded from the CYPS cash limit. The net impact of these is £2.115 million, which has been financed corporately by utilising Central Government grants.
- 72 The cash limit outturn reported is the position after a net £3.322 million use of CYPS reserves in year. There are a number of transfers to and from earmarked reserves, cash limits and contingencies which have been applied with the main areas detailed below:
- (a) A £119,142 use of the Schools Reserve to cover costs of deficits associated with schools who have academised in year.
 - (b) A £108,641 contribution to the Swimming Reserve mainly derived from venue hire savings to go towards future running costs of the service.
 - (c) A £106,451 contribution to the Early Years Activity reserve linked to Early Years Professional Development unspent grant funds.

- (d) A £145,158 use of the Adult Learning reserve to support payments to delivery partners.
- (e) A £897,568 contribution to the PFI Lifecycle reserve.
- (f) A £191,075 contribution to Durham Enable linked to unspent grant funds.
- (g) A £598,776 contribution to the Durham Directions reserve relating to unspent grant funds.
- (h) A £110,326 contribution to the Kickstart reserve relating to unspent grant funds.
- (i) A £284,490 contribution to the Mental Health Support reserve relating to unspent grant funds.
- (j) A £368,714 contribution to Emotional Wellbeing Reserve from surplus income and funding received for future projects
- (k) A £489,632 contribution to Holiday Activities with Food Reserve from grant income which will be repaid to DfE.
- (l) A £310,500 contribution to Aycliffe Secure Centre Transitions Home Reserve as a contingency related to the capital programme
- (m) A £409,487 use of Corporate ER/VR reserve to fund redundancies in relation to MTFP savings (relating to the Education Service).
- (n) A £148,804 use of Corporate Insurance reserve

73 Taking the 2021/22 outturn position into account, there is a £3.771 million deficit cash limit position at the year end.

74 The council's financial procedure rules state that where a service groupings cash limit reserve is in deficit, the relevant service is required to make savings/ underspends the following year to bring the reserve back into balance. In this case, given the financial pressures and issues facing CYPS a further transfer from general reserves has been actioned this year end to retain the CYPS cash limit reserve at zero.

Dedicated Schools Grant and Schools

75 Taking into account academy transfers during the year, the council currently maintains 174 schools, including nursery, primary, secondary, special schools, and a single Alternative Provision (AP) school. The AP school is for pupils who have been permanently excluded from other schools, or who are at risk of permanent exclusion.

- 76 The original budget for 2021/22 for these 174 maintained schools was £259.582 million, funded by income of £60.069 million, formula funding budget shares of £191.850 million (from central government funding) and a budgeted £7.663 million use of accumulated schools' reserves. The table below summarises the schools' initial budgets that were set for these 174 maintained schools.

	Nursery	Primary	Secondary	Special / AP	Total
	£ million	£ million	£ million	£ million)	£ million
Employees	4.384	141.206	30.572	30.210	206.371
Premises	0.272	9.471	2.348	1.294	13.385
Transport	0.001	0.347	0.385	1.141	1.874
Supplies and Services	0.432	27.042	5.592	4.887	37.953
Income	-3.804	-37.799	-12.594	-5.872	-60.069
Net expenditure	1.285	140.267	26.302	31.660	199.513
Budget share	-1.072	-134.503	-25.751	-30.524	-191.850
Contribution (to)/ from reserves	0.213	5.764	0.551	1.135	7.663
Balance at 1 April 2021	-1.034	-22.444	-1.085	-3.216	-27.779
Balance at 31 March 2022	-0.822	-16.680	-0.534	-2.081	-20.116

- 77 The forecasts prepared by schools at Quarter 3 indicated that they would use of £1.436 million of their accumulated schools' reserves in 2021/22. This was significantly less than the budgeted use of balances and was consistent with the cautious approach adopted by schools over recent years.
- 78 The final outturn was that rather than there being a draw on reserves, there was a contribution to reserves of £1.929 million, a difference of £3.365 million from the Quarter 3 forecast, representing 1.3% of the original budgeted gross expenditure.
- 79 The table below summarises the schools' outturn position:

	Nursery	Primary	Secondary	Special / AP	Total
	£ million	£ million	£ million	£ million	£ million
Employees	4.593	143.698	30.706	31.986	210.982
Premises	0.292	10.407	2.578	1.530	14.807
Transport	0	0.369	0.427	1.152	1.948
Supplies and Services	0.484	27.240	5.419	4.823	37.966
Income	-4.094	-47.032	-16.112	-7.383	-74.621
Net expenditure	1.274	134.682	23.017	32.109	191.082
Budget share	-1.073	-134.554	-25.774	-31.610	-193.011
Contribution (to)/ from reserves	0.201	0.128	-2.757	0.499	-1.929
Balance at 1 April 2021	-1.034	-22.374	-1.085	-3.216	-27.709
Balance at 31 March 2022	-0.833	-22.246	-3.842	-2.717	-29.638

80 In setting the 2021/22 budgets, the council's S151 officer (Corporate Director of Resources) gave approval for four schools to set deficit budgets. A deficit budget arises where planned expenditure during 2021/22 results in a deficit balance at 31 March 2022 (known as a licensed deficit). One of these schools (St. Thomas More RC Primary) subsequently converted to academy during 2021/22. The remaining three schools budgeted, and outturn positions are summarised in the following table:

School Name	Phase	Deficit at 31 March 2021	Planned in-year use or contribution to reserves	Licensed deficit at 31 March 2022	Outturn in-year use or contribution to Reserves	Deficit at 31 March 2022
		£ million	£ million	£ million	£ million	£ million
Ferryhill Station	Primary	0.045	-0.026	0.019	-0.024	0.021
Wellfield	Secondary	3.114	-0.200	2.914	-0.208	2.906
Durham Community Business College	Secondary	0.504	0.310	0.814	0.166	0.670

81 All of these schools have complied with the terms of their licensed deficit. The council will continue to support and work with schools

causing concern to help them resolve their financial concerns, and the s151 officer (Corporate Director of Resources) will consider requests for a licensed deficit for 2022/23. A report summarising the school budget plans for 2022/23 will be presented to Cabinet in September.

- 82 During 2021/22 the council wrote off £75,000 of accumulated deficits in respect of St Thomas More, RC primary. This was agreed to facilitate the conversion.

Dedicated Schools Grant Centrally Retained block

- 83 The 2021/22 outturn for centrally retained DSG budgets is an overspend of £1.863 million against a total budget of £98.705 million at year end, which represents a 1.89% overspend.

DSG Block	Budgeted £ million	Outturn £ million	Over / (Under) Spend £ million
Schools de-delegated	0.257	0.645	0.388
High Needs	65.746	66.542	0.796
Early Years	29.676	30.395	0.719
Central Schools Services	3.026	2.986	-0.040
TOTAL	98.705	100.568	1.863

- 84 The overspend position relates to overspends on Schools de-delegated, High Needs Block, the Early Years Block partially offset with an underspend against the Central School Services Block.
- 85 The Schools De-delegated funds overspend of £388,000 relates to overspends on Behaviour Support, Contingencies and Trade Union Support.
- 86 The overspend of £796,000 on High Needs mainly relates to Top Up Funding for mainstream Nursery, Primary and Secondary pupils, Special Schools Pupil and Banding Top Up and a shortfall in Turnaround and Permanent Exclusions income.
- 87 The overspend of £719,000 on Early Years largely relates to the reduction of £902,000 in funding experienced in year due to funding being allocated on a termly basis and numbers at the beginning of the year being particularly low due to COVID. It is expected that this funding will be recouped in the summer of 2022/2023 when funding allocations are returned to being allocated on an annual basis against the January 2022 census where pupil numbers had fully recovered.

- 88 The small underspend of £40,000 on the Central School Services Block largely relates to an underspend against the former 'Team around the School' service which has now ceased operation.
- 89 The impact of the outturn on the DSG reserves position is shown in the following table.

DSG Reserves	High Needs Block £ million	Early Years Block £ million	Schools Block £ million	Total DSG £ million
Balance as at 1 April 2020	-5.726	1.275	0.644	-3.806
Early Years adjustment 2019/20	0	0.097	0	0.097
Use (-) / Contribution in 2020/21	-2.321	0.003	2.105	-0.213
Balance as at 1 April 2021	-8.047	1.375	2.749	-3.923
Use (-) / Contribution in 2021/22	-0.796	-0.719	-0.348	-1.863
Balance as at 31 March 2022	-8.843	0.656	2.401	-5.786

- 90 The overall DSG reserve position was a net deficit balance of £3.923 million at the start of the financial year, which increased to a net accumulated deficit balance of £5.786 million at 31 March 2022. The accumulated deficit position is dominated by the high needs block position.
- 91 The latest five-year plan for high needs block funding and expenditure, including recovery of the accumulated deficit was considered by Cabinet in April 2022. The financial forecasts indicate that the accumulated budget deficit on the high needs grant will be recovered by the end of the 2023/24 financial year. The position for Durham is better than forecast in the previous version of the five-year plan, reflecting the increased HNB funding levels in 2022/23 and 2023/24.

Neighbourhoods and Climate Change (NCC)

- 92 The 2021/22 outturn for Neighbourhoods and Climate Change was a cash limit underspend of £0.563 million. This takes into account adjustments for sums outside the cash limit, such as redundancy and COVID-19 related costs that are met from corporate reserves, year-end capital accounting entries and use of/contributions to earmarked reserves. The previously forecast position at quarter 3 was a cash limit underspend of £1.006 million to year end.
- 93 The main reasons for the underspend position are as follows:

- (a) Environmental Services was £0.343 million underspent, mainly due to increased income of £0.240 million for trade and bulky waste collections, and staff turnover savings of £0.100 million.
- (b) Technical Services was overspent by £0.119 million. Within this service areas there was an overspend of approximately £1.0 million in revenue maintenance to cover additional work on gullies, drainage, structures, and emergency action work, offset by employee vacancy savings of £0.330 million, and increased trading income of £0.550 million.
- (c) Consumer Protection was underspent by £0.342 million. There was a net underspend on employees of £0.111 million, mainly due to vacant posts, with the balance of the underspend being additional income. This one-off underspend is to be utilised to support the Community Protection workforce development plan over the next 3 years.
- (d) Partnerships & Community Engagement underspent by £97,000. This was mainly due to underspends on employees, and a managed underspend in Supplies and Services, that will be utilised in future MTFP savings.

94 Further to the quarter 3 forecast outturn report, the following items have been excluded from the outturn in arriving at the cash limit at the year end:

- (a) £5.609 million – relating to a net contribution to earmarked reserves and cash limit reserves to support specific projects in 2022/23. This includes:
 - (i) A £1.008 million contribution to reserves relating to Waste Disposal and Environmental Management;
 - (ii) A £0.496 million contribution to reserves in relation to the North Pennines Area of Outstanding Natural Beauty;
 - (iii) A £0.223 million contribution to reserves relating to future projects in Community Protection;
 - (iv) A £0.480 million contribution to the Winter Maintenance Reserve;
 - (v) A £0.691 million contribution to the Corporate Insurance Reserve; and
 - (vi) A £2.7 million contribution to reserves in relation to carry forward of grant and unspent budgets relating to the Syrian

Refugee programme, Area Action Partnerships and Towns & Villages projects in Partnerships and Community Engagement.

- (b) A sum of £14.687 million relating to a range of items outside the control of the service were also excluded from the outturn, with the major component relating to technical accounting entries related to capital charges at year end.
- 95 COVID-19 related expenditure and lost income of £5.527 million, offset by related savings of £58,000 have been excluded from the net cash limit position and are being treated corporately, funded from the government grant received in 2021/22.
- 96 Taking the outturn position into account, the cash limit reserve to be carried forward for Neighbourhoods and Climate Change is £1.457 million.

Regeneration, Economy and Growth (REG)

- 97 The 2021/22 outturn for Regeneration, Economy and Growth was a cash limit underspend of £1.854 million. This takes into account adjustments for sums outside the cash limit such as redundancy costs which are met from corporate reserves, year-end capital accounting entries and use of / contributions to earmarked reserves.
- 98 The cash limit outturn position compares to the previously forecast position at quarter 3 of a cash limit underspend of £1.695 million
- 99 The outturn was a managed position, reflecting the proactive management of activity across REG to remain within the cash limit. The main reasons accounting for the outturn position are as follows:
- (a) Culture, Sport and Tourism was £0.262 million underspent. The main reasons related to underspends in Service Development (£0.200 million) and Locality Services (£0.608 million), primarily relating to vacant posts offset by an unrealised MTFP saving of £0.201 million and funding of £0.300 million set aside for known costs to be incurred in 2022/23 for Collections storage and City of Culture.
 - (b) Transport and Contract Services was underspent by £30,000. Within this service area, additional enforcement income (£0.597 million) and savings due to staff vacancies across the service were offset by additional bus contract costs (£0.277 million), a loss of departure charges due to the closure of Durham Bus Station (£0.181 million) and the cost of additional repairs to bus stations. In addition, funding has been set aside to cover the known costs of bus station security, car park maintenance and

Care Connect equipment in the first part of 2022/23 (£0.270 million).

- (c) Development and Housing was underspent against budget by £0.740 million. This was the net effect of an underspend of £0.812 million in Planning Development resulting from higher than budgeted levels of income from planning fees and building control fees, and Physical Development of £0.163 million relating to underspends against staffing budgets, offset by overspends of £91,000 in Economic Development, £77,000 in Strategy and Project Development, and £64,000 in Spatial Policy.
 - (d) Business Durham outturn was in line with budget.
 - (e) Corporate Property and Land was £0.209 million underspent. This arose due to an underspend against Facilities Management budgets and lower costs associated with the Energy Centre at Freeman's Reach.
 - (f) Communications Management was underspent by £0.206 million, due to a combination of vacant posts held in advance of MTFP savings required in 2022/23, and reduced costs due to not publishing a Summer Fun Guide or Guide to Services in 2021/22.
 - (g) Central costs were £0.407 million underspent due to lower than expected year end charges.
- 100 In arriving at the forecast outturn position, the service declared £7.460 million of additional costs, and lost income relating to COVID-19 and £2.029 million of COVID-19 related underspends. The net COVID-19 impact is therefore £5.431 million, and this was covered corporately by utilising Central Government grants.
- 101 In arriving at the outturn position, £1.506 million relating to contributions to / use of reserves, cash limits and contingencies has been excluded from the outturn. The major items being:
- (a) £1.319 million use of the Corporate Recovery Support reserve;
 - (b) £0.670 million contribution to the Arts and Cultural reserve;
 - (c) £0.420 million contribution to the Asset Management reserve to cover one-off lease premium payment due in next year;
 - (d) £0.396 million contribution to the Culture, Sport and Tourism reserve;

- (e) £0.300 million contribution to the Building Repairs and Maintenance reserve to support process of unitisation of property repairs and maintenance budget;
- (f) £0.300 million contribution to the Book Fund reserve;
- (g) £0.274 million use of the Social Housing reserve;
- (h) £0.263 million contribution to the Housing Solutions reserve for grant funding to be used in future;
- (i) £0.241 million contribution to the Local Authority Delivery (LAD) Scheme reserve for grant funding to be used in future.

102 Taking the outturn position into account, including items outside the cash limit and transfers to and from earmarked reserves, the cash limit reserve to be carried forward Regeneration, Economy and Growth is £2.868 million.

Resources

103 The 2021/22 outturn for Resources was a cash limit underspend of £1.520 million. This takes into account adjustments for sums outside the cash limit such as redundancy costs which are met from corporate reserves, year-end capital accounting entries and use of/ contributions to earmarked reserves.

104 The cash limit outturn position compares to the previously forecast position at quarter 3 of a cash limit underspend of £0.761 million.

105 The underspend reflects the proactive management of activity by Heads of Service across Resources throughout the year to remain within the cash limit and to prepare for MTFP12 savings requirements. The outturn position is accounted for as follows:

- (a) Corporate Finance and Commercial Services was underspent by £0.265 million, with managed underspends in Strategic Finance of £0.160 million and Health and Safety of £0.112 million and a number of other minor variances in this service area
- (b) Finance and Transactional Services was underspent by £1.278 million, primarily due to managed underspends on employee costs of £0.696 million and additional grant income of £0.506 million in Revenues and Benefits. Payroll and Employee Services was over budget by £0.104 million, mainly due to unachieved income of £46,000 and a managed overspend on employee costs of £52,000. There were also a number of other minor variances in this service area.

- (c) Digital and Customer Services was overspent by £0.561 million, consisting of managed overspends in relation to transport related costs of £33,000, supplies and services of £1.941 million and Direct Revenue Funding of four ICT capital projects of £0.170 million. These overspend were partially offset by an underspend of £0.767 million on employee related costs and additional income of £0.714 million. There were also a number of other minor variances in this service area.
 - (d) There were no material variances in Internal Audit, Risk and Corporate Fraud.
 - (e) Legal and Democratic Services was £0.675 million underspent. This includes a managed underspend on employee related expenditure of £0.527 million and £0.516 million of additional income. This net underspend has been partially offset by an overspend of £0.299 million on supplies and services. There were also a number of other minor variances in this service area.
 - (f) People and Talent Management was overspent by £0.122 million, which included a £0.202 million managed overspend on employee related expenditure and an £51,000 overspend on supplies and services. The service achieved additional income of £162,000 to partially offset these overspends. There were also a number of other minor variances in this service area.
 - (g) Strategy was overspent by £66,000, due largely to a managed underspend on employee related costs.
 - (h) Transformation was underspent by £0.108 million due to managed underspends on employee related costs of £89,000 and supplies and services of £19,000.
 - (i) Procurement Sales and Business Support was underspent by £29,000 due largely to additional income.
 - (j) Service Management and Central Charges was overspent by £86,000 due primarily to an increase in the bad debt provision at year end.
- 106 In arriving at the forecast outturn position, the service declared £1.284 million of additional costs, and lost income relating to COVID-19 and £1.642 million of COVID-19 related underspends. The net COVID-19 impact is therefore £0.358 million, and this was covered corporately by utilising Central Government grants.
- 107 Further to the quarter 3 forecast of outturn report a net £1.844 million have been excluded from the outturn in arriving at the cash limit outturn position. The main items being as follows:

- (a) £6.801 million relates to a range of adjustments associated with year-end accounting entries for capital charges, centralised repairs and maintenance and central administration recharges as well as a small number of other agreed sums outside the cash limit funded from corporate contingencies;
- (b) £4,064 relates to a transfer to the Insurance Reserve from in-year underspends on central insurance provision;
- (c) £38,170 from the MTFP ER/VR Reserve to reflect an increased cost of early retirements/ voluntary redundancies in 2021/22.
- (d) £0.673 million to the Business Support Reserve in respect of the actual underspend on the unitised Business Support Function in lieu of future MTFP savings;
- (e) £6,817 from the Planning Reserve to fund security and utility costs at the Mount Oswald Development Site in respect of the History Centre;
- (f) £39,748 from the ICT Reserve to support ICT developments;
- (g) £0.247 million transfer to the Corporate Procurement Reserve which will be used to finance various procurement initiatives;
- (h) £1,211 from the Oracle Development Reserve to fund system development and improvements;
- (i) £6,392 from the Welfare Assistance Funding Reserve in respect of the 2021/22 overspend on Discretionary Housing payments (funded from the underspend carried forward from 2020/21);
- (j) £1.962 million to the Housing Benefits Subsidy Reserve to finance the cost of Housing Benefit backdated claims which are not fully funded by Government Subsidy;
- (k) £0.320 million to the Revenues and Benefits Reserve to support the development of the Civica system and to provide funding for additional temporary staff to deal with potential workload and backlog issues within the service;
- (l) £0.233 million to the HR Reserve to fund training and development initiatives;
- (m) £0.114 million to the Elections Reserve to finance the cost of elections;
- (n) £0.171 million to the Legal Expenses Reserve to provide for a projected underachievement of MTFP Savings in 2022/23, and

also to fund equipment and the pending costs of stamp duty land tax;

- (o) £10,000 from the Resources Cash Limit Reserve in respect of the cost of reviewing Durham County Council's software in the Application Architecture review;
- (p) £48,680 to the Legal Services Reserve to provide for future expenditure for the Coroners service;
- (q) £43,257 to the Internal Audit and Corporate Fraud Reserve to fund future temporary appointments;
- (r) £0.150 million to the SFO Trading Reserve from additional income received to help fund future finance system developments;
- (s) £0.223 million transfer to various COVID-19 Reserves from unspent grant allocations to support the community and businesses in 2022/23;
- (t) £24,263 to the Residents Research Reserve as part of the funding received from CYPs to fund research work;
- (u) £0.122 million to the Welfare Rights Reserve in respect of AiCD (Advice in County Durham) funding carried forward for future use by the Poverty Action Steering Group;
- (v) £0.405 million to the COVID-19 Test & Trace Support Scheme Admin Reserve to fund service package requirements.
- (w) £0.198 million to the Archives Project Reserve in respect of funding carried forward for future projects for the County Archivists, software, and document clearance;
- (x) £55,732 to the Transformation Programme Reserve. The contribution reflects the underspend in 2020/21 associated with the Transformation Team;

108 Taking the outturn position into account, including items outside the cash limit and transfers to and from earmarked reserves, the cash limit reserve to be carried forward for Resources is £1.091 million.

Resources - Centrally Administered Costs (Corporate Costs)

109 The 2021/22 outturn for Resources - Centrally Administered Costs was a cash limit underspend of £44,000. This takes into account adjustments for sums outside the cash limit such as the use of / contribution to earmarked reserves.

- 110 In arriving at the forecast outturn position, the service declared £35,518 of additional costs, and lost income relating to COVID-19 and no COVID-19 related underspends. The net COVID-19 impact is therefore £35,518, and this was covered corporately by utilising Central Government grants.
- 111 The cash limit outturn position compares to the previously forecast position at quarter 3 of a cash limit underspend of £10,324.
- 112 The final outturn position reflects reduced expenditure on corporate subscriptions of £30,000, expenses associated with raising loans of £29,000 and legal expenses of £20,000. These have been partially offset by a managed overspend of £30,000 relating to audit fees. In addition, there was an overachievement of income from de-minimis capital receipts of £29,000 arising from the sale of assets. There are also a few other minor variances in this service area.
- 113 Further to the quarter 3 forecast of outturn report, the following items have been excluded from the outturn in arriving at the cash outturn position:
- (a) £0.402 million – relates to a range of adjustments associated with capital charges, centralised repairs and maintenance and central administration charges as well as a small number of other agreed sums outside the cash limit funded from corporate contingencies;
 - (b) £0.134 million – relates to a net use of earmarked reserves including £0.271 million from the Welfare Assistance Funding Reserve, £52,370 from the Council Tax Hardship Reserve and £0.189 million to the Insurance Reserve.

Central Budgets

Interest and Investment Income

- 114 There was an overachievement of income of £1.500 million due to higher than forecast returns on loan investments and additional dividends receivable (from Durham Villages Regeneration Company).

Interest Payable and Similar Charges

- 115 The actual interest payable and similar charges outturn position shows a £0.182 overspend to revised budget. This is due to additional use of Direct Revenue Financing (DRF) at year end.

2021/22 Capital Outturn

General Fund Capital Programme

- 116 The original capital budget for 2021/22, taking into account the budget approved by Council on 24 February 2021 and adjustments for re-profiling of underspends at 2020/21 year end, was £205.408 million. This was agreed by Cabinet on 7 July 2021.
- 117 Throughout the year, the Capital Member Officer Working Group (MOWG) has continually reviewed progress in delivering the capital programme to take into account changes in planning and delivery timescales and analysis of changes in demands on resources. This has been particularly important throughout 2021/22 as the council has monitored the impact of the pandemic and global price rises upon the ability to deliver the capital programme effectively. Regular updates to the capital programme were reported to and approved by Cabinet as part of the quarterly budgetary control reports in year. Requests for re-profiling capital programme underspends at 31 March 2022 have also been considered by MOWG.
- 118 Since the Quarter 3 Forecast of Outturn Report was prepared for Cabinet consideration in March 2022, there have been a number of significant increases to the capital budget put forward. These budget increases were considered at the MOWG meeting in May 2022. Significant budget adjustment required include:
- (a) £31.805 million for Towns Deal (Stronger Towns) schemes and £19.857 million for Future High Streets Fund schemes in Bishop Auckland.
 - (b) £25.506 million for Levelling Up Fund schemes in the Bishop Auckland area, which includes £12.000 million for Toft Hill A68 Bypass, £2.000 million for Whorlton Suspension Bridge and £11.506 million for schemes at Locomotion.
 - (c) provision for Leisure Centre Decarbonisation schemes totalling £5.065 million at Newton Aycliffe, Peterlee, Teesdale and Wolsingham Leisure Centres and Social Housing Decarbonisation Fund Wave 1 budget of £5.709 million, along with £4.045 million for Green Homes Phase 2 schemes.
 - (d) a budget increase of £14.890 million for the refurbishment and reopening of the former DLY building at Aykley Heads as a Cultural Venue following a report to Cabinet in March and a budget increase of £12.000 million to rebuild Greenfield Community College on the Aycliffe site following a report to Cabinet in April.

- (e) The capital budget also required adjustment (increase) to reflect higher than anticipated capital grant allocations of £3.285 million for Highways Capitalised Maintenance and £2.665 million for Schools Capital works.
- (f) Other significant budget increases include £2.196 million to meet additional costs in relation to the Durham History Centre project and £2.200 million to create a new budget for a Corporate Business Intelligence System.

119 The following table summarises the revised capital budget for 2021/22, taking into account the further revisions considered by MOWG in May and agreed by Cabinet throughout the year, together with the outturn position for each service area. The table also details the action that has been taken with regard to re-profiling and budget additions/deletions at year end.

General Fund Capital Programme Outturn 2021/22

Service Area	2021/22 Original Budget	2021/22 Revised Budget	2021/22 Outturn	2021/22 Variance	2021/22 (Additions) / Deletions from Budget	2021/22 Re-profiling into future years
	£000	£000	£000	£000	£000	£000
Adults and Health Services	1,210	377	375	-2	0	2
Childrens and Young People's Services	33,641	16,893	14,525	-2,368	-1,683	4,096
Neighbourhoods and Climate Change	58,033	45,403	41,314	-4,089	-422	5,096
Regeneration, Economy and Growth	95,720	86,976	77,812	-9,164	175	8,359
Resources	16,805	9,330	9,042	-288	-26	314
Total Capital Programme	205,408	158,979	143,068	-15,911	-1,956	17,867

120 The variances in the table above include requests to carry forward unspent budgets to fund the completion of capital schemes from 2022/23 onwards. Also included are 2021/22 overspends on some projects as a result of an acceleration in project delivery timescales, and for these projects future years' budgets have been reduced. All of the

resultant re-profiling is reflected in the capital budgets for 2022/23 to 2025/26.

- 121 The Capital Programme is financed via various funding sources including grants, capital receipts, revenue contributions, contributions from reserves and borrowing. The financing of the 2021/22 outturn is detailed in the following table:

Financing – General Fund Capital Programme 2021/22

Funding Source	2021/22 Outturn £000
Grants and Contributions	60,010
Revenue & Reserves	26,279
Capital Receipts	7,363
Borrowing	49,415
Total Financing	143,068

Service Grouping Commentary

- 122 The primary reasons for the net capital underspend of £15.911 million (circa 10% under the revised capital programme budget at year end) are set out below:

Children and Young People’s Services (CYPS)

- 123 The underspend £2.368 million for CYPS is mainly due to:

- (a) **Children’s’ Care** – Underspend of £0.221 million. This is due to underspends on several schemes relating to the acquisition and refurbishment of Children’s Homes, where spend has not been incurred as quickly as expected
- (b) **Children’s Services – Planning and Services Strategy -** Underspend £0.128 million. This relates to some payments being re-profiled into 2022/23 for the project to review the Social Services Information Database (SSID) system in CYPS and AHS
- (c) **Devolved Formula Capital** – Overspend of £0.881 million. This is due to unpredicted changes in individual school spending decisions after December when final budget updates were made. The 2021/22 overspend will be met from budgets in 2022/23.
- (d) **School Related** – Underspend of £2.948 million. The most significant underspend in this area is £0.435 million on the new

build primary school in Belmont, with delays due to discussions with DfE about using their Build Framework. Other significant underspends include £0.298 million on Spennymoor New Build Primary due to delays on stage 4 design work and £0.291 million on Bowburn New Build Primary due to ground contamination investigations under the site of the old school delaying phase 2 works.

Delays in getting raw materials from suppliers led to underspends of £0.120 million on works at Prince Bishops Primary and £0.0.111 million on works at Montalbo Primary. Underspends of £0.275 million for Ferryhill Station Primary roof replacement, £0.172 million for electrical works at Thornley Primary, £0.135 million for Coxhoe Primary replacement heating system and £0.121 million for a rewire scheme at St. Annes CE Primary were due to the re-phasing of works between financial years.

There was an overspend of £0.186 million on condition works at Greenfield School due to the ongoing costs of hiring demountables and the purchase of a new substation for the site. This will be met from the Schools Capital Grant unprogrammed budget

- (e) **SEN Capital Fund** – Overspend £0.157 million. Budget has been re-profiled from 2022/23 to 2021/22 to cover the overspend on the project to provide demountable buildings at The Oaks Special School
- (f) **Secure Services** – Underspend of £0.109 million. The majority of this (£90,210) relates to the Transition Home at Aycliffe Secure Centre due to a delayed project start and some sub-contractors not submitting bills by year end.

Neighbourhoods and Climate Change

124 The underspend of £4.089 million is mainly due to:

- (a) **Environmental Services** – Underspend of £1.839 million. The most significant underspend in this area is £1.165 million on Morrison Busty Vehicle Workshop Refurbishment. This project is eight weeks behind programme due to additional time taken to fill large mineworking voids discovered once ground stabilisation works commenced. This delayed subsequent high value works, such as foundations, the ground floor concrete slab and the structural steel frame.

An underspend of £0.667 million on Solar PV Array (SPA3) schemes for various council buildings resulted from a late decision to allocate spend on Solar PV projects to various Public Sector

Decarbonisation Scheme (PSDS) projects, maximising grant income to the council. There was an underspend of £0.413 million on the On-Street Residential Electric Vehicle Chargepoint scheme due to the waiting time to get EV units delivered from Europe and delays in Northern Powergrid connecting the EV charge points.

An overspend of £0.695 million on Morrison Busty Battery Storage was due to accelerated project spend and will be met by bringing forward budget from 2022/23. Overspends on schemes at Morrison Busty for part demolition of the Bevan Buildings (£0.155 million) and the Phase 3 refurbishment of the offices (£0.497 million) relate to budget being held in the Structural Capitalised Maintenance and Demolition Programme budgets in REG, which were transferred to NCC at year end.

- (b) **Technical Services** – Underspend of £1.791 million. There was an underspend of £0.233 million on street lighting schemes due to costs recharged being lower than estimated and also delays in materials deliveries caused by a worldwide shortage of electrical components. Other significant underspends include £0.442 million on Whorlton Suspension Bridge as a result of delays to inspection and testing works and the quality of the work resulting in ongoing discussions with the contractor and invoices not yet being agreed by Highways Services.

An underspend of £0.662 million resulted from three unclassified roads schemes being pulled from the programme and incurring no spend in 2021/22. The budget for Surveys, Inspections and Assessments was underspent by £0.307 million due to work by external consultants carrying over into 2022/23.

An underspend of £0.157 million resulted from the A181 Wellfield/Wingate scheme being pulled due to a clash with a major project and housing development. There was an overspend of £1.098 million on Highways patching schemes due to an overspend on Highways Services Patching budget.

- (c) **Members Budgets** – Underspend of £0.475 million. The revised budget was based on applications received up to mid-November. The underspend is due to not as many applications as expected proceeding to payment stage by the end of the financial year. The underspend will be carried forward to 2022/23 and the payments made in due course
- (d) **AAP Capital Budgets** – Overspend £0.217 million. The revised budget was based on applications received up to mid-November. Many more applications were received after this point and more than expected were paid before the end of the financial year. The overspend will be met by bringing budget forward from 2022/23.

Regeneration, Economy and Growth

125 The underspend of £9.164 million is mainly due:

- (a) **Corporate Property and Land** – Underspend £6.275 million. The most significant underspend in this area was £3.292 million on the Milburngate Fit Out budget as delays with the adoption of the development have put fit out works on hold.

There was an underspend of £1.149 million on the New Council Headquarters scheme due to Kier revising their profile after the final budget amendments were made at quarter 3.

There was an underspend of £1.448 million on the Structural Capitalised Maintenance programme due to a number of schemes which were meant to take place in 2021/22 being delayed until 2022/23. An underspend of £0.297 million on the Demolition Programme budget was mainly due to a budget transfer of £0.235 million to NCC to support works at Morrison Busty.

- (b) **Development and Housing** – Underspend £0.495 million. There were various offsetting underspends and overspends across the service, with the most significant being an overspend of £3.415 million relating to the acquisition of the Newgate Centre in Bishop Auckland, due to the purchase completing in 2021/22 rather than 2022/23 as expected.

There were also overspends of £0.559 million on Green Homes Phase 2 due to the late award of additional government funding which had to be spent in 2021/22, and £0.175 million on Disabled Facilities Grant schemes as schemes were delivered ahead of schedule.

There were significant underspends of £0.669 million on the Homelessness Buy to Lease scheme, £0.550 million on the DCC House Building Programme and £0.417 million on the Rough Sleeper Accommodation (COMF) scheme due to the acquisition of properties not completing before year end.

Underspends of £0.425 million on Aykley Heads Plot C and £0.270 million on the Accelerated Construction Scheme were due to payments being processed in April, rather than March as expected. The Beamish Museum Redevelopment scheme had an underspend of £0.777 million as no claims were received from Beamish in 2021/22

- (c) **Business Durham** – Overspend of £0.653 million. This was mainly due to an overspend of £0.869 million on the Netpark

Phase 3 scheme as consultants have been appointed and the scheme is progressing ahead of schedule. There was an underspend of £0.154 million on the Finance Durham Investment Fund as investment pipeline timelines were slower than expected

- (d) **Culture and Sport** – Underspend of £1.963 million. On the Durham History Centre project there was an overspend of £0.389 million due to a contractor payment being paid in March instead of April. This was offset by an underspend of £0.481 million on the ERDF funded part of the scheme due to delays caused by unforeseen works associated with the listed building.

There was an underspend of £0.750 million on Leisure Centre Transformation schemes at Spennymoor, Teesdale, Abbey, Riverside and Peterlee Leisure Centres due to a complete review of the RIBA stage 3 proposals delaying progress.

The Locomotion New Exhibition Building scheme had an underspend of £0.342 million due to delays in finalising the funding agreement and there was an underspend of £0.209 million on the Consett Leisure Pool Tiling Defect scheme due to slippage in the contractor's programme of works. The DMA Redhills Building Refurbishment scheme had an underspend of £0.200 million as grant payments were put on hold while the owners seek additional funding.

- (e) **Transport and Contracted Services** – Underspend of £1.943 million. There were various offsetting underspends and overspends across the service, with the most significant being an underspend of £0.359 million on Driver Information / UTMC schemes as a longer than anticipated procurement process has delayed delivery into 2022/23. There was an underspend of £0.291 million on the Cycling Super Routes scheme with budget being vired at year end to other LTP schemes.

The A19/A1018 Seaton Lane Junction scheme had an underspend of £0.214 million due to delayed ground investigations by Highways England and an underspend of £0.184 million on Jade Business Park Infrastructure resulted from Highways England requesting that this work should be aligned with the Seaton Lane scheme as one design and construct contract.

Newton Aycliffe Housing Infrastructure Fund had an underspend of £0.270 million as a delay in agreeing the collaboration agreement with the Church Commissioners resulted in infrastructure works being put on hold. An underspend of £0.185 million on Stonebridge Park & Ride resulted from re-programming of the overall Transforming Cities Fund programme. There was

an overspend of £0.155 million on the Toft Hill A68 Bypass scheme due to grant being approved during quarter 4 after the final budget amendments had been made

Resources

126 The underspend of £0.288 million is mainly due:

- (a) **Digital Organisation** – Underspend of 0.226 million. The most significant underspend was £0.175 million on the End User Equipment Replacement scheme. This was due to global supply chain delays with ICT equipment. 450 monitors and 200 laptops were ordered but due to delays they were not delivered before year end

Council Tax and Business Rates Collection Funds

Council Tax

- 127 Council Tax is charged for all residential dwellings in bandings agreed by the Valuation Office Agency, which is part of Her Majesty's Revenues and Customs (HMRC). Exemptions, reliefs, and discounts are awarded dependent upon the state of the property, its use, and occupiers' personal circumstances.
- 128 The in-year collection rate at 31 March 2022 was 95.46%, which is 1.74% points above the year end position in 2020/21. This improvement is as expected with debt recovery procedures paused during 2020/21 due to the pandemic and only being reintroduced from June 2021.
- 129 The council is providing support to those impacted by COVID-19 through Hardship payments of up to £300 for those in receipt of council tax support with residual elements to pay; a total of £4.033 million was awarded to 31 March 2022.
- 130 The in-year collection rates at 31 March for 2021/22 and the previous two financial years, are shown below.

Billing Year	Position at 31 March
2021/22	95.46%
2020/21 *	96.18%
2019/20 *	97.94%

*Updated collection rate for payments made in 2021/22 for 2020/21 and 2019/20 liability

- 131 The current overall collection rate for 2020/21 council tax liabilities is now 96.18% (compared to 93.72% at 31 March 2021), and for 2019/20 the rate is now 97.94% (compared to 96.37% at 31 March 2021). The council continues to recover council tax for these years and for earlier years too.
- 132 The income shown in the council tax collection fund is the amount collectable from council tax payers in the long run, rather than the actual cash collected in the year the charges are raised. Likely bad debts are accounted for by maintaining a bad debt provision. The amount collectable is estimated each year by reference to the actual council tax base for all domestic properties in the county (schedule of all properties, discounts, and reliefs) with an allowance for non-collection.
- 133 Actual cash collected as at 31 March 2022 was £303.396 million compared with £278.592 million as at 31 March 2021, however when the Council Tax increases for 2021/22 are factored in, this represents a year on year real terms increase of £15.510 million in terms of Council Tax income received.
- 134 Due to changes in the number of properties (including new build and demolitions), and eligibility of discounts and reliefs during the year, the actual amount of council tax collectable, increases or decreases from the estimate on a dynamic day to day basis. In addition, adjustments for previous billing years take place during each accounting year. All of these adjustments mean that the actual amounts collected will always differ from the estimate.
- 135 Such differences at the end of each accounting year, after taking into account the calculated change required in the 'bad debt' provision, determines whether a surplus or deficit has arisen, which is then shared proportionately between the council and its major preceptors, being Durham Police Crime and Victim's Commissioner and County Durham and Darlington Fire and Rescue Authority.
- 136 In July 2020 the government announced that repayments to meet any collection fund deficits accrued in 2020/21 will be phased over a three-year period (2021/22 to 2023/24), rather than all being accounted for in 2021/22, to ease immediate pressures on budgets.
- 137 At the 2020/21 budget setting stage the estimated in year outturn for the council tax element of the Collection Fund was a deficit of £5.720 million. In the preceptors 2021/22 budgets one third of this sum (£1.907 million) had to be repaid to the Collection Fund. The council share of this amounted to £1.612 million and this requirement was built into the council's 2021/22 budget. In the 2021/22 outturn the second repayment of the 2020/21 Collection Fund deficit must be included

- 138 At 31 March 2022 the final outturn for the council tax collection fund is a deficit of £7.679 million, including the undeclared 2020/21 deficit of £3.741 million and the in-year deficit of £0.124 million. After taking into account the second instalment of the phasing of the 2020/21 deficit (£1.907 million), the overall forecast for the council tax element of the Collection Fund is a £5.772 million deficit as shown in the following table. The councils share of this deficit is £4.867 million.

	£ million
Net Bills issued during Accounting Year 2021/22	367.366
LCTRS and previous years CTB adjustments	-60.372
Calculated change in provision for bad debts required and write offs	-4.279
Net income receivable (a)	302.715
Precepts and Demands	
Durham County Council	241.266
Parish and Town Councils	13.734
Durham Police Crime and Victim's Commissioner	32.607
County Durham & Darlington Fire & Rescue Authority	15.232
Total Precepts and Demands (b)	302.839
Net Surplus / (-) Deficit for year (a) – (b)	-0.124
Spreading of Deficit Adjustment	-1.907
Undeclared Deficit Brought Forward from 2020/21	-3.741
Year end Deficit	-5.772

- 139 The following table identifies the reconciles the gross deficit (including undeclared and in year deficit) to the year end deficit:

	£ million
2020/21 Undeclared Deficit	-3.741
Remaining Deficit Spread	-3.814
Deficit for the year	-0.124
Collection Fund gross deficit	-7.679
2023/24 General Fund impact – deficit spread	1.907
Year end Deficit	-5.772

- 140 The council was required to determine and declare the forecast surplus or deficit on the council tax collection fund for 2020/21 by 15 January 2021. This needed to be considered during the budget setting process for 2021/22. Any difference between this and the actual surplus at 31 March 2021 was carried forward to the next financial year to be taken into account in estimating the surplus/ deficit position for 2021/22 and taken into account during 2022/23 budget setting.
- 141 At 15 January 2022 the estimated in year outturn for the Council Tax Collection Fund was a deficit of £5.090 million to 31 March 2022, including the second instalment of the spreading adjustment from 2020/21 of £1.907 million.

Business Rates

- 142 2013/14 was the first year of the new business rates retention scheme whereby the council has a vested budget interest and stake in the level of business rate yield, as income generated from business rates has since been shared between Central Government (50%), Durham County Council (49%) and County Durham and Darlington Fire and Rescue Authority (1%). Therefore, it is not only the accuracy and timeliness of bills levied and collected that is monitored and audited, but the level of income anticipated for the year is important and new monitoring procedures have been devised for this purpose.
- 143 In 2017/18, following consultation, the Government implemented the first revaluation of business rates since April 2010.
- 144 The revaluation of the rateable values of all business properties was undertaken by the Valuation Office Agency and, along with national changes to multipliers, relief thresholds and transitional arrangements, came into effect from April 2017. The overall effect of the revaluation on the collection fund saw a decrease of an estimated £9.3 million in rates yield/ liability when compared to 2016/17. The revaluation should be cost neutral to Durham County Council and County Durham and Darlington Fire and Rescue Authority; therefore, compensation arrangements are made through adjustments to Section 31 grants and top up grants for their shares of income losses.
- 145 Bills raised, exemptions and reliefs awarded are examined, together with local knowledge of anticipated changes in reliefs such as mandatory charitable relief and discretionary rate relief, on a monthly basis to enable a comparison with the January 2020 estimate of 2020/21 business rates income that was used for budget setting purposes.

- 146 At 31 March 2022, the actual outturn for the collection fund business rates is a deficit of £10.007 million, after taking into account the undeclared surplus as at 31 March 2021 of £6.337 million, as shown in the following table.

	£ million
Net rate yield for 2021/22 including previous year adjustments	95.469
Estimate of changes due to appeals lodged and future appeals	6.225
Estimated losses in Collection – Provision for Bad Debts and Write-offs	0.299
Net income receivable (a)	101.993
Agreed allocated shares	
Central Government (50%)	57.434
Durham County Council (49%)	58.606
County Durham and Darlington Fire and Rescue Authority (1%)	1.172
Cost of Collection Allowance and Renewable Energy (paid to Durham County Council)	0.746
Total fixed payments (b)	117.958
Net deficit for year (a) – (b)	-15.965
Spreading of Deficit Adjustment	-0.379
Undeclared Surplus brought forward from 2020/21	6.337
Year end Deficit	-10.007

- 147 As with Council Tax, the in year deficit on business rates estimated in January 2021 was eligible to be spread over a three-year period (2021/22 to 2023/24) to ease immediate pressures on budgets. The in-year business rates deficit for 2020/21 eligible to be spread over three years was calculated by taking the in-year deficit estimated at January 2021 and excluding the additional reliefs awarded which are fully funded by Section 31 grant income. Therefore, the deficit eligible to be spread over three years is £1.138 million (£0.379 million per year), of which the council's share is £0.558 million (£0.186 million per year)

- 148 The in-year deficit of £15.965 million and the undeclared surplus brought forward from 2020/21, leaves a net deficit of £10.007 million at 31 March 2022. The surplus/ deficit at 31 March in any year is shared proportionately between Durham County Council, Central Government and County Durham and Darlington Fire and Rescue; Durham County Council's share is 49%. Durham County Council's share of the year end deficit is £4.903 million, which is around £0.622 million lower than what was forecast at Quarter 3.
- 149 The in-year collection rate at 31 March 2022 was 98.38%: 4.95% points higher than in 2020/21. This improvement was as expected with debt recovery procedures paused during 2020/21 due to the pandemic being reintroduced from June 2021.
- 150 Over the last year the council has made payments to eligible businesses totalling circa £47.200 million, under the national Local Restrictions Support Grants, Additional Restrictions Support Grant, Restart Grants and Omicron Retail & Hospitality Grants. Total payments to eligible businesses over the last two years total £203.8 million.
- 151 The in-year collection rates at March 2022 for the current and last two financial years, are as follows:

Billing year	Position at 31 March
2021/22	98.38%
2020/21	98.63%
2019/20	99.60%

*Updated collection rate for payments made in 2021/22 for 2020/21 and 2019/20 liability

- 152 The current overall collection rate for 2020/21 business rate liabilities is now 98.19% (compared to 98.63% at 31 March 2021) and for 2019/20 business rate liabilities is now 99.60% (compared to 97.91% at 31 March 2020). The council continues to recover business rates for these and from earlier years.
- 153 Taking into account the positions at 31 March 2022 for Council Tax and business rates, alongside the receipt of Section 31 grant, the overarching position for the council in terms of the 2021/22 Collection fund are asset out below, highlighting an overall £0.602 million deficit, which compares to the Quarter 3 forecast of a £1.498 million overarching deficit.

	£ million
Council Tax Deficit	4.867
Business Rates Deficit	4.903
S31 Grants for 2021/22 reliefs	-9.166
Net Deficit	0.602
Note:	
Final year of spreading (2022/23 General fund impact)	1.798
Total Net Deficit	2.400

Section 31 Grant - Small Business Rate Relief

- 154 Small business ratepayers with properties with rateable values under £15,000 benefit from relief on their rates payable. The Government has awarded local authorities a Section 31 grant to cover their share of the shortfall in business rates that these small business ratepayers would have paid had the relief scheme not been in place.
- 155 Small business ratepayers with properties with rateable values up to £12,000 are granted full relief, and properties with rateable values between £12,000 and £15,000 have a tapered relief applied to them ranging from 100% down to 0%.
- 156 The Government has agreed to pay Section 31 grant for any additional small business rate relief in respect of business rates bills and adjustments thereof relating to the period commencing 1 April 2013. Any adjustments that relate to bills for years prior to this will be dealt with as part of the normal rate retention shares.
- 157 At 31 March 2022, the gross small business relief awarded against 2021/22 business rates bills and adjustments for the period 2013/14 to 2021/22 was £18.303 million, and the council will receive £6.389 million in Section 31 grant, including the capping adjustment and threshold change adjustments, in this regard.

Other Section 31 Grants

- 158 In the Autumn Statement 2016, Spring Budget 2017 and Autumn Statement 2018 additional business rate relief schemes were announced on which Section 31 grants would be payable. These relief schemes include Rural Rate Relief and Local Newspaper Reliefs, Supporting Small Business, Local Discretionary Relief Scheme, Pub

Relief and Retail Relief Schemes. Funding for these schemes is provided through Section 31 grants.

- 159 In response to the economic impact of COVID-19, the government has introduced the expanded retail discount. The business rates retail discount has been increased to 100% and now covers the leisure and hospitality sectors. The £51,000 rateable value threshold has also been removed. This relief applied to occupied retail, leisure, and hospitality properties in the year 2020/21 only, however was extended to 30 June 2021, and continued at a rate of 66% from 1 July 2021 to 31 March 2022. This discount is fully funded by way of Section 31 grant.
- 160 A nursery discount scheme was also introduced for 2020/21 as a response to COVID-19. This discount was also extended to 30 June 2021 at 100% and continued at 66% from 1 July 2021 until 31 March 2022. Again, this is fully funded by Section 31 grant.
- 161 When assessing income from business rates, due regard must also be given on the effect that changes in reliefs has on the Section 31 grants. When the additional Section 31 grants, to compensate for the extended retail, hospitality and leisure discounts and the extended nursery discounts, are factored in, the total amount of Section 31 grants due to Durham County Council is £22.068 million of which £9.166 million relates to the additional reliefs in response to COVID-19.
- 162 Durham County Council's share of the in-year deficit of £7.823 million, excluding the surplus brought forward from 2020/21 of £3.105 million, is therefore offset in the General Fund by the receipt of the additional Section 31 grants of £9.166 million, leaving a net in-year surplus of £1.343 million from business rates activity.

Update on Progress towards achieving MTFP (11) savings

- 163 The delivery of the MTFP (11) savings considers:
- (a) the duties under the Equality Act;
 - (b) appropriate consultation;
 - (c) the HR implications of the change including consultation with employees and trade unions;
 - (d) communication of the change and the consultation results;
 - (e) sound risk management.
- 164 MTFP (11) savings proposals for 2021/22, agreed by County Council on 24 February 2021 totalled £5.312 million.

165 At 31 March 2022, 100% of the £5.312 million total savings target, had been delivered.

Consultation

166 There has not been any public consultation on MTFP(11) proposals during the year

HR implications

167 Equality data relating to the seven employees leaving through voluntary redundancy, early retirement, and ER/VR during 2021/22 shows that 71% were female and 29% were male. In terms of race, 14% of leavers had not disclosed their ethnicity and the remaining 86% stated that they were white British or white English. Regarding disability status 14% of leavers said they had a disability, 14% had no disability and 72% did not disclose their disability status.

168 Equality data relating to the five employees leaving through compulsory redundancy during 2021/22 shows that 60% were female and 40% were male. In terms of race, 20% of leavers had not disclosed their ethnicity and the remaining 80% stated that they were white British or white English. Regarding disability status no leavers said they had a disability, 60% had no disability and 40% did not disclose their disability status.

169 Since austerity began in 2011, equality data relating to employees leaving through voluntary redundancy, showed that 65.6% were female and 34.4% were male. The higher proportion of female leavers is likely due to the exercises which took place in previous years which focused on traditionally female occupied professions, (these included the closure of care homes, reduction in service in the Pathways and Youth service and a restructure and change of working pattern for Care Connect). This is also reflective of the Council's overall gender balance in terms of employees.

170 In terms of race, since 2011, 45.84% of leavers had not disclosed their ethnicity, with 53.75% stating that they were white British or white English. Regarding disability status 2.96% said they had a disability, 13.12% had no disability and 83.92% did not disclose their disability status.

Equality Impact Assessments (EIA)

171 Services have completed EIA screenings and assessments where necessary as part of the decision-making process for 2021/22 MTFP(11) proposals.

172 Projects to deliver growth proposals will be supported to ensure robust planning and that EIA screening are also completed.

Other Useful Documents

- County Council – 24 February 2021 – Medium Term Financial Plan 2021/22 to 2024/25 and Revenue and Capital Budget 2021/22.
- Cabinet – 15 September 2021 – Forecast of Revenue and Capital Outturn 2021/22 – Period to 30 June 2021 and Update on Progress towards achieving MTFP (11) savings.
- Cabinet – 17 November 2021 – Forecast of Revenue and Capital Outturn 2021/22 – Period to 30 September 2021 and Update on Progress towards achieving MTFP (11) savings.
- Cabinet – 17 November 2021 - Council Tax Base 2022/23 and Forecast Deficit on the Council Tax Collection Fund as at 31 March 2022.
- County Council – 23 February 2022 – Medium Term Financial Plan 2022/23 to 2025/25 and Revenue and Capital Budget 2022/23.
- Cabinet – 16 March 2022 - Forecast of Revenue and Capital Outturn 2021/22 – Period to 31 December 2021 and Update on Progress towards achieving MTFP (11) savings.

Author: Jeff Garfoot

Tel: 03000 261946

Appendix 1: Implications

Legal Implications

This report shows the actual outturn compared to original and revised budgets as agreed by Council in relation to the 2021/22 financial year and is a key component of the council's Corporate and Financial Governance arrangements. The information contained within this report has been prepared in accordance with standard accounting policies and procedures.

Finance

The report details the financial outturn for the council for 2021/22 for revenue and capital. The report covers general fund for revenue and capital and the outturn position for general and earmarked reserves at 31 March 2022, plus the Collection Fund outturn, covering council tax and business rates.

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 figures contained within this report have been extracted from the general ledger and scrutinised and supplemented with information supplied by the Service Management Teams and budget holders. The outturn has been produced taking into consideration all spend in year and year end accounting practices. This should mitigate any risks regarding challenge over the accuracy and validity of the financial outturn position of the council as reported.

Procurement

None.

Appendix 2: General Fund Revenue Summary 2021/22

	Original Budget 2021/22	Revised Budget 2021/22	Service grouping Outturn	Variance	Cash Limit Adjustments			Variance
					Sums outside the cash limit	Contribution to / Use of Cash Limit Reserve	Contrib. to / Use of Earmarked Reserves	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adult and Health Services	133,618	126,214	123,077	-3,137	-79	0	4,837	1,621
Chief Executive's Office	1,381	0	0	0	0	0	0	0
Children and Young People's Services	133,876	145,628	185,427	39,799	-40,839	0	6,926	5,886
Neighbourhoods and Climate Change Regeneration, Economy and Growth Resources	105,731 49,630 21,425	109,662 53,591 27,118	94,270 70,169 27,086	-15,392 16,578 -32	14,687 -14,507 -6,803	0 0 -10	5,610 1,506 4,966	4,905 3,577 -1,879
Cash Limit Position	445,661	462,213	500,029	37,816	-47,541	-10	23,845	14,110
Contingencies	10,337	9,122	0	-9,122	4,958			-4,164
Corporate Costs	4,378	2,227	2,753	526	-402	0	-134	-10
NET COST OF SERVICES	460,376	473,562	502,782	29,220	-42,985	-10	23,711	9,936
Capital charges	-62,797	-62,797	-131,186	-68,389	68,389			0
Gains / losses on disposal of fixed assets	0	0	20,579	20,579	-20,579			0
HR accrual	0	0	3,943	3,943	-3,943			0
DSG deficit reserve adjustment	0	-1,678	-796	882	-882			0
Interest and Investment income	-2,900	-2,900	-4,400	-1,500				-1,500
Interest payable and similar charges	38,416	39,057	50,279	11,222		-1,100	-9,940	182
Levies	16,087	16,007	16,008	1				1
Net Expenditure	449,182	461,251	457,209	-4,042	0	-1,110	13,771	8,619
Funded By:								
Council tax	-241,266	-241,266	-241,266	0				0
Use of (-) / contribution to earmarked reserves	-7,957	-12,891	10,048	22,939				22,939
COVID-19 Support Grant tranche 5	0	0	-15,560	-15,560				-15,560
COVID-19 Income Guarantee Grant	0	0	-2,652	-2,652				-2,652
Estimated net surplus (-) / deficit on Collection Fund	-1,514	-1,514	22,380	23,894				23,894
Use of earmarked reserves to offset deficit on Collection Fund	0	0	-23,894	-23,894				-23,894
Business Rates	-57,304	-57,304	-57,649	-345				-345
Top up grant	-72,780	-72,780	-72,780	0				0
Revenue Support Grant	-28,227	-28,227	-28,227	0				0
Lower Tier Services Grant	-747	-747	-747	0				0
Local Tax Income Guarantee	-514	-514	-514	0				0
New Homes Bonus	-4,476	-4,476	-4,476	0				0
Section 31 Grant	-11,415	-11,415	-22,068	-10,653			9,166	-1,487
Adult/Childrens Pressures Grant	-22,888	-22,888	-22,888	0				0
Contribution to/from (-) Cash Limit Reserve	-94	-7,229	-7,983	-754		3,771		3,017
Contribution to/from (-) General Reserves	0	0	11,067	11,067				11,067
TOTAL	0	0	0	0	0	2,661	22,937	25,598

Appendix 3: General Fund Revenue Summary by Expenditure/ Income for 2021/22

	Original Budget 2021/22	Revised Budget	Service Groupings Final Outturn	Corporate Costs Final Outturn	Final Outturn (including Corporate Costs)	Variance (including Corporate Costs) before cash limit adjustments	Cash Limit Adjustments			Cash limit Variance including Corporate costs	Variance - Corporate Costs
							Sums outside the cash limit	Contribution to/ Use of Cash Limit Reserve	Contribution to/ Use of Earmarked Reserves		
							£'000	£'000	£'000		
Employees	509,033	531,028	522,372	164	522,536	-8,492	205	0	1,926	-6,361	-7
Premises	50,677	52,169	51,876	101	51,977	-192	3,763	0	530	4,101	0
Transport	47,496	47,657	52,711	2	52,713	5,056	-14	0	127	5,169	0
Supplies & Services	113,643	127,989	139,728	2,123	141,851	13,863	-512	-10	2,526	15,867	602
Agency & Contracted	427,506	471,037	493,921	4,178	498,099	27,062	269	0	-257	27,074	-307
Transfer Payments	166,814	174,821	165,842	5,648	171,490	-1,205	-39	0	2,704	1,460	-7
Central Costs	127,115	123,519	125,636	541	126,177	3,141	17,404	0	5,950	26,495	426
DRF	3,641	4,643	6,090	0	6,090	1,447	0	0	38	1,485	-120
Other	0	1,713	5,065	0	5,065	3,352	17,314	0	0	20,666	0
Capital Charges	62,796	62,796	110,947	0	110,947	48,151	-69,424	0	0	-21,273	0
GROSS EXPENDITURE	1,508,721	1,597,372	1,674,188	12,757	1,686,945	92,183	-31,034	-10	13,544	74,683	587
Income											
Government Grants	548,132	614,769	646,155	9,644	655,799	43,174	-3	0	-4,010	39,161	-387
Other Grants and Contributions	83,208	88,280	105,094	214	105,308	17,028	0	0	-4,367	12,661	-214
Sales	7,235	6,870	5,538	180	5,718	-1,152	0	0	11	-1,141	-30
Fees and Charges	104,257	105,179	103,516	-34	103,482	-1,697	0	0	-436	-2,133	34
Rents	9,086	10,251	11,341	0	11,341	1,090	0	0	-422	668	0
Recharges To Other Services	296,974	300,327	281,828	0	281,828	-18,499	22,095	0	-17	3,579	0
Other	9,790	7,256	20,688	0	20,688	13,898	-5,183	0	-926	7,789	0
GROSS INCOME	1,058,682	1,132,932	1,174,158	10,004	1,184,162	53,840	16,909	0	-10,167	60,582	-597
NET EXPENDITURE	450,039	464,440	500,029	2,753	502,782	38,342	-47,943	-10	23,711	14,100	-10

Appendix 4: General Fund Earmarked Reserves as at 31 March 2022

EARMARKED RESERVES AND CASH LIMIT RESERVES	SERVICE GROUPING	OPENING BALANCE	USE OF RESERVES	CONTRIBUTION TO RESERVES	TRANSFERS BETWEEN RESERVES	TOTAL MOVEMENT ON RESERVES	CLOSING BALANCE AT 31/03/22
		£'000	£'000	£'000	£'000	£'000	£'000
Corporate Reserves							
Budget Support Reserve	Corporate	0		-10,000		-10,000	-10,000
Business Support Reserve	Corporate	-1,949	68	-680	938	326	-1,623
Cabinet Priorities Reserve	Corporate	0			-10,000	-10,000	-10,000
Capital Reserve	Corporate	-273			273	273	0
Commercialisation Support Reserve	Corporate	-10,096	4,872		-410	4,462	-5,634
Equal Pay Reserve	Corporate	-9,479					-9,479
ER/VR Reserve	Corporate	-3,993	956	-2,007	-1,000	-2,051	-6,044
Feasibility Study Reserve	Corporate	-500					-500
Inspire Programme Reserve	Corporate	-246			125	125	-121
Insurance Reserve	Corporate	-9,564	5,309	-745		4,564	-5,000
Levelling Up Feasibility Reserve	Corporate	-1,000	253	-103		150	-850
MTFP Reserve	Corporate	-16,440	3,778		-2,500	1,278	-15,162
Office Accommodation Capital Reserve	Corporate	-1,945	2,266	-352	31	1,945	0
Recovery Support Reserve	Corporate	-8,236	4,782		1,800	6,582	-1,654
Resources DWP Grant Reserve	Corporate	-1,895	620	-2,966	-336	-2,682	-4,577
Resources Elections Reserve	Corporate	-1,713	748	-126		622	-1,091
Resources Housing Benefit Subsidy Reserve	Corporate	0		-1,962		-1,962	-1,962
Total Corporate Reserves		-67,329	23,652	-18,941	-11,079	-6,368	-73,697
Sums held for other organisations/grants							
Collection Fund Deficit Reserve	Corporate	-24,863	24,863	-9,166		15,697	-9,166
Local Taxation Income Guarantee Reserve	Corporate	-1,224	514			514	-710
North Pennines AONB Partnership Reserve	NCC	-1,127		-496		-496	-1,623
Public Health Reserves	AHS	-7,332	1,302	-1,543	1,035	794	-6,538
Resources Council Tax Hardship Reserve	Resources	-2,820	3,072	-3,663		-591	-3,411
Resources COVID-19 Support Grants	Resources	-4,873	4,482	-553	116	4,045	-828
Social Care Reserve - Community Discharge Grant	AHS	-121	85	-392		-307	-428
Social Care Reserve - CCG	AHS	-19,882	653	-2,500	2,250	403	-19,479
Total Sums held for other organisations/grants		-62,242	34,971	-18,313	3,401	20,059	-42,183
Other Specific Reserves							
Business Growth Fund Reserve	REG	-604			150	150	-454
Children's Services Reserve	CYPS	-2,761	1,028	-2,002	-226	-1,200	-3,961
Community Protection Reserve	NCC	-1,145	269	-745	-1,941	-2,417	-3,562
Corporate Property & Land Reserve	REG	-1,913	135	-2,085	1,100	-850	-2,763
Culture and Sport Reserve	REG	-15,289	4,353	-7,260	-1,031	-3,938	-19,227
Economic Development Reserve	REG	-5,899	4,398	-2,204	70	2,264	-3,635
Education Reserve	CYPS	-14,946	779	-2,734	203	-1,752	-16,698
Employability and Training Reserve	REG	-276		-47		-47	-323
Environmental Services Reserve	NCC	-4,835	2,338	-2,389		-51	-4,886
Funding and Programmes Management Reserve	REG	-540	51	-92		-41	-581
Grant Reserve	REG	-86	121	-121			-86
Housing Regeneration Reserve	REG	-473	224	-6		218	-255
Housing Solutions Reserve	REG	-3,523	719	-1,904	-38	-1,223	-4,746
Operational Reserve	REG	-431	149			149	-282
Partnerships and Community Engagement Reserve	NCC	-6,204	3,669	-3,916	-4,361	-4,608	-10,812
Planning Reserve	REG	-168	133	-212		-79	-247
Regional Public Health Reserve	AHS	-2,293	513	-3,556		-3,043	-5,336
REG Match Fund Programme Reserve	REG	-843	265	-27		238	-605
Resources Corporate Reserve	Resources	-680	70	-247	299	122	-558
Resources Customer Services Reserve	Resources	-250					-250
Resources Financial Services Reserve	Resources	-94		-150		-150	-244
Resources Grant Reserve	Resources	-154					-154
Resources Human Resources Reserves	Resources	-392	482	-333	-154	-5	-397
Resources ICT Reserves	Resources	-1,166	374	-214	-250	-90	-1,256
Resources Internal Audit & Corporate Fraud Reserve	Resources	-125	57	-129		-72	-197
Resources Legal Reserves	Resources	-535	188	-417	55	-174	-709
Resources Operational Reserve	Resources	-199	107	-24	19	102	-97
Resources Operations and Data Reserve	Resources	-38	28	-30		-2	-40
Resources Registrars Trading Reserve	Resources	-150			150	150	0
Resources Revenue and Benefits Reserve	Resources	-906	197	-447	299	49	-857
Resources System Development Reserve	Resources	-308	111			111	-197
Resources Transformation Reserve	Resources	-967		-383	764	381	-586
Social Care Reserve - Specific Purpose	AHS	-4,672	2,070	-863	733	1,940	-2,732
Technical Services Reserve	NCC	-2,044	1,153	-479	-40	634	-1,410
Town and Villages Regeneration Reserve	REG	-24,084	1,437		4,200	5,637	-18,447
Transport Reserve	REG	-1,195	247	-537	-9	-299	-1,494
Total Other Specific Reserves		-100,188	25,665	-33,553	-8	-7,896	-108,084
TOTAL EARMARKED RESERVES		-229,759	84,288	-70,807	-7,686	5,795	-223,964
Cash Limit Reserves							
Adult and Health Services	AHS	-10,451	-1,508	-192	6,002	4,302	-6,149
Chief Executive's Office	CEO	-135			135	135	0
Children and Young People's Services	CYPS	0	-3,771	3,771			0
Neighbourhoods and Climate Change	NCC	-1,294	400	-563		-163	-1,457
Regeneration, Economy and Growth	REG	-1,431	422	-1,854	-5	-1,437	-2,868
Resources	Resources	-2,462	1,337	-1,520	1,554	1,371	-1,091
Total Cash Limit Reserves		-15,773	-3,120	-358	7,686	4,208	-11,565
Total Council Reserves		-245,532	81,168	-71,165	0	10,003	-235,529
Schools' Balances							
Schools' Revenue Balance	CYPS	-31,174	9,982	-10,027		-45	-31,219
DSG Reserve	CYPS	-4,124	1,107	-40		1,067	-3,057
Total Schools and DSG Reserves		-35,298	11,089	-10,067	0	1,022	-34,276
Total Earmarked Reserves		-280,830	92,257	-81,232	0	11,025	-269,805

Audit Committee

30 September 2022

Treasury Management Outturn 2021/22

Ordinary Decision



Report of Paul Darby, Corporate Director of Resources

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 To provide Audit Committee with information on the Treasury Management outturn position for 2021/22.

Executive Summary

- 2 The attached report was presented to Council on 21 September 2022.
- 3 The report presents:
 - a) a summary of the Council's treasury position, borrowing activity, investment activity, treasury management and prudential indicators.

Recommendation

- 4 It is recommended that Members note the contents of this report.

Contact: Jeff Garfoot Tel: 03000 261946
Andrew Baldwin Tel: 03000 263490

County Council

21st September 2022

**Treasury Management Outturn Report
2021/22**



Report of Corporate Management Team

Paul Darby, Corporate Director of Resources

Councillor Richard Bell, Cabinet Member for Finance

Electoral division(s) affected:

All.

Purpose of the Report

- 1 To provide an overview of the Councils treasury management outturn performance for 2021/22, including:
 - (a) summary treasury position – position as at 31 March 2022 and comparator information for the position as at 31 March 2021;
 - (b) borrowing activity during the year and the position as at 31 March 2022;
 - (c) investment activity and details of investments held at 31 March 2022;
 - (d) treasury management indicators – performance against the key indicators adopted;
 - (e) prudential indicators – performance against the key indicators adopted;

Executive Summary

- 2 As at the 31 March 2022, the Council held £418 million in external borrowing and £328 million of investments. During the year additional new borrowing of £55 million was taken out. £25 million of this borrowing was with Phoenix Life, representing the final two tranches of a forward borrowing agreement of £60 million arranged in 2017/18 to

secure cost certainty (£15 million in August 2021 and £10 million in February 2022) and £30 million was with the Public Works Loan Board (PWLB), taken in August 2021 to take advantage of low interest costs.

- 3 All investments made in the year were undertaken in line with both the CIPFA Code and government guidance, which requires the Council to invest its funds prudently and to have regard to the security and liquidity of its investments before seeking the highest rate of return or yield.
- 4 The average rate of interest on external loans outstanding at the year-end was 3.25%, with the average rate of interest earned on investments being 0.48%, representing continued low interest rates as the bank base rate remains at historic low levels. Net debt was £90 million at 31 March 2022, which is broadly in line with the position at 31 March 2021, when net debt was £91 million.
- 5 Throughout the year ending 31 March 2022, the Council has fully complied with its Treasury Management Strategy and underpinning Treasury Management Indicators relating to interest rate exposure, maturity structure of borrowing and sums invested for more than one year. The Council has also fully complied with the Prudential Code Indicators which relate to the capital programme and how much the Council can afford to borrow.
- 6 The report includes details of the Council's performance against the treasury management and prudential indicators set by County Council on 24 February 2021.

Recommendation

- 7 Council is asked to note the contents of the report and performance against the Treasury Management Strategy agreed by County Council on 24 February 2021., which will be presented to County Council in September.

Background

- 8 Treasury management is defined as ‘the management of a local authority’s investments and cash flows, its banking, money market and capital market transactions, the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks’.
- 9 The Council operates a balanced budget, which should result in cash raised during the year meeting cash expenditure. Part of the treasury management operation is to ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, with a main aim of providing sufficient liquidity, ahead of the achievement of the best possible investment returns.
- 10 An important function of the treasury management service is to arrange the funding of the Council’s capital programme. The capital programme provides a guide to the borrowing need of the Council and there needs to be longer term cash flow planning to ensure capital spending requirements can be met. The management of longer term cash may involve arranging long or short term loans, utilising longer term cash flow surpluses and occasionally debt restructuring to meet Council risk or cost objectives.
- 11 The Council adopts the latest CIPFA Code of Practice on Treasury Management (the Code) which is regarded as best practice in ensuring adequate monitoring of the Council’s capital expenditure plans and in setting its Prudential Indicators (PIs). This requires that Members agree and note the following reports, as a minimum:
 - (a) An annual Treasury Management Strategy in advance of the year (reported to the County Council on 24 February 2021 for the 2021/22 financial year);
 - (b) a mid-year Treasury Management Review report (reported to the County Council on 8 December 2021);
 - (c) an annual review following the end of the year describing the activity compared to the strategy (this report);
- 12 This report provides a summary of the following:
 - (a) summary treasury position – position as at 31 March 2022 and comparator information for the position as at 31 March 2021;

- (b) borrowing activity during the year and the position as at 31 March 2022;
- (c) investment activity and details of investments held at 31 March 2022;
- (d) treasury management indicators – performance against the key indicators adopted;
- (e) prudential indicators – performance against the key indicators adopted;

Summary Treasury Position

- 13 The Council's debt and investment position is managed to ensure adequate liquidity for revenue and capital activities, security for investments, and to manage risks within all treasury management activities.
- 14 At the beginning and end of the 2021/22 financial year the Council's treasury position (excluding borrowing by finance leases) was as follows:

	31.03.21	Rate /Return	Average Life	31.03.22	Rate /Return	Average Life
	£ million	%	years	£ million	%	years
Total Debt	363	3.43	22.44	418	3.25	23.79
Total Investments	272	0.34	0.33	328	0.48	0.37
Net Debt	91			90		

- 15 In summary, as at 31 March 2022, the Council held £418 million in external borrowing and £328 million in cash investments a net debt position of £90 million. The cash investments held reflect the receipt of significant Central Government grant funding in year where expenditure will be defrayed in 2022/23, as well as reflecting the additional borrowing taken out by the council to fund capital commitments and lock in low interest rates.

Borrowing Activity

- 16 At 31 March 2022, the Council held £417.985 million of external loans (excluding borrowing by finance leases), an increase of £54.566 million

from the start of the year. The borrowing position and the change since the start of the year is shown in the following table:

	31.3.21 Balance £ million	In-year Movement £ million	31.3.22 Balance £ million	Average Rate %	31.3.22 Average Life years
Public Works Loan Board (PWLB)	278.972	29.997	308.969	3.17%	18.73
Private Sector	84.278	24.586	108.865	3.47%	38.15
Pension Fund	0.169	(0.017)	0.151	8.15%	6.31
Total borrowing	363.419	54.566	417.985	3.25%	23.79

- 17 The Council's chief objective when borrowing is to strike an appropriate risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required.
- 18 During the year additional new borrowing of £55 million was taken out. £25 million of this borrowing was with Phoenix Life, representing the final two tranches of a forward borrowing agreement of £60 million arranged in 2017/18 to secure cost certainty (£15 million in August 2021 and £10 million in February 2022) and £30 million was with the Public Works Loan Board (PWLB), taken in August 2021 to take advantage of low interest costs.

Lender	Principal £ million	Interest Rate %	Length Years	Type
PWLB	10.000	1.860	23.00	Maturity
PWLB	20.000	1.650	13.00	Maturity
Phoenix Life	15.000	2.793	50.00	Annuity
Phoenix Life	10.000	2.807	50.00	Annuity

- 19 No maturity loans were repaid during 2021/22. The principal repayments made were £0.447 million and relate to annuity loan repayments.
- 20 No debt rescheduling was undertaken during the year as the differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable due to the premiums that would apply on early redemption.

Other Debt Activity / Long Term Liabilities

- 21 Although not classed as borrowing, the Council also raised £5.968 million of capital finance for replacement fleet vehicles and equipment via finance leases during the year to 31 March 2022. There was a further increase in liabilities of £2.707million, arising from a recalculation of the liability for phase two buildings at Freeman’s Reach, Durham City, following a five yearly rent review.
- 22 Total debt other than external borrowing stood at £82.739 million on 31 March 2022, taking total debt to £500.724 million. A breakdown of debt other than external borrowing is summarised below:

Lender	Position at 31 March 2021	Position at 31 March 2022	In Year Movement
	£ million	£ million	£ million
School PFI	36.562	35.670	(0.892)
Vehicle Finance Leases	11.705	11.998	0.293
Other Finance Leases	33.182	35.071	1.889
Total	81.449	82.739	1.290

Investment Activity

- 23 The Council has held significant funds that it has invested, representing funds received in advance of expenditure plus balances and reserves held. During 2021/22, cash investment balances ranged between £325 million and £478 million.
- 24 As at 31 March 2022 the Council held cash investments totalling £327.809 million. The following table provides a breakdown of these investments split by the type of financial institution and maturity period.

Financial Institution	0-3 months	3-6 months	6-12 months	12-24 months	Total
£ million					
Banks	51.978	88.723	95.751	-	236.451
Building Societies	21.961	13.177	4.392	-	39.530
Central Government	-	-	-	-	-
Other Local Authorities	21.083	13.177	17.569	-	51.828
Money Market Funds	-	-	-	-	-
Total	95.021	115.076	117.712	-	327.809
% of total	29%	35%	36%	0	

- 25 The Council's investment policy is governed by Department for Levelling Up, Housing and Communities (DLUHC) guidance, which has been implemented in the annual investment strategy approved by County Council on 24 February 2021.
- 26 Both the CIPFA Code and government guidance requires the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing public money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
- 27 The achievement of returns has continued to be challenging during 2021/22. As a result, the budget for investment income from cash balances was underachieved by circa £0.500 million. This shortfall was however made up through additional dividend income received in year.
- 28 Bank rate rises during the final months of the 2021/22 financial year have seen investment rates rise steadily in the last quarter. The bank base rate rose from 0.10% in December 2021 to 0.75% in March 2022. A further rise to 1% occurred in May 2022 and forecasts anticipate further rises to between 2.00% and 2.50% by the end of March 2023.
- 29 Whilst bank rate increases have seen returns offered by financial institutions steadily rise, there remains significant liquidity within the markets, slowing these rate rises translating into investment returns. Rates offered on the peer to peer market among local authorities have been significantly lower than many rates available through banks and building societies.

Treasury Management Indicators

30 There are three treasury management activity limits which are designed to manage risk and reduce the impact of an adverse movement in interest rates.

- (a) **Interest Rate Exposures:** This indicator is set to control the Council's exposure to interest rate risk when borrowing. The upper limits on fixed and variable rate interest rate exposures, expressed as the proportion of total borrowed was:

	31.3.22 Actual	31.3.22 Actual	2021/22 Limit	Complied
Upper limit on fixed interest rate exposure	£378.5m	80.5%	100%	✓
Upper limit on variable interest rate exposure	£39.5m	9.5	70%	✓

- (b) **Maturity Structure of Borrowing:** This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing were:

	Lower Limit	Upper Limit	31.3.22 Actual	Complied
Under 12 months	0%	20%	3%	✓
12 months to 2 years	0%	40%	5%	✓
2 years to 5 years	0%	60%	8%	✓
5 years to 10 years	0%	80%	22%	✓
10 years and above	0%	100%	62%	✓

- (c) **Principal Sums Invested for Periods Longer than 364 days:** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments:

	Limit	As at 31.3.22	Complied
Actual principal invested beyond one year	£75m	£0m	✓

Prudential Code Indicators

- 31 The Local Government Act 2003 requires the Council to have regard to the Chartered Institute of Public Finance and Accountancy's Prudential Code for Capital Finance in Local Authorities (the Prudential Code) when determining how much money it can afford to borrow.
- 32 The objective of the Prudential Code is to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent, and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Council has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

- (a) **Capital Expenditure:** The table below summarises capital expenditure incurred and how the expenditure was financed:

	2021/22 Forecast £ Million	2021/22 Actual £ Million	Difference £ Million
Capital Programme	158.979	143.068	(15.911)
Financed by:			
Capital receipts	7.713	7.364	(0.349)
Capital grants	73.129	60.010	(13.119)
Revenue and reserves	18.286	26.279	7.993
Net borrowing financing need for the year	59.851	49.415	(10.436)

- (b) **Capital Financing Requirement (CFR):** The CFR is a measure of the Council's underlying borrowing need for a capital purpose. The CFR includes any other long term liabilities (e.g. PFI schemes, finance leases). The actual outturn position compared to the updated estimate reported to Council in February 2022 is set out in the following table:

	2021/22 Estimate £ Million	2021/22 Actual £ Million	Difference £ Million
Capital Financing Requirement	545,723	534.013	(11.710)

- (c) **Actual Debt:** The Council's actual debt at 31 March 2022 compared to the estimate in February 2022 is as follows:

	2021/22 Estimate £ Million	2021/22 Actual £ Million	Difference £ Million
Borrowing	417,974	417.985	0.011
Finance leases	48.341	47.069	(1.272)
PFI liabilities	35.670	35.670	(0.000)
Total Debt	501.985	500.724	(1.261)

- (d) **Gross Debt and the Capital Financing Requirement:** In order to ensure that over the medium term debt will only be for a capital purpose, the Council should ensure that debt does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence. The actual outturn position compared to the updated estimate reported to Council in February 2022 is set out in the following table:

	2021/22 Estimate £ Million	2021/22 Actual £ Million	Difference £ Million
Total debt	501.985	500.724	(1.261)
Capital financing requirement	545.723	534.013	(11.710)
Headroom (Internal borrowing)	43.738	33.289	(10.449)

- (e) **Operational Boundary:** This is the limit beyond which external borrowing is not normally expected to exceed. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached.

	2021/22 Estimate £ Million	2021/22 Actual £ Million	Complied
Borrowing	537.000	417.985	✓
Other long term liabilities	84.000	82.739	✓
Total	621.000	500.724	✓

- (f) **Authorised Limit for external borrowing:** This represents a control on the maximum level of borrowing and is a statutory limit determined under section 3 (1) of the Local Government Act

2003. It reflects the level of external borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

	2021/22 Estimate £ Million	2021/22 Actual £ Million	Complied
Borrowing	587.000	417.985	✓
Other long term liabilities	89.000	82.739	✓
Total	676.000	500.724	✓

- (g) **Actual and estimates of the ratio of financing costs to net revenue stream:** This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

	2021/22 Estimate %	2021/22 Actual %	Difference %
Ratio of financing costs to net revenue stream	8.49	7.33	(1.16)

Conclusion

- 33 The Council has fully complied with its Treasury Management Strategy 2021/22 for its full year activity covering the period to 31 March 2022.

Background Papers

- 24 February 2021 – County Council – Appendix 12: Durham County Council 2021/22 Annual Treasury Management Strategy as part of the Medium Term Financial Plan, 2021/22 to 2024/25 and Revenue and Capital Budget 2021/22.
- 8 December 2021 – County Council – Mid Year Treasury Management Review 2021/22.
- 23 February 2022 – County Council – Appendix 12: Durham County Council 2022/23 Annual Treasury Management Strategy as part of the Medium Term Financial Plan, 2022/23 to 2025/26 and Revenue and Capital Budget 2022/23.

Contact: Jeff Garfoot Tel: 03000 261946
Andrew Baldwin Tel: 03000 263490

Appendix 1: Implications

Legal Implications

The Council adopts the latest CIPFA Code of Practice on Treasury Management (the Code) which is regarded as best practice in ensuring adequate monitoring of the Council's capital expenditure plans and in setting its Prudential Indicators (PIs).

The Council's investment policy is governed by Department of Levelling Up, Housing and Communities (DLUHC) guidance, which has been implemented in the annual investment strategy approved by the Council on 24 February 2021.

Finance

The report details the Council's cash management, loans and investment activity during 2021/22. The report also provides the overall financing of the Council's capital expenditure, along with borrowing and investment income returns.

Consultation

None

Equality and Diversity / Public Sector Equality Duty

None

Climate Change

None

Human Rights

None

Crime and Disorder

None

Staffing

The Council recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. Steps are taken to appoint individuals who are both capable and experienced and training is provided to staff to enable them to acquire and maintain an appropriate level of expertise, knowledge, and skills to undertake treasury management activity.

Accommodation

None

Risk

The management of risk is intrinsic to the Councils approach to Treasury Management.

The key objective of the Councils treasury management activities is the security of the principal sums it invests. All investments made in the year were undertaken in line with both the CIPFA Code and government guidance, which requires the Council to invest its funds prudently and to have regard to the security and liquidity of its investments before seeking the highest rate of return or yield.

Our counterparty lists and limits on investments with counterparties reflect a prudent attitude towards organisations with whom funds may be deposited. Investment activities are limited to the instruments, methods and techniques referred to in TMP4 : Approved Instruments, Methods and Techniques.

A formal counterparty policy is in place which identifies those organisations from which it may borrow, or with whom it may enter other financing or derivative arrangements.

Procurement

The Council has appointed Treasury Management advisors to support staff involved treasury management activities and to support decision making.

This page is intentionally left blank

Audit Progress Report

Durham County Council

September 2022



01

Section 01: **Audit Progress**

Audit Progress

Purpose of this report

This report provides the Audit and Governance Committee with an update on progress in delivering our responsibilities as the Council's external auditors.

Audit opinion

We have substantially completed our audit in respect of the financial statements for the year ended 31 March 2022 but there are some areas of work ongoing. These matters include:

- detailed testing of property, plant and equipment valuations;
- accounting for infrastructure which is subject ongoing national discussion – see below for further detail; and
- assurances from the pension fund auditor.

We expect to issue our Audit Completion Report before the next meeting of the Audit Committee. The timetable for the publication of your 2021/22 audited financial statements is 30 November 2022.

Value for money arrangements

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 resources to ensure it can continue to deliver 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 costs and performance to improve the way services are managed and delivered.

At the planning stage of the audit, we undertake work to understand the arrangements in place under each of the reporting criteria and we identify risks of significant weaknesses in those 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 significant weaknesses in arrangements exist.

We will report the outcome of our work on the Council's VFM arrangements in our commentary within the Auditor's Annual Report. We plan to present the Auditor's Annual Report later in the year.

To date, we have not identified and risks of significant weaknesses or recommendations that need to be made.

Wider powers

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and to consider any objection made to the accounts. No such questions or objections have been received.

Audit Progress

Infrastructure

Concerns were raised earlier this year about how local government infrastructure assets are accounted for. A key issue is how ongoing expenditure on assets is recorded and specifically whether local authorities should be assessing if there are costs remaining in their balance sheets that relate to replaced components which should have been derecognised.

In response CIPFA issued a consultation on infrastructure asset reporting. Further detail on the outcome of this consultation is available here - <file:///C:/Users/jzc29/Downloads/cipfa-lasaac-update-on-the-consultation-on-infrastructure-assets-statement.pdf>.

An update was provided by CIPFA on the proposed way forward in August 2022 and is available here <https://www.cipfa.org/policy-and-guidance/urgent-task-and-finish-group-local-authority-infrastructure-assets> . One of the matters being considered is a statutory prescription regarding the derecognition of parts of infrastructure assets that have been replaced or restored.

At the date of drafting this report this matter has not been resolved and, as a consequence, there remains uncertainty over the remedial actions.

2020/21 certificate

We have not completed our work on the 2020/21 Whole of Government Accounts (WGA) as we are waiting for clarification from the National Audit Office on expected audit procedures. Once this work is completed and we have provided assurance to the NAO we will issue the 2020/21 certificate.

Mark Kirkham – Public and Social Sector

mark.kirkham@mazars.co.uk

Mazars

The Corner
Bank Chambers
26 Mosley Street
Newcastle upon Tyne
NE1 1DF

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.

www.mazars.com

Follow us:

LinkedIn:

www.linkedin.com/company/Mazars

Twitter:

www.twitter.com/MazarsGroup

Facebook:

www.facebook.com/MazarsGroup

Instagram:

www.instagram.com/MazarsGroup

WeChat:

ID: Mazars

This page is intentionally left blank

Audit Committee**30 September 2022****Counter Fraud and Corruption Strategy****Report of Paul Darby, Corporate Director of Resources****Electoral division(s) affected:**

All

Purpose of the Report

- 1 This report presents members of the Audit Committee with a copy of the revised Counter Fraud and Corruption Strategy, highlighting the main changes that have been made to the previously agreed strategy.

Executive Summary

- 2 Tackling the threat of Fraud and Corruption has been and continues to be the cornerstone of protecting the public purse on behalf of residents.
- 3 The existing Counter Fraud and Corruption Strategy was agreed by Audit Committee in June 2018.
- 4 The strategy has been revised and updated in line with best practice and the report sets out the proposed changes to the previously agreed Strategy.
- 5 The existing strategy is focused upon the three pillars of activity where the Council seeks to concentrate its efforts: these being 'acknowledge', 'prevent' and 'pursue'.
- 6 Whilst these pillars are still applicable, another two areas of activity have been introduced that underpin principles of those original pillars. These are 'govern' and 'protect'.
- 7 The strategy covers these five themes in detail, explaining how these should be embedded to create a robust counter fraud response and culture within the council.
- 8 Subject to approval of the updated strategy, a communications and awareness raising campaign will be implemented.

Recommendations

- 9 Members are asked to note the contents and approve the Counter Fraud and Corruption Strategy as attached at Appendix 2.

Background

- 10 Since the introduction of the Fighting Fraud and Corruption Locally Strategy in 2016, councils have innovated, collaborated, and prioritised to meet the financial challenge and protect front line services.
- 11 Tackling the threat of Fraud and Corruption has been and continues to be the cornerstone of protecting the public purse on behalf of residents.
- 12 As our new strategy highlights, it is estimated that one in three of all crimes committed nationally is fraud based and the potential loss to the public sector is around £40 billion.
- 13 The risk of fraud and corruption is recognised as a strategic risk within the Council's Corporate Strategic Risk Register.
- 14 The existing Counter Fraud and Corruption Strategy was agreed by Audit Committee in June 2018.
- 15 The Audit Committee is responsible for monitoring the arrangements the Council has put in place mitigate the risk of fraud and corruption by seeking assurance on their effectiveness.
- 16 Fraudsters do not respect geographical boundaries and fraud risks are always emerging. It is therefore imperative that the Counter Fraud and Corruption Strategy is reviewed on a regular basis.

Changes

- 17 As the Council continuously improves its understanding of the current threats from fraud and corruption and as new partnerships continue to develop, our response to how we tackle fraud will continually evolve.
- 18 This Strategy sets out a framework of how we respond to this threat and further improve our counter fraud work in the 2020's.
- 19 The strategic ambitions will be further supported in practical terms by a series of 'live companions' such as the Counter Fraud Operational Plan, which is part of the Protecting the Public Purse reports.
- 20 The strategy outlines the council's revised approach and defines the roles and responsibilities for dealing with the threat of fraud, corruption, and bribery both internally and externally. It again outlines specific roles and responsibilities for key stakeholders.
- 21 Our previous strategy focused upon three pillars of activity where we would concentrate our efforts. These were 'acknowledge', 'prevent' and 'pursue'.

22 These pillars are still applicable however, another two areas of activity have been introduced that underpin principles of those original pillars. These are 'govern' and 'protect'.

Govern - Having robust arrangements and executive support to ensure anti-fraud measures are embedded throughout the organisation

Acknowledge - Acknowledging and understanding fraud risks and committing support and resource to tackling fraud to maintain a robust anti-fraud response.

Prevent – Preventing and detecting more fraud by making better use of information technology, enhancing fraud controls and processes, and developing a more anti-fraud culture.

Pursue – Punishing fraudsters and recovering losses by prioritising the use of civil sanction, developing capability and capacity to investigate fraudsters and develop a more collaborative and supportive local enforcement response.

Protect – recognising the harm fraud can cause in the community and protecting itself and its residents from fraud.

23 The strategy covers these five themes in more detail, explaining how these should be embedded to create a robust counter fraud response and culture within the council.

24 The council will continue to regularly review its approach to tackling fraud, with a focus on current risks and trends and emerging risks both locally and nationally.

25 A communication and awareness plan for this strategy is planned during 2022/23 within the Counter Fraud Operational Plan, as part of the Fraud Communication and Awareness programme.

Contact: Paul Darby Tel: 03000 261930

Tracy Henderson Tel: 03000 269668

Appendix 1: Implications

Legal Implications

Ensuring proper governance procedures are in place, (particularly the Counter Fraud & Corruption Strategy, Contract Procedure Rules, Financial Procedure Rules, Codes of Conduct and the Confidential Reporting Code), that are 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 also 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 £277,847 and in 2021/22 they recovered or intercepted over £2.2 million of potential fraud. Since the set-up of the Team in June 2015 the team have recovered or intercepted over £14 million. Some of the work of the team is also not measured and therefore does not have a value that can be calculated.

Consultation

None.

Equality and Diversity / Public Sector Equality Duty

None

Climate Change

None

Human Rights

None

Crime and Disorder

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

Staffing

Action is to be taken against employees where fraud has been proven.

Accommodation

None

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

None.

Resources

Internal Audit, Risk and Fraud

COUNTER FRAUD AND CORRUPTION STRATEGY

2022-2025

Altogether better



CONTENTS

- 1 Foreword
- 2 Introduction
- 3 Corporate Framework & Culture
- 4 Legal Definitions
- 5 Roles & Responsibilities
- 6 Approach to Countering Fraud
- 7 Governance
- 8 Acknowledge
- 9 Prevent
- 10 Pursue
- 11 Protect
- 12 Strategy into Action
- 13 Managing the Risks of Fraud & Corruption
- 14 Reporting Suspected Fraud
- 15 Conclusion
- 16 Appendix 1 – The Evidence

1. FOREWORD

Durham County Council take our responsibility as the guardians of public money very seriously, that is why it is important that the Council have in place a clear and comprehensive Counter Fraud and Corruption Strategy. We are fully committed to the highest ethical standards, to ensure the proper use and protection of public funds and assets.

Durham County Council is the biggest organisation in the County and one of the biggest local authorities in the country. The Council provide vital services to 513,000 residents, have a gross budget of over £1 billion a year and employ circa 16,000 people. The Council pay pensions to a further circa 18,000 retired employees and manage property, investments, and other assets worth billions of pounds.

Fraud and corruption undermine the aims of our corporate vision and strategic ambitions for the People of County Durham:

- More and better jobs
- People live long and independent lives
- Connected communities
- To be an Excellent Council

The Council are determined therefore to protect ourselves from fraud and corruption from within and outside the organisation. The Council advocate a zero-tolerance approach and will seek to prevent fraud and corruption, including bribery, in all areas of our activities. Where any instances are discovered, the Council will take all action as is necessary to hold perpetrators to account and reduce losses to an absolute minimum.

Our aim is to make it absolutely clear to all that the Council will not tolerate fraud or corruption and that fighting fraud is everyone's business. The Council expect anyone with a concern, to report the matter immediately so this can be investigated. All Members and employees have a responsibility for promoting a culture of good governance by ensuring that effective measures are in place to prevent fraud and corruption.

The Council have designed this strategy around our ambition to be an Excellent Council and based upon five key pillars of activity: Govern, Acknowledge, Prevent, Pursue and Protect, adhering to the Fighting Fraud and Corruption Locally – A Strategy for the 2020's. This strategy sets out how these pillars are addressed at Durham.

Amanda Hopgood
Leader of the Council

John Hewitt
Chief Executive

Alex Watson
Chair of the Audit Committee

2. INTRODUCTION

- 2.1 Durham County Council (the Council) recognises that it has a responsibility to protect the public purse and recognises the potentially significant risk that fraud and corruption pose to the achievement of the Council's aims and objectives. The public also expects the Council to safeguard public funds and ensure they are available and used for their intended purpose that of providing services for the residents and service users of the Council.
- 2.2 The Council has designed its Fraud and Corruption Strategy around the ambition to be an Excellent Council. The objectives for an Excellent Council are:
- Our resources will be managed effectively
 - We will create a workforce for the future
 - We will design our services with service users
 - We will use data and technology more effectively
 - We will actively performance manage our services
- 2.3 It has also designed this strategy around the Fighting Fraud and Corruption Locally – A Strategy for the 2020's based upon five key pillars of activity:
- Govern
 - Acknowledge
 - Prevent
 - Pursue
 - Protect
- This strategy sets out how these pillars are embedded at Durham.
- 2.4 Fraud and corruption undermine our aims and expectations by diverting resources from legitimate activities. This can have a substantial impact on residents, businesses, and vulnerable individuals within the local area. Losses attributable to fraud and corruption reduce the finances available to provide services and may have a dramatic impact on the wellbeing of residents within the community. Fraud and corruption can also damage public confidence in the Council and may also adversely affect staff morale.
- 2.5 The threat from fraud and corruption is both internal and external. All Members and employees of the Council have an important role to play and will lead by example and must comply themselves with key council policies, procedures, and standards of conduct, and must remain vigilant to potential incidents. The Council also encourages its contractors, partners, and members of the public to raise concerns at the earliest opportunity.
- 2.6 Our holistic approach to tackling fraud and corruption will become an integral part of existing governance arrangements, policies, and procedures. Providing a raft of measures and interventions designed collectively to deter would be offenders.
- 2.7 As a living document it is envisaged that this strategy will continually evolve as the Council gains a better understanding of the potential emerging threat from fraud and corruption and as new and existing partnerships develop. The strategic ambitions will be further supported in practical terms by a Counter Fraud Operational Plan.
- 2.8 The Council strives to achieve the highest standards of public service; therefore, it adopts a zero-tolerance stance against all forms of fraud, corruption and bribery and that countering fraud is everyone's business.

- 2.9 The Council is committed to embracing best practice approaches to fighting fraud and corruption, and this strategy is designed to achieve this. The Council will continually review and revise the strategy to ensure its resilience to fraud and corruption is maximised.
- 2.10 The Council is committed to investigating concerns thoroughly, promptly and, wherever possible, confidentially. Malicious or vexatious allegations will not be tolerated, however wherever fraud or corruption is proven, the Council will take all appropriate action against the perpetrator and will pursue all options available to recover any losses incurred.
- 2.11 To meet these responsibilities, the Council is committed to an effective Counter Fraud and Corruption Strategy designed to:
- acknowledge and understand our fraud risks
 - raise awareness of the impact of fraud
 - develop and maintain a culture in which fraud and corruption are unacceptable
 - understand the harm that fraud can do in the community
 - provide a Corporate Fraud Service
 - prevent fraud more effectively
 - establish an effective fraud response
 - use technology to improve our response
 - share information and resources more effectively to better detect fraud loss
 - bring fraudsters to account more quickly and efficiently
 - vigorously pursue all forms of redress for frauds, overpayments and to recover financial losses
 - protect the Council, our Assets, our Employees, the Community we serve and the Public Purse
- 2.12 This strategy outlines the Council's approach, as well as defining the roles and responsibilities for dealing with the threat of fraud, corruption, and bribery both internally and externally. The strategy applies to:
- Members
 - employees
 - agency staff
 - contractors
 - consultants
 - suppliers
 - service users
 - employees and committee members of organisations funded by the Council
 - employees and principals of partner organisations
- 2.13 In addition to the above, the Council also expects its residents to adhere to the principles of the strategy and to be honest in their dealings with the Council.
- 2.14 The Fraud and Corruption Strategy underpins these principles in seeking to ensure sound governance. In adopting this approach and culture, the strategy supports the outcomes in enabling greater engagement with the community and partners, whilst protecting the public purse.
- 2.15 This strategy sets out the commitments of the Council to tackling fraud, corruption, and bribery. It also makes clear, to all concerned, the appropriate and decisive action that will be taken against those committing or attempting to commit, fraudulent

and / or corrupt acts against the Council and any cases will be thoroughly investigated and dealt with.

- 2.16 Local authorities continue to face a significant fraud challenge and while the official figures are dated the argument about protecting funds and vulnerable people remains. The Fighting Fraud & Corruption Locally – A Strategy for 2020's, states that local authorities face a significant challenge and estimates that fraud costs local authorities £2.1bn a year.
- 2.17 The Government's Economic Crime Plan states that the numbers of fraud offences rose by 12% during 2018 to 3.6 million – constituting a third of all crimes in the UK. Every £1 that a local authority loses to fraud is £1 that it cannot spend on supporting the community. Fraud and corruption are a drain on local authority resources and can lead to reputational damage and the repercussions maybe far reaching.
- 2.18 Fraudsters are constantly revising and sharpening their techniques and we need to do the same. There is a clear need for a tough stance supported by elected members, chief executive and those charged with governance. This includes tackling cross-boundary and organised fraud and corruption attempts, as well as addressing new and emerging fraud risks.
- 2.19 In addition to the scale of losses and potential losses, there are further challenges arising from changes in the wider public sector landscape including budget reductions, service remodelling and integration, and government policy changes.
- 2.20 Countering Fraud is therefore everyone's problem, and this is a priority we intend to embed across the Council. This 'lost' money is money that could be used to provide services and assist in our corporate vision, aims and objectives and ambitions for Durham.

3. CORPORATE FRAMEWORK AND CULTURE

- 3.1 The Council has already established a robust framework of procedures and controls which provide the major elements of its anti-fraud and corruption governance arrangements. This strategy is an integral part of a range of interrelated policies and procedures that provide a corporate framework to help counter any fraudulent activity. These have been formulated in line with the appropriate legislative requirements and professional best practice and include:
 - Code of Conduct for Members
 - Code of Values, Behaviours and Conduct for employees
 - Corporate Complaints Policy
 - Data Protection Policy
 - Disciplinary Policy
 - Effective Recruitment and Selection procedures
 - Financial Regulations & Contract Procedural Rules
 - Personal Information Security Policy
 - Regulation of Investigatory Powers Act Corporate Guidance
 - Sound internal controls, including specific service area requirements
- 3.2 The Corporate Fraud Team, also have ownership of the following related counter fraud policies:
 - Anti-Money Laundering Policy
 - Confidential Reporting Code (Whistleblowing)
 - Fraud Response Plan
 - Fraud Sanction Policy

3.3 The Council believes the best defence against fraud and corruption is to create a strong anti-fraud culture within the organisation and that a culture of honesty and openness is a key element in tackling fraud. The codes of conduct for Members and Values, Behaviours and Conduct for employees are based upon the Nolan principles of Standards in Public Life. These principles are:

- Selflessness
- Openness
- Integrity
- Honesty
- Objectivity
- Leadership
- Accountability

In cases where Members or employees fail to adhere to these codes appropriate action will be taken against them.

3.4 The Council has an effective Internal Audit Service and Corporate Fraud Team that assists the corporate framework to help counter any fraudulent activity. The Corporate Fraud Team have an ambition to be an excellent Fraud Service and play a key role with this strategy.

4. LEGAL DEFINITIONS

4.1 Fraud

The Chartered Institute of Public Finance and Accountancy (CIPFA) defines fraud as: “Any intentional false representation, including failure to declare information or abuse of position that is carried out to make gain, cause loss or expose another to the risk of loss”.

As a crime ‘Fraud’ is defined by the Fraud Act 2006 as:

- Fraud by false representation
- Fraud by failing to disclose
- Fraud by abuse of position

In addition, the Fraud Act deals with offences relating to the possession of articles for use in fraud, making or supplying articles for use in frauds, participation by a sole trader in fraudulent business, and obtaining services dishonestly, either personally or for another.

The maximum penalty under the Fraud Act is an unlimited fine and/or imprisonment up to 10 years.

4.2 Corruption

Corruption is the deliberate misuse of your position for direct or indirect personal gain. “Corruption” includes offering, giving, requesting, or accepting a bribe or reward, which influences your actions or the actions of someone else. The Bribery Act 2010 makes it possible for Senior Officers to be convicted where they are deemed to have given their consent or tacit approval in giving or receiving a bribe.

The Act also creates the Corporate Offence of “Failing to prevent bribery on behalf of a commercial organisation” (corporate liability). To protect itself against the corporate

offence, the Act also requires organisations to have “adequate procedures in place to prevent bribery”. This strategy, the Codes of Conduct (Members and Employees) and the Council’s Confidential Reporting Procedure (Whistleblowing) are designed to meet that requirement.

Bribery

The Bribery Act 2010 came into force on 1 July 2011. Bribery is defined in the Act “as giving someone a financial or other advantage to encourage that person to perform their functions or activities improperly or to reward a person for having already done so, in order to gain personal, commercial, regulatory or contractual advantage”. It is the most common form of corruption.

Staff need to be aware of their obligations under this Act, which sets out the criminality of accepting and giving bribes. This applies to both staff and the Council corporately.

The Bribery Act creates the following offences:

- Active bribery: promising or giving a financial or other advantage
- Passive bribery: agreeing to receive or accepting a financial or other advantage
- Bribery of foreign public officials
- The failure of commercial organisations to prevent bribery by an associated person (corporate offence)

The penalty under the Bribery Act is an unlimited fine and/or imprisonment up to a maximum of 10 years.

4.3 Money Laundering

Money laundering is the term used for several offences involving concealing the proceeds of crime or terrorist funds, so that they appear they have come from a legitimate source. Money laundering involves one or more of three principal offences: concealing, arranging and acquisition/ use/ possession.

The burden of identifying and reporting acts of money laundering rests within the Council. Any service that receives money from an external person or body is potentially vulnerable to a money laundering operation. The need for vigilance is vital and any suspicion concerning the appropriateness of a transaction should be reported and advice sought from the Money Laundering Reporting Office.

The Council recognises its responsibilities under the Money Laundering Regulations 2017 and the Proceeds of Crime Act 2002. These responsibilities are set out within the Council’s Anti-Money Laundering Policy.

5. OUR ROLES & RESPONSIBILITIES

STAKEHOLDER	SPECIFIC RESPONSIBILITIES
Chief Executive	Accountable for the effectiveness of the Council’s arrangements for countering fraud and corruption.
Monitoring Officer	Statutory responsibility to ensure that the Council operates within the law and statutory Codes of Practice. To advise Members and Officers on ethical issues, standards, and powers. Ensure appropriate prosecutions and sanctions are applied.
Director – Resources	To ensure the Council has adopted and implemented an appropriate Counter Fraud and Corruption Strategy and that

(Section 151 Officer)	the Council has an adequately resourced and effective Internal Audit and Counter Fraud service. Ensure that arrangements are in place to actively pursue fraud and that the Council has sound financial management and proper administration of the authority's financial affairs.
Audit Committee	To monitor the arrangements the Council has in place to mitigate the risk of fraud and corruption and seek assurances of the effectiveness of those arrangements. Sign off the Annual Governance Statement regarding fraud and corruption. Approval of the Counter Fraud and Corruption Strategy and other related fraud policies. Monitor performance against the strategy and Counter Fraud Operational Plan.
Members	To support and promote the development of a strong counter fraud culture, with a duty to protect the Council and public monies from any acts of Fraud and Corruption. Compliance with the Code of Conduct for Members, the Council's Constitution, including Financial Regulations and Procurement Regulations, in particular the requirements regarding interests, gifts, and hospitality. To report fraud, corruption, and bribery.
External Audit	Subject to the concept of materiality, provides reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity. Statutory duty to ensure that the Council has adequate arrangements in place for the prevention and detection of fraud, corruption, and bribery.
Audit, Risk and Corporate Fraud Service	To develop, implement and promote the Counter Fraud Policies and raise awareness of fraud. To promptly investigate cases of suspected fraud. To make recommendations to improve controls and reduce the risk of fraud in the future. To help protect the Council, its employees, assets, the Community, and the Public Purse. Maintain an overall fraud risk assessment on behalf of the Council and review the effectiveness of the Council's response to the risks faced including any new emerging fraud risks. Manage the Councils Confidential Reporting Code (Whistleblowing).
People and Talent Management (Human Resources)	Provide timely advice and guidance on Council Policies and procedures during investigations and any disciplinary action. Ensure recruitment procedures to be applied by Managers are effective in the verification and validation of information submitted by applicants prior to appointment e.g., eligibility to work, verification of qualifications and employment history, Disclosure and Barring Service checks where appropriate.
Directors, Service Heads, Service Managers	To promote an anti-fraud culture and refer all suspected fraud and corruption to the Chief Internal Auditor and Corporate Fraud Manager and apply the policy of zero tolerance . Responsible for managing fraud risks within their service areas and reduce these risks by implementing strong internal controls.
Employees	To comply with Council policies and procedures, to be aware of the possibility of fraud, corruption, and bribery, and to report any genuine concerns to management, the Corporate Fraud Team or via the Confidential Reporting Code.
Public, Partners, Suppliers, Contractors and Consultants	To be aware of the possibility of fraud and corruption against the Council and report any genuine concerns / suspicions.

6. OUR APPROACH

- 6.1 Fraud, by its very nature is hidden, and conducted in such a manner that fraudulent actions are actively concealed. It is therefore vital to provide a strong anti-fraud culture and advocate a zero-tolerance approach. If done effectively this will, not only provide a deterrence effect to potential fraudsters, but also encourage an environment where individuals feel comfortable coming forward to raise concerns.
- 6.2 The Council takes the threat of fraud and corruption seriously, in that it has the necessary dedicated and specialist resource, comprising of the Corporate Fraud Team and Internal Audit. These teams are focussed on coordinating the approach that the Council takes in protecting its assets and finances from fraud, corruption, and bribery.
- 6.3 Minimising fraud and corruption are however everyone's business. Whilst specialist teams have a key role, the Council expects the highest standards of probity, propriety and conduct from all elected Members, employees, and contractors. This includes a requirement to act lawfully and to always comply with the Council's policies, procedures, and regulations.
- 6.4 The Council will fulfil its aim to reduce fraud and corruption to an absolute minimum through a strategic approach consistent with that outlined in the Local Government Fraud Strategy 'Fighting Fraud Locally'. The five key pillars of this approach are to Govern, Acknowledge, Prevent, Pursue and Protect, and are key to the delivery of the priorities outlined in the counter fraud policy.

7. GOVERN

- 7.1 The bedrock of this strategy is that those who are charged with governance support the activity by ensuring that there are robust arrangements and executive support to ensure counter fraud, bribery and corruption measures are embedded throughout the organisation.
- 7.2 Beating fraud is everyone's business and that is a key objective at the Council. The internal arrangements that are put in place should be communicated throughout the organisation and publicly available to demonstrate the culture and commitment to preventing fraud.
- 7.3 The Council does have good governance, with robust arrangements in place, executive support and an anti-fraud culture and holistic approach to fraud, which are key performance indicators for this theme to be effective. This can be evidenced further within Appendix 1.

Governance	Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation. Having a holistic approach to tackling fraud is part of good governance.
-------------------	---

8. ACKNOWLEDGE

- 8.1 To create a counter fraud response an organisation must acknowledge and understand fraud risks and then demonstrate this by committing the right support and appropriate resource to tackling fraud.
- 8.2 This means undertaking a risk assessment of fraud areas and vulnerabilities and then agreeing an appropriate resource and have a plan to address it and have access to resources with the right capabilities and skills.

- 8.3 The Council acknowledges that it is not immune from the risk of fraud or corruption, understands the fraud risks and takes appropriate action to mitigate these through:
- continuing to review and update fraud risks
 - maintaining a robust counter fraud framework
 - having an annual counter fraud operational plan
 - raising awareness of fraud and how to report suspicions
- 8.4 The ongoing development of this strategy will be informed through gaining a clear understanding of the threat, emerging risks, trends, and the savings that can be achieved by investing in counter fraud and corruption. This will focus on greater use of technology and interrogation of data to assess vulnerability and proactively target higher risk areas. The Council will also be focusing on raising staff awareness of the risks of fraud and corruption and what they can do to prevent or identify it.
- 8.5 Existing measures to prevent fraud and corruption will be strengthened through the continued development of the Corporate Fraud Team that will have the capability and capacity to:
- Investigate allegations of fraud and corruption
 - Prosecute and sanction offenders
 - Identify fraud prevention controls across the organisation
- 8.6 The Council has acknowledged our responsibility and that fraud does exist and most importantly we want to do something about this. We have acknowledged Fraud & Corruption as a Strategic Risk and embedding fraud risks across every service area. We have committed support and resource with the Corporate Fraud Team for our Fraud Response and to maintain our anti-fraud culture. This can be evidenced further within Appendix 1.

Acknowledge	Acknowledging and understanding fraud risks and committing support and resource to tackling fraud to maintain a robust anti-fraud response.
--------------------	---

9. PREVENT

- 9.1 Fraud can be prevented and detected by making better use of information and technology, enhancing fraud controls and processes, and developing a more effective anti-fraud culture.
- 9.2 The Council should have in place controls to prevent fraudsters from accessing services and becoming employees. It is nearly always more cost-effective to prevent fraud than to suffer the losses or investigate after the event. This is the Council's preferred defence.
- 9.3 Controls with technology to establish identity, check documents and cross-check records should apply to potential employees as well as service users. If someone lies about their employment history to obtain a job, they are dishonest, and it may not be appropriate to entrust them with public funds. In any case they may not have the training or qualifications to perform the job to the required standard.
- 9.4 The Council recognises that fraud and corruption are costly, both in terms of financial losses and reputational risk. The prevention of fraud is therefore a key priority within this strategy.
- 9.5 The best way to fight fraud is to prevent it happening in the first place. The Council has established a robust framework of procedures and controls which provide the major elements of its anti-fraud and corruption governance arrangements. This strategy is an integral part of a series of interrelated policies, procedures and controls designed to deter any attempted fraudulent or corrupt act.

- 9.6 Prevention extends beyond making sure the Council has the appropriate system and process controls in place. It also depends on the development of an effective anti-fraud culture that reinforces a zero tolerance and deters fraud from being committed.
- 9.7 Preventative measures will be supported by the on-going assessment of those areas most vulnerable to the risk of fraud and corruption as will be identified in the operational fraud risk register, in conjunction with risk management arrangements and risk based audit reviews.
- 9.8 The Corporate Fraud Team works closely with the Internal Auditors to ensure that a robust control framework is in place within the Council, with recommendations to rectify any system weaknesses being implemented including any identified vulnerability gaps following investigations.
- 9.9 The Council does make better use of information and technology, enhancing fraud controls and processes to make a more effective anti-fraud culture. This can be evidenced further within Appendix 1.

Prevent	Preventing and detecting more fraud by making better use of information and technology, enhancing fraud controls and processes, and developing a more effective anti-fraud culture.
----------------	---

10. PURSUE

- 10.1 It is acknowledged that, even with strong preventative measures, motivated fraudsters may still succeed, so the Council must have a robust enforcement response to pursue fraudsters and to deter others. The Corporate Fraud Team is key to our Fraud Response having the capability and capacity to investigate fraudsters.
- 10.2 It is also the responsibility of all employees to prevent and detect fraud, corruption, and bribery. It is often the alertness of Members, employees, and members of the public to the indicators of fraud that enable detection and the appropriate action to take place when there is evidence that fraud, corruption, or bribery may be in progress.
- 10.3 The Council will commit to making efforts to proactively seek out instances of fraud and take effective action once it is identified. The Council will make best use of its communications strategy to highlight instances of fraud, for the purposes of seeking the maximum deterrence effect.
- 10.4 The Council will punish fraudsters and recover losses by prioritising the use of criminal and civil sanctions and developing a more collaborative and supportive law enforcement response with our 'Durham Partnerships'.
- 10.5 The Council does punish fraudsters under the Fraud Sanction Policy and recovers losses both criminally and using civil sanctions. The Council has acknowledged we can't fight fraud alone and is an advocate in collaboration and partnership working. This can be evidenced further within Appendix 1.

Pursue	Punishing fraudsters and recovering losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters, and developing a more collaborative and supportive local enforcement response.
---------------	---

11. PROTECT

- 11.1 The Council is committed to protecting the Council, its assets, its employees, the Community we serve and overall, the Public Purse. This pillar is crosscutting of this strategy and is our main objective.
- 11.2 Protecting against serious and organised crime, protecting individuals from becoming victims of crime and protecting against the harm that fraud can do to the community are commitments the Corporate Fraud Team have pledged to strive to achieve.
- 11.3 This also includes protecting public funds, protecting our organisation from fraud and cyber-crime, and protecting ourselves from future frauds. This can be evidenced further within Appendix 1.

Protect	Protecting against serious and organised crime, protecting individuals from becoming victims of crime and protecting against the harm that fraud can do to the community. Protecting public funds, protecting the Council from fraud and cybercrime, protecting employees and our assets, and protecting from future frauds.
----------------	--

12. STRATEGY INTO ACTIONS

- 12.1 This strategy also advocates turning strategy into action by considering our counter fraud response and performance against six 'C' themes:

Culture	creating a culture where fraud and corruption are unacceptable and that is measurable
Capability	assessing the full range of anti-fraud risks and ensuring that the range of anti-fraud measures deployed are appropriate
Capacity	deploying the right level of resources to deal with the level of fraud risk that is monitored by those charged with governance
Competence	having the right skills and standards commensurate with the full range of counter fraud and corruption activity
Communications	raising awareness internally and externally, deterring fraudsters, sharing information, and celebrating successes
Collaboration	working together across internal and external boundaries, with colleagues, with other local authorities, and with other agencies; sharing resources, skills and learning, good practice, innovation, and information

- 12.2 These six C's and our innovation are pivotal, to help our ambition to be an excellent fraud service. We have embedded these into our policies, processes, daily routines which can be evidenced within Appendix 1.

12.3 As part of our actions, we have a holistic fraud approach and four key areas:

Criminal	All our referrals are first categorised as criminal investigations, until they are risk scored to determine the investigative approach. Criminal investigations are conducted by the Corporate Fraud Team under their statutory powers adhering to criminal law, to ascertain whether an offence has been committed. Prosecution and Sanctions can be imposed.
Compliance	Compliance investigations are not deemed as serious as Criminal but with our zero-tolerance approach are still pursued. Compliance investigations are about correcting the fraud and recovering monies and acting as a suitable deterrent, without taking further action.
Counter Fraud Awareness and Education	<p>The Corporate Fraud Team undertakes a range of fraud awareness initiatives through a combination of face-to-face sessions, publications about general and specific fraud issues and online fraud awareness training. We have an annual Fraud Communications Plan.</p> <p>As well as ongoing fraud awareness initiatives, the Council encourages fraud awareness at recruitment and selection and at then at Corporate and Service induction, to make it clear of our zero-tolerance and potential disciplinary or criminal action taken against employees who commit fraud. Educating people to help our Fight against Fraud.</p>
Partnerships	Collaboration and partnership working help our fight against fraud and we advocate a multi-agency approach. Conducting joint investigations, to share intelligence, evidence, and resources to make sure the correct action and appropriate law enforcement agency leads. Our partnership work is also our commercial theme of the Corporate Fraud Team.

13. MANAGING THE RISK OF FRAUD AND CORRUPTION

- 13.1 The Council has identified 'fraud and corruption' as a risk in the corporate strategic risk register and has a separate operational fraud risk register to assess the Council's overall vulnerability to fraud. By acknowledging what the fraud risks are, where they are likely to occur and the scale of potential losses, the Council can manage the risk more effectively.
- 13.2 The Council will continuously assess those areas most vulnerable to the risk of fraud. These risk assessments will help inform our annual counter fraud operational plan and the Corporate Fraud Team will carry out work in these high-risk areas to detect existing and new types of fraudulent activity.
- 13.3 As well as the current identified fraud risks, the Council seeks to 'horizon scan' for upcoming and emerging fraud risks. This is assisted by involvement in local, regional and national groups to share 'fraud alerts and upcoming issues.'

- 13.4 As with any risk faced by the Council, it is the responsibility of managers to ensure that any fraud risk is adequately considered when preparing risk assessments in support of achieving strategic priorities, policies, business plans, project and programme objectives and outcomes. In making this assessment it is important to consider the risk of fraud occurring rather than any actual incidences of fraud having occurred in the past. Once the fraud risk has been evaluated, appropriate action should be taken to mitigate those risks on an ongoing basis.
- 13.5 Any changes in operations or the business environment must also be assessed to ensure any impacts, which might increase or otherwise change the risk of fraud, bribery, and corruption, are properly considered.
- 13.6 The Council will regularly review its approach to tackling fraud, with a focus on current risks and trends and emerging risks which occur across the Council, or wider across other local government areas and partners. The Council has identified its known fraud risks and emerging fraud risks consistent with that outlined in the Local Government Fraud Strategy 'Fighting Fraud Locally' to be that of:

Fraud Risks

<p>Tenancy – Fraudulent applications for housing, abandonment, or successions of tenancy, and subletting of the property.</p> <p>Procurement – Tendering issues, split contracts, double invoicing, cartels and bid rigging, Mandate fraud, Impersonation fraud.</p> <p>Payroll – False employees, overtime claims, expenses.</p> <p>Council tax – Discounts and exemptions, council tax reduction support false claims and failing to report changes.</p> <p>Blue Badge – Use of counterfeit/altered badges, use when disabled person is not in the vehicle, use of a deceased person's Blue Badge, badges issued to institutions being misused by employees.</p> <p>Grants –Work not carried out, funds diverted, ineligibility not declared, failed to disclose information.</p> <p>Pensions –Deceased pensioner, overpayments, entitlement overstated.</p> <p>Schools – Procurement fraud, payroll fraud, internal fraud, abuse of position.</p> <p>Personal budgets – Overstatement of needs through false declaration, multiple claims across authorities, third party abuse, doubtful disability, failure to disclose information, posthumous continuation of claim.</p> <p>Internal fraud – Diverting council monies to a personal account; accepting bribes; theft; misallocating council assets for personal gain; working elsewhere while claiming to be off sick; false expenses claim; selling council property for personal gain; wrongfully claiming benefit while working, abuse of position.</p> <p>Identity fraud – False identity / fictitious persons applying for services / payments.</p> <p>Insurance Fraud – False claims including slips and trips.</p>	<p>Business rates – Fraudulent applications for exemptions and reliefs, unlisted properties.</p> <p>Right to buy – Fraudulent applications under the right to buy/acquire scheme.</p> <p>Money laundering – Exposure to suspect transactions.</p> <p>Disabled Facility Grants – Fraudulent applications for adaptations to homes aimed at the disabled.</p> <p>Concessionary travel schemes – Use of concession by ineligible person, including Freedom Passes.</p> <p>No recourse to public funds – Fraudulent claim of eligibility.</p> <p>New Responsibilities – Areas that have transferred to local authority responsibility e.g., Public Health grants, contracts.</p> <p>Commissioning of services – Including joint commissioning, third sector partnerships – conflicts of interest, collusion.</p> <p>Local Enterprise Partnerships – Voluntary partnerships between local authorities and businesses, procurement fraud, grant fraud.</p> <p>Cyber dependent crime and cyber enabled fraud – Enables a range of fraud types resulting in diversion of funds, creation of false applications for services and payments. Malware, Phishing, Vishing and Trojans.</p> <p>Covid-19 Frauds and Scams – fraudulent claims with stimulus packages with the grants and support made available during the pandemic. Specific Covid-19 scams.</p>
--	---

14. REPORTING SUSPECTED FRAUD

- 14.1 The Council has put in place a safe environment to report suspected cases of fraud. This provides a range of channels for reporting fraud. The alertness of Members, employees and members of the public is essential in the detection of any possible fraudulent activities. They are positively encouraged to raise any concerns in connection with any of the Council's activities. The Fraud Response Plan has more details and can be found on the counter fraud pages of the intranet and website.
- 14.2 Fraud can be reported to the Corporate Fraud Team:
- by email at: corporatefraudteam@durham.gov.uk
 - by telephone on 03000 266745
 - by text: start your message with the word 'fraud' to 07797870192
 - website: www.durham.gov.uk/fraud
 - by post at Corporate Fraud Team, County Hall, Durham, DH1 5UL
- 14.3 The Confidential Reporting Code (Whistleblowing) can also be found on the Council's intranet and website.
- 14.4 Concerns can also be raised by any of the following means:
- Line managers
 - Corporate Fraud Team
 - Corporate Director, Resources
 - Chief Executive / Corporate Directors
 - Chief Internal Auditor and Corporate Fraud Manager
- 14.5 Alternatively, concerns can be raised independently of the Council:
- the Council's External Auditor, Mazars
 - your local Citizens' Advice Bureau
 - the police
 - the independent whistleblowing charity Protect, details are available at: www.protect-advice.org.uk

15. Conclusion

- 15.1 The Council has put into place several arrangements to protect itself from the risk of fraud, corruption, and bribery. However, in the current climate of change there are issues that increase the risk. Changes in structures, systems, and the reduction in employees, as well as the external pressure due to the economy and Covid-19, all contribute to the risk of fraud.
- 15.2 The Counter Fraud and Corruption Strategy provides a framework for preventing and tackling anti-fraudulent and corrupt acts against the Council. The approval of the strategy by the Audit Committee and Senior Officers, on behalf of the Council, demonstrates the Council's commitment to the protection of public funds and the minimising of losses.
- 15.3 Having made this commitment it is imperative that arrangements for the circulation of this strategy and promoting fraud awareness across the Council are maintained.
- 15.4 The Council has an array of measures and procedures to assist in combatting fraud and corruption. It is determined to keep pace with any future developments in

preventative and detection techniques and to be able to respond and make changes to its Strategy.

- 15.5 The Council recognises that the success and credibility of its Counter Fraud & Corruption Strategy will significantly depend on how effectively it is communicated throughout the organisation and beyond. Every opportunity will be taken to bring it to the attention of Members, employees, and other stakeholders, and the strategy will be published on the Council's website and intranet pages. It is imperative that fraud awareness is embedded with our anti-fraud culture and that fraud is everyone's business to help stamp it out.
- 15.6 This Counter Fraud & Corruption Strategy and its effectiveness will be reviewed every 12 months. The current version of this strategy will be published on the Council's website and intranet.

Appendix 1 – The Evidence

STRATEGY PILLAR	STRATEGY INTO ACTION THE SIX C's	EVIDENCE TO ACHIEVE
<p>GOVERNANCE</p> <p>Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation</p> <p>Having a holistic approach to tackling fraud is part of good governance</p>	<p>CULTURE</p> <p>creating a culture where fraud and corruption are unacceptable and that is measurable</p> <p>CAPABILITY</p> <p>assessing the full range of anti-fraud risks and ensuring that the range of anti-fraud measures deployed are appropriate</p> <p>CAPACITY</p> <p>deploying the right level of resources to deal with the level of fraud risk that is monitored by those charged with governance</p> <p>COMPETENCE</p> <p>having the right skills and standards commensurate with the full range of counter fraud and corruption activity</p> <p>COMMUNICATIONS</p> <p>raising awareness internally and externally, deterring fraudsters,</p>	<p>Counter Fraud & Corruption Strategy that is reviewed quarterly and reported to Audit Committee annually</p> <p>Annual Governance Statement and review of counter fraud governance arrangements reviewed and reported annually</p> <p>Protecting the Public Purse Reports including Fraud Performance reported twice a year</p> <p>Fraud & Corruption included as a Strategic Risk and reviewed and monitored quarterly</p> <p>Promoting and developing a strong anti-fraud culture, raise fraud awareness, provide a fraud e-learning tool, and provide information on all aspects of our counter fraud work. This will include publicising the results of all proactive work, fraud investigations, successful sanctions, and any recovery of losses due to fraud</p> <p>Dedicated and competent Corporate Fraud Team committing resources and a holistic approach with our fight against fraud</p> <p>Strong Whistleblowing and Fraud Reporting procedures and support those who come forward to report suspected fraud</p> <p>Holistic approach to investigations, with criminal, compliance, awareness and education and partnership themes and approaches</p>

	<p>sharing information, and celebrating successes</p> <p>COLLABORATION</p> <p>working together across internal and external boundaries, with colleagues, with other local authorities, and with other agencies; sharing resources, skills and learning, good practice, innovation, and information</p>	
<p>ACKNOWLEDGE</p> <p>Acknowledging and understanding fraud risks and committing support and resource to tackling fraud to maintain a robust anti-fraud response</p>	<p>CULTURE</p> <p>creating a culture where fraud and corruption are unacceptable and that is measurable</p> <p>CAPABILITY</p> <p>assessing the full range of anti-fraud risks and ensuring that the range of anti-fraud measures deployed are appropriate</p> <p>CAPACITY</p> <p>deploying the right level of resources to deal with the level of fraud risk that is monitored by those charged with governance</p> <p>COMPETENCE</p>	<p>Ensure the Council has in place an up-to-date Fraud and Corruption Strategy</p> <p>Fraud & Corruption included as a Strategic Risk and reviewed and monitored</p> <p>A LIVE Fraud & Corruption Operational Risk register and services embedding fraud risks within service risk registers</p> <p>Continue assessing those areas most vulnerable to the risk of fraud as part of our risk management arrangements. These risk assessments will inform our internal controls and counter fraud priorities</p> <p>The Corporate Fraud Team will horizon scan for emerging risks</p> <p>Annual review of the Councils Fraud Response Plan, Anti Money Laundering, Confidential Reporting Code (Whistleblowing) and Sanction policies</p> <p>Audit Committee and Senior Managers ensure compliance with CIPFA and FFCL best practice in the Councils counter fraud arrangements</p>

<p>having the right skills and standards commensurate with the full range of counter fraud and corruption activity</p> <p>COMMUNICATIONS</p> <p>raising awareness internally and externally, deterring fraudsters, sharing information, and celebrating successes</p> <p>COLLABORATION</p> <p>working together across internal and external boundaries, with colleagues, with other local authorities, and with other agencies; sharing resources, skills and learning, good practice, innovation, and information</p>	<p>Zero tolerance approach and counter fraud education via fraud policies and codes of conduct for staff and Members that fraud and corruption will not be tolerated</p> <p>Dedicated and competent Corporate Fraud Team committing resources and a holistic approach with our fight against fraud</p> <p>Ensure the Council has in place an effective Counter Fraud Operational Plan, that is monitored monthly</p> <p>Ensure the Council has a Fraud, Bribery & Corruption Register/ Fraud Case Management System to record all cases</p> <p>Promote and publicise prosecutions, counter fraud campaigns and provide internal communications to staff and Members on fraud awareness</p> <p>Access to the Corporate Fraud Team fraud reporting tools (web/phone/email/text/CRM) for staff, the public and elected Members</p> <p>Annual Fraud Awareness training for high-risk areas and/or specific counter fraud training across Council services and the roll out of the Corporate Fraud E-Learning tool</p> <p>Fraud Alerts provided to appropriate Council officers/ staff/ services from Action Fraud/ NAFN/ CIPFA/ CIFAS/ Regional Fraud Forums/ Police etc</p> <p>Ensure a robust response, strengthening measures to prevent fraud with our Fraud Response Plan, Fraud Operational Plan and Fraud Risk Management</p> <p>The Corporate Fraud Team and Internal Audit will work with our internal partners (such as management, HR, Finance, Legal, policy makers) and external partners, to ensure new and existing systems and policy initiatives are adequately fraud proofed</p>
--	--

<p>PREVENT</p> <p>Preventing and detecting more fraud by making better use of information and technology, enhancing fraud controls and processes, and developing a more effective anti-fraud culture</p>	<p>CULTURE</p> <p>creating a culture where fraud and corruption are unacceptable and that is measurable</p> <p>CAPABILITY</p> <p>assessing the full range of anti-fraud risks and ensuring that the range of anti-fraud measures deployed are appropriate</p> <p>CAPACITY</p> <p>deploying the right level of resources to deal with the level of fraud risk that is monitored by those charged with governance</p> <p>COMPETENCE</p> <p>having the right skills and standards commensurate with the full range of counter fraud and corruption activity</p> <p>COMMUNICATIONS</p> <p>raising awareness internally and externally, deterring fraudsters, sharing information, and celebrating successes</p> <p>COLLABORATION</p>	<p>Fraud data analytics embedded into the Fraud Operational Plan, with allocated resources for pro-active counter fraud work</p> <p>Constant review of data sharing agreements/protocols to ensure compliance with DEA & GDPR/DEA</p> <p>Ensure compliance with National Fraud Initiative</p> <p>The ‘Durham Partnerships’ with Durham Constabulary, Registered Social Landlords, other Local Authorities and other agencies having a multi-agency approach to prevent and detect fraud</p> <p>The Corporate Fraud Team are all fully trained and accredited, and progressing membership of the Government Counter Fraud Profession</p> <p>All investigations comply with all relevant fraud legislation and Council Policies</p> <p>The Corporate Fraud Team will work with Council services to make best use of 3rd party providers such as NAFN, CIPFA, CIFAS, FFCL and the Northeast Regional Forms</p> <p>Member and lead for the Northeast Counter Fraud Group, Northeast Tenancy Fraud Forum, FFCL regional representative and National Investigation Officers Group</p> <p>Utilising the Civica internal data warehousing making better use of data and analytical software to prevent and detect fraudulent activity. Adding more data extracts to continue to progress the internal hub</p> <p>Progress the Northeast Fraud hub with the Digital Economy Act and tackling fraud and corruption on a regional level with other local authorities</p>
---	--	---

	<p>working together across internal and external boundaries, with colleagues, with other local authorities, and with other agencies; sharing resources, skills and learning, good practice, innovation, and information</p>	<p>Annual Fraud Awareness training for high-risk areas and/or specific counter fraud training across Council services and the roll out of the Corporate Fraud E-Learning tool</p> <p>Ensure the Council has in place an effective Counter Fraud Communication Plan, that is monitored monthly</p> <p>Fraud Alerts provided to appropriate Council officers/ staff/ services from Action Fraud/ NAFN/ CIPFA/ CIFAS/ Regional Fraud Forums/ Police etc</p> <p>Ensure a robust response, strengthening measures to prevent fraud</p> <p>The Corporate Fraud Team and Internal Audit will work with our internal partners (such as management, HR, Finance, Legal, policy makers) and external partners, to ensure new and existing systems and policy initiatives are adequately fraud proofed</p> <p>Annual review of the Councils Fraud Response Plan, Anti Money Laundering, Confidential Reporting Code (Whistleblowing) and Sanction policies</p>
<p>PURSUE</p> <p>Punishing fraudsters and recovering losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters, and developing a more</p>	<p>CULTURE</p> <p>creating a culture where fraud and corruption are unacceptable and that is measurable</p> <p>CAPABILITY</p> <p>assessing the full range of anti-fraud risks and ensuring that the range of anti-fraud measures deployed are appropriate</p> <p>CAPACITY</p>	<p>Protecting the Public Purse Reports including Fraud Performance reported twice a year</p> <p>Recording and reporting on all fraud referred, investigated, and identified on the Fraud Register/ Fraud Case Management System</p> <p>The Corporate Fraud Team will review fraud trends and new threats and put in place actions to pursue these new threats</p> <p>Ensure that the Council's Sanction Policy is effective and that we will seek to 'prosecute' offenders, apply sanctions, respond to internal fraud, and recover financial losses</p>

<p>collaborative and supportive local enforcement response</p>	<p>deploying the right level of resources to deal with the level of fraud risk that is monitored by those charged with governance</p> <p>COMPETENCE</p> <p>having the right skills and standards commensurate with the full range of counter fraud and corruption activity</p> <p>COMMUNICATIONS</p> <p>raising awareness internally and externally, deterring fraudsters, sharing information, and celebrating successes</p> <p>COLLABORATION</p> <p>working together across internal and external boundaries, with colleagues, with other local authorities, and with other agencies; sharing resources, skills and learning, good practice, innovation, and information</p>	<p>A crucial element of our response to tackling fraud is recovering any monies lost through fraud, utilising the Proceeds of Crime Act and Financial Investigators when possible</p> <p>Value for Money and a review of the Return of Investment from having a Corporate Fraud Team</p> <p>Transparency Code (Fraud) Data will be completed and updated on the website annually</p> <p>Dedicated and competent Corporate Fraud Team committing resources and a holistic approach with our fight against fraud into reactive criminal and compliance investigations, pro-active fraud campaigns and, partnership working</p> <p>Member and lead for the Northeast Counter Fraud Group, Northeast Tenancy Fraud Forum, FFCL regional representative and National Investigation Officers Group</p> <p>The 'Durham Partnerships' with Durham Constabulary, Registered Social Landlords, other Local Authorities and other agencies having a multi-agency approach to pursue fraud</p> <p>Annual review of the Councils Fraud Response Plan, Anti Money Laundering, Confidential Reporting Code (Whistleblowing) and Sanction policies</p> <p>Ensure the Council has in place an effective Counter Fraud Operational Plan, that is monitored monthly</p>
<p>PROTECT</p> <p>Protecting against serious and organised crime,</p>	<p>CULTURE</p> <p>creating a culture where fraud and corruption are unacceptable and that is measurable</p>	<p>The 'Durham Partnership' with Durham Constabulary Disruption Panel, Gold and Silver Command tackling Serious and Organised Crime</p>

protecting individuals from becoming victims of crime and protecting against the harm that fraud can do to the community

For a local authority this will also cover protecting public funds, protecting its organisation from fraud and cybercrime, and protecting itself from future frauds

Protecting DCC, our Employees, our Assets, our Finances, the Community we service and the Public Purse

CAPABILITY

assessing the full range of anti-fraud risks and ensuring that the range of anti-fraud measures deployed are appropriate

CAPACITY

deploying the right level of resources to deal with the level of fraud risk that is monitored by those charged with governance

COMPETENCE

having the right skills and standards commensurate with the full range of counter fraud and corruption activity

COMMUNICATIONS

raising awareness internally and externally, deterring fraudsters, sharing information, and celebrating successes

COLLABORATION

working together across internal and external boundaries, with colleagues, with other local authorities, and with other agencies; sharing resources,

Cyber Security Framework and Cyber Policies that are reviewed annually and reported to Senior Management and Information Governance

Counter Fraud & Corruption Strategy that is reviewed quarterly and reported to Audit Committee annually – with a Protect Theme

Annual Governance Statement and review of counter fraud governance arrangements reviewed and reported annually

Protecting the Public Purse Reports including Fraud Performance reported twice a year – Strategy themes included with overall objective to protect DCC, our Employees, our Assets, our Finances, the Community we service and the Public Purse

Fraud & Corruption included as a Strategic Risk and reviewed and monitored quarterly

Ensure that the Council's Sanction Policy is effective and that we will seek to 'prosecute' offenders, apply sanctions, respond to internal fraud, and recover financial losses

Promoting and developing a strong anti-fraud culture, raise fraud awareness, and provide information on all aspects of our counter fraud work

Dedicated and competent Corporate Fraud Team committing resources and a holistic approach to protect DCC, our Employees, our Assets, our Finances, the Community we service and the Public Purse

Fraud Performance Management Framework includes performance indicators to ensure we are protecting DCC, our Employees, our Assets, our Finances, the Community we service and the Public Purse

The Corporate Fraud Team will review fraud trends and new threats and review emerging fraud risks to protect itself from future frauds

	skills and learning, good practice, innovation, and information	<p>Annual review of the Councils Fraud Response Plan, Anti Money Laundering, Confidential Reporting Code (Whistleblowing) and Sanction policies</p> <p>Ensure the Council has in place an effective Counter Fraud Operational Plan, that is monitored monthly</p> <p>Ensure the Council has in place an effective Counter Fraud Communication Plan, that is monitored monthly</p>
--	---	---

This page is intentionally left blank

Audit Committee

30 September 2022

**Report of the Audit Committee for the
Period September 2021 to August 2022**



Report of Audit Committee

Councillor Alex Watson, Chair of the Audit Committee

Councillor Louise Fenwick, Vice Chair of the Audit Committee

Electoral division(s) affected:

None

Purpose of the Report

- 1 To provide the Audit Committee with the proposed report to be presented to County Council in October, which will inform Council of the work of the Audit Committee during the period September 2021 to August 2022 and set out details of how the Audit Committee continues to oversee good governance across the Council.

Executive summary

- 2 The Audit Committee has made a significant and continuing contribution to the Council's governance, internal control and risk frameworks during the last twelve-month period by:
 - a) Striving to help support the Council deliver its objectives and priorities by being both a proactive and reactive body, encouraging the early reporting of risk and control issues to ensure that appropriate and timely action is taken to address them;
 - b) Continuing to raise the profile of the Internal Audit, Corporate Fraud and Risk Management Service through regular reports being considered by the Audit Committee;
 - c) Independent questioning and contributing to the development and oversight of the internal audit plan;
 - d) Seeking assurance on the effectiveness of corporate risk management arrangements;

- e) Improving the accountability of service managers to respond to outstanding internal audit reports and the implementation of agreed internal audit recommendations, thereby helping to drive improvements in controls to manage risk effectively;
 - f) Continuing to provide regular challenge and demanding accountability on the effectiveness of the implementation and operation of key systems both financial and non-financial;
 - g) Challenging the level of internal audit resource and their work to ensure that the service is effective and delivers a reliable assurance opinion on the Council's control framework;
 - h) Challenging how the Council responds to the risk of fraud and receiving information on the levels of detected fraud and the Council's continuing response;
 - i) Championing the work of the Corporate Fraud Team;
 - j) Receiving and commenting on the work of the external auditor, Mazars; and
 - k) Challenging how the Annual Governance Statement has been prepared, reviewing the assurance framework that is in place and that the Council's governance arrangements are effective.
- 3 Appendix 2 to this report sets out details of the meetings held over the last twelve months and an oversight of the matters considered by the Audit Committee in discharging its duties in line with the Council's Constitution.

Recommendation(s)

- 4 The following recommendation will be made to County Council:
- (a) Members are recommended to note the report and the work undertaken by the Audit Committee during the period September 2021 to August 2022.

Background

- 5 The role, membership and terms of reference of the Audit Committee are set out within the Constitution, which is approved by Council.
- 6 Good corporate governance requires independent and effective assurance processes, underpinned by robust risk management arrangements, to be in place to ensure effective financial management and reporting in order to achieve the Council's corporate and service objectives. It is the responsibility of the Audit Committee to oversee that these arrangements are in place and operating effectively.
- 7 The specific objectives of the Audit Committee, as set out in the Council's Constitution are to provide independent assurance to Cabinet and Full Council over the:
 - Adequacy and effectiveness of the Council's governance arrangements, including the effectiveness of the risk management framework and the associated control environment.
 - Financial Reporting of the Council's Statement of Accounts ensuring that any issues arising from the process of finalising, auditing and certifying the Council accounts are dealt with properly.
- 8 The membership of the Committee, which was revised to reflect the outcome of the local elections in May 2021, is as follows:

Chairman:	Cllr Alex Watson
Vice Chairman:	Cllr Louise Fenwick
Members:	Cllr Philip Heaviside
	Cllr Andrew Jackson
	Cllr Matt Johnson
	Cllr Bill Kellett
	Cllr Mike McGaun
	Cllr Richard Ormerod
	Cllr Tracie Smith
Co-opted Members:	Mr Clive Robinson
	Mr Ian Rudd

Summary of Meetings

- 9 A summary of Committee business considered at the meetings that have been held during the period is provided at Appendix 2.
- 10 The matters considered by the Audit Committee demonstrate that the Committee continues to make a significant and continuing contribution to the Council's governance, internal control and risk frameworks during the last twelve-month period, fulfilling the following objectives:
 - l) Striving to help support the Council deliver its objectives and priorities by being both a proactive and reactive body, encouraging the early reporting of risk and control issues to ensure that appropriate and timely action is taken to address them;
 - m) Continuing to raise the profile of the Internal Audit, Corporate Fraud and Risk Management Service through regular reports being considered by the Audit Committee;
 - n) Independent questioning and contributing to the development and oversight of the internal audit plan;
 - o) Seeking assurance on the effectiveness of corporate risk management arrangements;
 - p) Improving the accountability of service managers to respond to outstanding internal audit reports and the implementation of agreed internal audit recommendations, thereby helping to drive improvements in controls to manage risk effectively;
 - q) Continuing to provide regular challenge and demanding accountability on the effectiveness of the implementation and operation of key systems both financial and non-financial;
 - r) Challenging the level of internal audit resource and their work to ensure that the service is effective and delivers a reliable assurance opinion on the Council's control framework;
 - s) Challenging how the Council responds to the risk of fraud and receiving information on the levels of detected fraud and the Council's continuing response;
 - t) Championing the work of the Corporate Fraud Team;
 - u) Receiving and commenting on the work of the external auditor, Mazars; and

- v) Challenging how the Annual Governance Statement has been prepared, reviewing the assurance framework that is in place and that the Council's governance arrangements are effective.

Contact: Tracy Henderson

Tel: 03000 269668

Appendix 1: Implications

Legal Implications

There are no specific legal implications associated with this report. The Audit Committee contributes to the effective corporate and financial governance of the Council and provides relevant and appropriate challenge and oversight where necessary.

Finance

There are no specific financial implications associated with this report. The Audit Committee has clear terms of reference and directly effects and assists in improving value for money obtained, the probity and propriety of financial administration, and / or the management of operational and strategic risks.

Consultation

Audit Committee and the Corporate Director of Resources.

Equality and Diversity / Public Sector Equality Duty

None.

Climate Change

None.

Human Rights

None.

Crime and Disorder

None.

Staffing

None.

Accommodation

None.

Risk

The Audit Committee provides an independent review of the Council's risk management framework and comments on its effectiveness.

Procurement

None.

Appendix 2: Summary of Meetings of the Audit Committee

30 September 2021

The Committee considered:

- (i) A report from the Occupational Health and Safety Manager which provided the annual report on health, safety and wellbeing (HSW) performance for 2020/21.
- (ii) A report from the Occupational Health and Safety Manager which provided an update on health, safety and wellbeing performance during Quarter 1 of 2021/22.
- (iii) A report from the Corporate Director of Resources which provided the Treasury Management Outturn for 2020/21.
- (iv) A report of the Corporate Director of Resources which provided an update on the Independent Review of Local Authority Financial Reporting and Audit (Redmond Review).
- (v) A report of the External Auditor, Mazars presenting the Audit completion report for the Council 2020/21 to the Committee which included the overall messages from the audit work that they had completed.
- (vi) A report of the External Auditor, Mazars presenting the Audit completion report for the Pension Fund 2020/21 to the Committee which included the overall messages from the audit work that they had completed.
- (vii) A report of the Corporate Director of Resources that sought approval of the final Annual Governance Statement to be published as part of the Council's audited Statement of Accounts 2020/21.
- (viii) A report of the Corporate Director of Resources which presented the Statement of Accounts for the year ended 31 March 2021 for approval
- (ix) A report of the Chief Internal Auditor and Corporate Fraud Manager which informed members of work carried out by Internal Audit during April to June 2021 as part of the 2021/22 Internal Audit Plan.

29 November 2021

The Committee considered:

- (i) A report from the Occupational Health and Safety Manager which provided an update on health, safety and wellbeing performance during Quarter 2 of 2021/22
- (i) A report of the External Auditor, Mazars, giving the Committee an update on their progress with regards to planning for the 2021/22 audit and updating the Committee on issues and developments that were worthy of attention.
- (ii) A report of the Corporate Director, Resources regarding the decision to Opt-in to the National Scheme for Auditor Appointments managed by Public Sector Audit Appointments.
- (iii) A report of the Corporate Director, Resources regarding changes to the Local Code of Corporate Governance.
- (iv) A report of the Corporate Director, Resources which highlighted the strategic risks facing the Council and that gave an insight into the work carried out by the Corporate Risk Management Group during June to September 2021. Members were informed of new risks, those that had been removed and the status of all current key risks.
- (v) A report of the Corporate Director of Resources providing an update on the progress being made in relation to the actions arising from the Council's Annual Governance Statement for the year April 2020 to March 2021.
- (vi) A report of the Chief Internal Auditor and Corporate Fraud Manager (Interim) detailing to members the Counter Fraud work completed over the period April to September 2021 in order to protect the public purse.
- (vii) A report of the Chief Internal Auditor and Corporate Fraud Manager which informed members of the work carried out by Internal Audit during the period July to September 2021 and the assurance on the control environment provided.

28 February 2022

The Committee considered:

- (i) A report from the Occupational Health and Safety Manager which provided an update on health, safety and wellbeing performance for the period September to December 2021.
- (ii) A report of the Corporate Director of Resources which presented Changes to the Code of Practice for Local Authority Accounting in the UK
- (iii) A report of the Corporate Director of Resources which presented the Accounting Policies that the Council intends to have in place to prepare the 2021/22 financial statements.
- (iv) A report of the Corporate Director of Resources which detailed the timetable for the preparation of the Council's Final Accounts process for 2021/22 including the key milestones for the completion of the financial statements with the statutory deadline of 30 September 2022.
- (v) A report of the External Auditor, Mazars, presenting the Committee with the Annual Audit Letter for year ending 31 March 2022 and summarising the audit of Durham County Council and Durham County Council Pension Fund.
- (vi) A report of the External Auditor, Mazars, presenting the Committee with the Audit Strategy Memorandum for the Council's Accounts for the year ending 31 March 2022. This detailed the auditor's scope, approach, timings and the proposed work to be completed.
- (vii) A report of the External Auditor, Mazars, presenting the Committee with the Audit Strategy Memorandum for the Pension Fund for the year ending 31 March 2022.
- (viii) A report of the Corporate Director of Resources informing the Committee of the key dates for the review of the Council's corporate governance which informs the Annual Governance Statement within the Statement of Accounts for the year ending 31 March 2022.
- (ix) A report of the Corporate Director of Resources which highlighted the strategic risks facing the Council and that gave an insight into the work carried out by the Corporate Risk Management Group during October to December 2021. Members were informed of new risks, those that had been removed and the status of all current key risks.

- (x) A report of the Corporate Director of Resources which contained a revised version of the Risk Management Policy and Strategy.
- (xi) A report of the Chief Internal Auditor and Corporate Fraud Manager (Interim) which informed members of the work carried out by Internal Audit during the period October to December 2021 and the assurance on the control environment provided.
- (xii) A report of the Chief Internal Auditor and Corporate Fraud Manager presenting the emergent Internal Audit Plan for the year 2022/23 for Members comments and input. The report detailed the proposed direction and process for the development of the emergent Internal Audit Plan which would be discussed with Senior Management and brought back for the Committee's formal approval in May 2022.

24 May 2022

The Committee considered:

- (i) A report from the Occupational Health and Safety Manager which provided an update on health, safety and wellbeing performance for the period January to March 2022.
- (ii) A report of the Chief Internal Auditor and Corporate Fraud Manager which informed members of the work carried out by Internal Audit during the period January to March 2022 and the assurance on the control environment provided.
- (iii) A report of the Corporate Director of Resources providing an update on the progress being made in relation to the actions arising from the Council's Annual Governance Statement for the year April 2020 to March 2021.
- (iv) A report of the Chief Internal Auditor and Corporate Fraud Manager which set out the Internal Audit Strategy, Charter and Internal Audit plan for 2022/23. Progress on delivering the plan will be regularly monitored by the Committee.
- (v) A Presentation by Geoff Paul, who, as the Council's Interim Corporate Director of Regeneration, Economy and Growth provided an overview of Bishop Auckland Towns Fund/Future High Streets Fund Governance arrangements

01 July 2022

The Committee considered:

- (i) A report of the Corporate Director of Resource which provided information about the Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Management Code designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The Code also sets for the first time, the standards of financial management for local authorities.
- (ii) A report of the Corporate Director of Resources assessing whether the Council can be considered a 'going concern' organisation and if the Council's accounts can be compiled on that basis. The assessment concluded that the Council has a history of stable finance and ready access to financial resources in the future. It was also felt there are no significant financial, operating or other risks that would jeopardise the Council's continuing operation and that the accounts could be prepared on this basis.
- (iii) A report of the Chief Internal Auditor and Corporate Fraud Manager which presented the Committee with a review of the effectiveness of Internal Audit and assurance that it complies with Public Sector Internal Audit Standards (PSIAS). The review was carried out by way of an external assessment carried out by CIPFA which concluded that the service was fully compliant with the standards.
- (iv) A report of the Chief Internal Auditor and Corporate Fraud Manager which presented the Annual Internal Audit Report for 2021/22 that provided a 'moderate' opinion on the adequacy and effectiveness of the Council's control environment for 2021/22.
- (v) A report of the Chief Internal Auditor and Corporate Fraud Manager detailing to Members, the Counter Fraud work completed over the period April 2021 to March 2022 to protect the public purse.
- (vi) A report of the Chair that provided a response on behalf of the Audit Committee, to a letter from the external auditors, relating to compliance with International Auditing Standards. This was a requirement of the final accounts process
- (vii) A report of the Corporate Director of Resources that sought approval of the draft Annual Governance Statement to be published as part of the Council's audited Statement of Accounts 2021/22

- (viii) A report of the Corporate Director of Resources which presented the draft un-audited Statement of Accounts for the year ended 31 March 2022. The Corporate Director, Resources confirmed that the draft accounts had been certified and provided to external audit within the statutory deadline which due to the impact of Covid-19 on local authorities had been extended from 31 May to 31 July 2022. The report identified that the deadline for publication of its final (audited) accounts had also moved from 31 July to 30 September 2022.
- (ix) A report of the Corporate Director of Resources which provided an update on the Independent Review of Local Authority Financial Reporting and Audit (Redmond Review).

This page is intentionally left blank

Audit Committee**30 September 2022****Internal Audit Progress Update Report
Period Ended 30 June 2022****Report of Paul Darby, Corporate Director of Resources****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 2022 to 30 June 2022, as part of the Internal Audit Plan for the first six months of 2022/23.

Executive Summary

- 2 The report provides an update on the progress that has been made in achieving the Internal Audit Plan for the first six months of 2022/23, based on activity during the period up to 30 June 2022 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 2022;
 - (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;
 - (f) Appendix 7* – Progress on follow up reviews.

Recommendations

- 4 Members are asked to note:
- (a) The amendments made to the Internal Audit Plan for the first six months of 2022/23;
 - (b) The work undertaken by Internal Audit during the period ending 30 June 2022;
 - (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 the first six months of 2022/23, covering the period 1 April 2022 to 30 September 2022, was approved by the Audit Committee on 24 May 2022.

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 June 2022 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	Preparation and Planning	In Progress	Draft Report	Final Report / Complete
Adult and Health Services (AHS)	9	0	4	0	1
Children and Young People's Services (CYPS) *Excluding Schools	9	0	8	1	2
Neighbourhoods and Climate Change (NCC)	7	0	2	0	2
Regeneration, Economy and Growth (REG)	14	1	5	0	7
Resources (RES)	4	6	27	0	7
Schools	0	2	7	4	3
TOTAL	43	9	53	5	22

- 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 2022/23 was originally estimated to be 3,241. As at 30 June 2022, the service had delivered 697 productive days, representing 21.5% of the total plan for the year. The target at the end of the quarter was for 22.5% to be delivered, therefore performance was just below the target.

- 11 As at 30 June, approximately 20% of the audits in the six-month plan had been delivered. Staffing and operational challenges reported in previous progress reports continue to impact on the delivery of the overall plan. During the reporting period, one Senior Auditor retired, at the end of April 2022, and an appointment was made, in May 2022, to one of the Audit Manager posts, which had been vacant since the promotion of the current Chief Internal Auditor and Corporate Fraud Manager, in February 2022. Further vacancies have arisen in the coming quarter, for which recruitment exercises are underway.
- 12 As a result of the challenges facing the service, management regularly reviews the content of the plan to ensure that audits included in the plan are prioritised on a risk basis and to ensure that key financial systems are reviewed on an annual basis.

Internal Audit activity in the quarter

Amendments to the Approved Internal Audit Plan

- 13 The following two reviews were 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
Resources	Commercial Services	Assurance	Service request to defer assurance review to 2023/24.
Resources	Creditors – Invoice and PO Authorisation (PO Hierarchy)	Key System	Review cancelled as scope of audit included in separate audit.

- 14 Seven unplanned reviews were added to the Internal Audit Plan in the quarter.

Service Grouping	Audit	Audit Type	Reason
Neighbourhoods and Climate Change	REV UP (Regional Electric Vehicle Unified Plan) Grant	Grant	Service request to add certification.
Neighbourhoods and Climate Change	Business Energy Efficiency Project (BEEP)	Advice and Consultancy	Review added at the request of the service.
Regeneration, Economy and Growth	Bishop Auckland Heritage Action Zone – Community Engagement	Grant	Service request to add certification.

Service Grouping	Audit	Audit Type	Reason
Regeneration, Economy and Growth	Homes England	Assurance	Service request to add assurance review.
Regeneration, Economy and Growth	Planning Applications	Assurance	Review added to audit process following a complaint.
Regeneration, Economy and Growth	Green Homes Grant – Phase 1b	Grant	Service request to add certification.
Resources	Creditors – Retrospective POs	Key System	Review added to replace the time allocated for the cancelled creditors review.

Outstanding Management Responses to Draft Internal Audit Reports

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

Survey Response Rate

- 16 The table below sets out the response rate and average score, by Service Grouping, for the customer satisfaction surveys issued during the period up to 30 June 2022. The average score of 4.8 out of 5 (where 1= Very Poor and 5 = Very Good) is in line with the average score from 2021/22, which was also 4.8.

Service Grouping	Surveys issued	Surveys returned	% returned	Av. score
Adult and Health Services (AHS)	0	0	N/A	N/A
Children and Young People's Services (CYPS) *Excluding Schools	1	1	100	4.5
Neighbourhoods and Climate Change (NCC)	1	1	100	5.0
Regeneration, Economy and Growth (REG)	3	2	67	5.0
Resources (RES)	4	4	100	5.0
Schools	2	2	100	4.5
TOTAL	11	10	91	4.8

Responses to Internal Audit Findings and Recommendations

- 17 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.
- 18 A summary of progress on the actions due, implemented and overdue, as at 30 June 2022, 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)	9	6	3 (33%)	3	0
Children and Young People's Services (CYPS) [Excluding Schools]	107	104	3 (3%)	3	0
Neighbourhoods and Climate Change (NCC)	47	44	3 (6%)	3	0
Regeneration, Economy and Growth (REG)	64	64	0 (0%)	0	0
Resources (RES)	194	191	3 (2%)	3	0
TOTAL	421	*409	12 (3%)	12	0

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

- 19 It is encouraging to note that, of the 421 actions due to be implemented, 409 (97%) have been implemented. Details of the actions that are overdue, following their agreed original target dates, are included at Appendix 6. All overdue actions have revised dates for expected implementation.

Limited Assurance Audit Opinions

- 20 There were no 'limited assurance' opinion audits issued in the period. .

Performance Indicators

- 21 A summary of actual performance, as at the end of June 2022, 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.

Contact: Tracy Henderson Tel: 03000 269668

Paul Monaghan Tel: 03000 269662

Appendix 1: Implications

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 FOR PERIOD 1 APRIL 2022 TO 30 SEPTEMBER 2022: PROGRESS AS AT 30 JUNE 2022

SERVICE GROUPING	SERVICE	AUDIT ACTIVITY	AUDIT TYPE	STATUS	OPINION
2021 / 2022 audits brought forward into plan					
Adult and Health Services	Public Health	Suicide Early Alert	Assurance	In Progress	
Children and Young People's Services	Children's Social Care	Special Guardianship and Child Arrangement Orders	Follow Up	Not Yet Started	
Children and Young People's Services	Early Help, Inclusion and Vulnerable Children	High Needs Budget	Follow Up	Not Yet Started	
Neighbourhoods and Climate Change	Community Protection Services	Online Licencing	Assurance	Not yet started	
Neighbourhoods and Climate Change	Community Protection Services	Intelligence Handling	Assurance	Not yet started	
Neighbourhoods and Climate Change	Partnerships and Community Engagement	COVID-19 Area Budgets	Assurance	Final	Substantial
Regeneration, Economy and Growth	Corporate Property and Land	Asset Valuation	Assurance	In Progress	
Regeneration, Economy and Growth	Corporate Property and Land	Milburngate Development Governance	Assurance	Not yet started	
Regeneration, Economy and Growth	Corporate Property and Land	Potentially Violent Persons Register	Assurance	Final	Moderate
Regeneration, Economy and Growth	Corporate Property and Land	New Build - Contract Management	Assurance	In Progress	
Regeneration, Economy and Growth	Development and Housing	Protect and Vaccinate Grant	Grant	In Progress	
Regeneration, Economy and Growth	Development and Housing	Homelessness	Assurance	Preparation and Planning	
Regeneration, Economy and Growth	Development and Housing	Financial Assistance Policy & Capital & External Schemes	Assurance	Not yet started	
Regeneration, Economy and Growth	Development and Housing	Local Lettings Agency	Assurance	In Progress	
Regeneration, Economy and Growth	Culture, Sport and Tourism	Peterlee Leisure Centre	Assurance	Final	Substantial
Regeneration, Economy and Growth	Culture, Sport and Tourism	Seaham Leisure Centre	Assurance	Final	Substantial
Regeneration, Economy and Growth	Culture, Sport and Tourism	Stanley Bowls Club	Review of Accounts	Final	N/A
Regeneration, Economy and Growth	Culture, Sport and Tourism	Beamish 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	Culture, Sport and Tourism	Learn to Swim	Advice and Consultancy	Not yet started	
Resources	Corporate Finance and Commercial Services	Banking Arrangements	Assurance	Preparation and Planning	
Resources	Corporate Finance and Commercial Services	Review of Commercial Services	Assurance	Defer to 2023/24	
Resources	Corporate Finance and Commercial Services	Section 256 agreements	Grant	In Progress	
Resources	Corporate Finance and Commercial Services	Section 75 Agreements – Better Care Fund	Grant	Final	N/A
Resources	Procurement, Sales and Business Services	Creditors - Overarching Report	Key System	In Progress	
Resources	Procurement, Sales and Business Services	Fuel Cards (Follow Up)	Follow Up	Final	N/A
Resources	Procurement, Sales and Business Services	Creditor Payments	Key System	In Progress	
Resources	Procurement, Sales and Business Services	Contract Procedure Rules (CPRs)	Assurance	In Progress	
Resources	HR and Employee Services	Payroll - MyView - Establishment Changes	Key System	In Progress	
Resources	HR and Employee Services	Payroll - Preparation - Corrections	Key System	In Progress	
Resources	Transactional and Customer Services	Business Rates - Overarching Report	Key System	In Progress	
Resources	Transactional and Customer Services	Business Rates - Liability	Key System	In Progress	
Resources	Transactional and Customer Services	COVID-19 Small Business Rates Relief	Assurance	In Progress	
Resources	Transactional and Customer Services	COVID-19 Retail, Hospitality and Leisure Grant Fund	Assurance	In Progress	
Resources	Transactional and Customer Services	Procurement Cards - Projects (Follow Up)	Follow Up	Final	N/A
Resources	Transactional and Customer Services	Creditors - Processing of Payments through ContrOCC	Key System	Final	Substantial
Resources	Transactional and Customer Services	Debtors (Refunds)	Assurance	In Progress	
Resources	Transactional and Customer Services	Debtors (Direct Debits)	Assurance	In Progress	
Resources	Transactional and Customer Services	Cash Management	Key System	In Progress	
Resources	Transactional and Customer Services	Cash Management - Crook CAP	Assurance	Preparation and Planning	
Resources	Digital Services	ICT - Vulnerability Management	Advice and Consultancy	In Progress	
Resources	Digital Services	ICT - Mobile computing	Advice and Consultancy	In Progress	
Resources	Digital Services	ICT - SharePoint	Advice and Consultancy	In Progress	
Resources	Digital Services	ICT - Purchasing	Assurance	Not yet started	
Resources	Digital Services	ICT - Business Continuity for ICT	Assurance	Final	Moderate
Resources	Corporate Policy, Planning and Performance	Equality, Diversity and Community Cohesion	Assurance	In Progress	
Internal Audit Plan for period from 1st April 2022 to 30 September 2022					
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	Public Health	Personalisation - Virtual Budgets	Assurance	Not Yet Started	
Adult and Health Services	Commissioning	Commissioning of Mental Health Services	Assurance	Not Yet Started	
Adult and Health Services	Adult Care	Hawthorn House	Assurance	In Progress	
Adult and Health Services	Public Health	COVID-19 Test and Trace Service Support Grant	Grant Claim	Final	N/A
Adult and Health Services	Commissioning	Mental Health Alliance Project Board	Advice & Consultancy	In Progress	
Adult and Health Services	Commissioning	Integration of the Health and Care Plan for County Durham	Advice & Consultancy	Not Yet Started	
Adult and Health Services	Commissioning	Commissioning of Residential Care	Assurance	Not Yet Started	
Adult and Health Services	Adult Care	Workforce Development Fund	Grant Claim	Not Yet Started	
Adult and Health Services	Adult Care	Azeus - Governance Board	Advice & Consultancy	Not Yet Started	
Adult and Health Services	Adult Care	Azeus - Post Go Live	Assurance	In Progress	
Adult and Health Services	Public Health	Pharmoutcomes - Data Matching	Advice & Consultancy	Not Yet Started	
Children and Young People's Services	Children's Social Care	New Lea Children's Home	Assurance	In Progress	
Children and Young People's Services	Children's Social Care	Moorside Children's Home	Assurance	In Progress	
Children and Young People's Services	Children's Social Care	Hicksted Children's Home	Assurance	In Progress	
Children and Young People's Services	Children's Social Care	Coxhoe Children's Home	Assurance	In Progress	
Children and Young People's Services	Children's Social Care	Youth Justice Information System (Childview)	Assurance	In Progress	
Children and Young People's Services	Education and Skills	Durham Learn	Assurance	Draft	
Children and Young People's Services	Education and Skills	SFVS	Assurance	Final	N/A
Children and Young People's Services	Early Help, Inclusion and Vulnerable Children	Supporting Families Programme: Claim 01 - June 2022	Grant Certification	Final	N/A
Children and Young People's Services	Early Help, Inclusion and Vulnerable Children	Supporting Families Programme: Claim 02 - September 2022	Grant Certification	Not Yet Started	
Children and Young People's Services	Early Help, Inclusion and Vulnerable Children	Supporting Families Programme: Claim 03 - December 2022	Grant Certification	Not Yet Started	
Children and Young People's Services	Early Help, Inclusion and Vulnerable Children	Supporting Families Programme: Claim 04 - March 2026	Grant Certification	Not Yet Started	
Children and Young People's Services	Children's Social Care	Placement Resource Panel (PRP) Arrangements	Assurance	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	Local Adoption Governance	Assurance	Not Yet Started	
Children and Young People's Services	Children's Social Care	Liquidlogic - Financial Process Meetings	Advice & Consultancy	In Progress	
Children and Young People's Services	Commissioning	Home to School Transport Review	Advice & Consultancy	Not Yet Started	
Children and Young People's Services	Education and Skills	Governor Training	Advice & Consultancy	Not Yet Started	
Children and Young People's Services	Operational Support	Caldicott Group	Advice & Consultancy	In Progress	
Children and Young People's Services	Education - Schools	School Programme (governance and financial management)	Assurance	In Progress	
Children and Young People's Services	Education - Schools	Audit of School Voluntary Funds	Fund Certification	11 Complete	
Neighbourhoods and Climate Change	Environment	Review of arrangements for reporting on carbon emissions performance	Assurance	Not yet started	
Neighbourhoods and Climate Change	Environment	Carbon Connects	Grant	Not yet started	
Neighbourhoods and Climate Change	Environment	SMEPower (Claim 6)	Grant	Not yet started	
Neighbourhoods and Climate Change	Environment	InnovateUK	Grant	Not yet started	
Neighbourhoods and Climate Change	Environment	Domestic Vehicle Charging Working Group	Advice and Consultancy	In Progress	
Neighbourhoods and Climate Change	Highway Services	Local Transport Capital Block Funding for NECA	Grant	Not yet started	
Neighbourhoods and Climate Change	Environment	REV UP (Regional Electric Vehicle Unified Plan)	Grant	Final	N/A
Neighbourhoods and Climate Change	Environment	Business Energy Efficiency Project (BEEP)	Advice and Consultancy	In Progress	
Regeneration, Economy and Growth	Culture, Sport and Tourism	Technical Assets and Inventory	Advice and Consultancy	Not yet started	
Regeneration, Economy and Growth	Corporate Property and Land	Policies and procedures for due diligence on new tenants	Advice and Consultancy	Not yet started	
Regeneration, Economy and Growth	Corporate Property and Land	Bishop Auckland Heritage Action Zone	Grant	Final	N/A
Regeneration, Economy and Growth	Development and Housing	Disabled Facilities Grant	Grant	Not yet started	
Regeneration, Economy and Growth	Development and Housing	Green Homes Grant - Phase 2	Grant	Not yet started	
Regeneration, Economy and Growth	Development and Housing	Selective Licensing Group	Advice and Consultancy	In Progress	
Regeneration, Economy and Growth	Transport and Contract Services	Local Transport Capital Block Funding	Grant	Not yet started	
Regeneration, Economy and Growth	Transport and Contract Services	Bus Subsidy Ring Fenced Grant	Grant	Not yet started	
Regeneration, Economy and Growth	Culture, Sport and Tourism	CLUK Income Share Agreement	Assurance	Not yet started	
Regeneration, Economy and Growth	Corporate Property and Land	Bishop Auckland Heritage Action Zone - Community Engagement	Grant	Final	N/A
Regeneration, Economy and Growth	Development and Housing	Homes England	Assurance	Not yet started	
Regeneration, Economy and Growth	Development and Housing	Planning Applications	Assurance	Not yet started	
Regeneration, Economy and Growth	Development and Housing	Green Homes Grant - Phase 1b	Grant	Final	N/A
Resources	Transactional and Customer Services	Housing Benefits and Council Tax Reduction - Accuracy Award Indicator	Advice and Consultancy	Preparation and Planning	
Resources	Transactional and Customer Services	Financial Assessments	Assurance	Preparation and Planning	
Resources	Corporate Policy, Planning and Performance	Data Quality	Assurance	Not yet started	
Resources	Legal & Democratic Services	Police and Crime Panel	Grant	Final	N/A
Resources	Legal & Democratic Services	RIPA Officers Group	Advice and Consultancy	In Progress	
Resources	Legal & Democratic Services	External Legal Fees	Advice and Consultancy	Preparation and Planning	
Resources	Legal & Democratic Services	Company Governance Group	Advice and Consultancy	In Progress	

INTERNAL AUDIT PLAN FOR PERIOD 1 APRIL 2022 TO 30 SEPTEMBER 2022: PROGRESS AS AT 30 JUNE 2022

SERVICE GROUPING	SERVICE	AUDIT ACTIVITY	AUDIT TYPE	STATUS	OPINION
Resources	Procurement, Sales and Business Services	SLA Board	Advice and Consultancy	In Progress	
Resources	Procurement, Sales and Business Services	Tendering System - System Implementation	Advice and Consultancy	Not yet started	
Resources	Procurement, Sales and Business Services	Rapid Improvement Workshops	Advice and Consultancy	In Progress	
Resources	Procurement, Sales and Business Services	Business Support links to Payroll and Employee Services (PES)	Advice and Consultancy	In Progress	
Resources	Procurement, Sales and Business Services	Creditors - Invoice and PO Authorisation (PO Hierarchy)	Key System	Cancelled	
Resources	Procurement, Sales and Business Services	Petty Cash and Payment Cards Workstream	Advice and Consultancy	In Progress	
Resources	Transactional and Customer Services	ResourceLink Programme Board	Advice and Consultancy	In Progress	
Resources	Transactional and Customer Services	Business, Energy and Industrial Strategy (BEIS) Grant Evidence	Advice and Consultancy	In Progress	
Resources	Transactional and Customer Services	Enforcement Arrangements	Advice and Consultancy	In Progress	
Resources	Digital Services	ICT - Incident Management	Assurance	Not yet started	
Resources	Digital Services	Digital Durham	Grant	Final	N/A
Resources	Digital Services	Information Governance Group	Advice and Consultancy	In Progress	
Resources	Procurement, Sales and Business Services	Creditors - Retrospective POs	Key System	Preparation and Planning	

FINAL REPORTS ISSUED IN PERIOD ENDING 30 JUNE 2022

AUDIT AREA	BRIEF DESCRIPTION OF SCOPE OF THE AUDIT	FINAL OPINION
ADULT AND HEALTH SERVICES (AHS)		
COVID-19 Test and Trace Service Support	Grant Certification	N/A
CHILDREN AND YOUNG PEOPLE'S SERVICES (CYPS)		
NEIGHBOURHOODS AND CLIMATE CHANGE (NCC)		
COVID-19 Area Budgets	Assurance review of the arrangements in place to mitigate against the risk grants not achieving targets, objectives or expected outcomes.	Substantial
REV UP (Regional Electric Vehicle Unified Plan)	Grant Certification	N/A
REGENERATION, ECONOMY AND GROWTH (REG)		
Peterlee Leisure Centre	Assurance review of the arrangements in place to mitigate against the risks of; <ul style="list-style-type: none"> - Income is recorded or processed inaccurately; - Income is not received for bookings/courses; - Cash is held or transported insecurely; - Unauthorised access to cash receipting system and till; - Gym membership income is not received; - Expenditure is inappropriate; - Stocks are inappropriate or insecure. 	Substantial
Seaham Leisure Centre	As above	Substantial
Potentially Violent Persons Register	Assurance review of the arrangements in place to mitigate against the risks of; <ul style="list-style-type: none"> - DCC employees and Members are subjected to violence and / or aggression; - Non-compliance with GDPR; - Employees are not appropriately supported by managers following an incident. 	Moderate

REGENERATION, ECONOMY AND GROWTH (REG) Contd.		
Stanley Indoor Bowls	Review of Accounts	N/A
Green Homes Grant – Phase 1b	Grant Certification	NA
Bishop Auckland Heritage Action Zone – Project Manager	Grant Certification	N/A
Bishop Auckland Heritage Action Zone – Community Engagement	Grant Certification	N/A

RESOURCES (Res)		
Creditors – Processing of Payments through ContrOCC	Assurance review of the arrangements in place to mitigate against the risk of incorrect payments being made or payments are not being made on a timely basis.	Substantial
Digital Services Business Continuity	Assurance review of the arrangements in place to mitigate against the risks of; <ul style="list-style-type: none"> - being unable to provide critical services to the community in the event of a major disruption; - being unable to recover business processes and procedures within required time; - employees not being able to respond effectively to an incident or disruption; - the Business Continuity Plan being ineffective 	Moderate
Procurement Cards - Projects	Follow up review to the previous audit which provided a limited level of assurance.	N/A
Fuel Cards	Follow up review to the previous audit which provided a limited level of assurance.	N/A
Digital Durham	Grant Certification	N/A
Section 75 Agreements – Better Care Fund	Grant Certification	N/A
Police and Crime Panel Grant	Grant Certification	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
ADULT AND HEALTH SERVICES (AHS)							
2019/20							
High	0	0	0	0	0	0	0
Medium	4	4	0	4	0	0	0
Total	4	4	0	4	0	0	0
2020/21							
High	0	0	0	0	0	0	0
Medium	4	2	0	2	2	2	0
Total	4	2	0	2	2	2	0
2021/22							
High	0	0	0	0	0	0	0
Medium	1	0	0	0	1	1	0
Total	1	0	0	0	1	1	0
2022/23							
High	0	0	0	0	0	0	0
Medium	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0
Overall Total	9	6	0	6	3	3	0
CHILDREN AND YOUNG PEOPLE'S SERVICES (CYPS)							
2019/20							
High	0	0	0	0	0	0	0
Medium	52	50	0	50	2	2	0
Total	52	50	0	50	2	2	0
2020/21							
High	0	0	0	0	0	0	0
Medium	14	14	0	14	0	0	0
Total	14	14	0	14	0	0	0
2021/22							
High	2	2	0	2	0	0	0
Medium	39	38	0	38	1	1	0
Total	41	40	0	40	1	1	0
2022/23							
High	0	0	0	0	0	0	0
Medium	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0
Overall Total	107	104	0	104	3	3	0
NEIGHBOURHOODS AND CLIMATE CHANGE (NCC)							
2019/20							
High	0	0	0	0	0	0	0
Medium	11	10	0	10	1	1	0
Total	11	10	0	10	1	1	0
2020/21							
High	3	3	0	3	0	0	0
Medium	20	20	0	20	0	0	0
Total	23	23	0	23	0	0	0
2021/22							
High	0	0	0	0	0	0	0
Medium	9	7	0	7	2	2	0
Total	9	7	0	7	2	2	0
2022/23							
High	0	0	0	0	0	0	0
Medium	4	4	0	4	0	0	0
Total	4	4	0	4	0	0	0
Overall Total	47	44	0	44	3	3	0
REGENERATION, ECONOMY AND GROWTH (REG)							
2019/20							
High	2	2	0	2	0	0	0
Medium	37	37	0	37	0	0	0
Total	39	39	0	39	0	0	0
2020/21							
High	2	2	0	2	0	0	0
Medium	13	13	0	13	0	0	0
Total	15	15	0	15	0	0	0
2021/22							
High	0	0	0	0	0	0	0
Medium	5	5	0	5	0	0	0
Total	5	5	0	5	0	0	0
2022/23							
High	0	0	0	0	0	0	0
Medium	5	5	0	5	0	0	0
Total	5	5	0	5	0	0	0
Overall Total	64	64	0	64	0	0	0
RESOURCES (RES)							
2019/20							
High	0	0	0	0	0	0	0
Medium	116	114	0	114	2	2	0
Total	116	114	0	114	2	2	0
2020/21							
High	0	0	0	0	0	0	0
Medium	61	60	0	60	1	1	0
Total	61	60	0	60	1	1	0
2021/22							
High	1	1	0	1	0	0	0
Medium	16	16	0	16	0	0	0
Total	17	17	0	17	0	0	0
2022/23							
High	0	0	0	0	0	0	0
Medium	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0
Overall Total	194	191	0	191	3	3	0
TOTAL COUNCIL							
2019/20							
High	2	2	0	2	0	0	0
Medium	220	215	0	215	5	5	0
Total	222	217	0	217	5	5	0
2020/21							
High	5	5	0	5	0	0	0
Medium	112	109	0	109	3	3	0
Total	117	114	0	114	3	3	0
2021/22							
High	3	3	0	3	0	0	0
Medium	70	66	0	66	4	4	0
Total	73	69	0	69	4	4	0
2022/23							
High	0	0	0	0	0	0	0
Medium	9	9	0	9	0	0	0
Total	9	9	0	9	0	0	0
OVERALL TOTAL	421	409	0	409	12	12	0

Performance Indicators as at 30 June 2022

Efficiency Objective: To provide maximum assurance to inform the annual audit opinion			
KPI	Measure of Assessment	Target & (Frequency of Measurement)	Actual
Productive audit time achieved	% of planned productive time from original approved plan completed.	90% (Annually)	21.5% as at 30 June 2022
Timeliness of Draft Reports	% of draft reports issued within 20 working days of end of fieldwork/closure interview	100% (Quarterly)	100% (16 out of 16)
Timeliness of Final Reports	% of final reports issued within 10 working days of receipt of management response	100% (Quarterly)	100% (13 out of 13)
Quarterly Progress Reports	Quarterly progress reports issued to Corporate Directors within one month of end of period	100% (Quarterly)	100%
Quality Objective: To ensure that the service is effective and adding value			
KPI	Measure of Assessment	Target & (Frequency of Measurement)	
Recommendations agreed	% of recommendations made compared with recommendations accepted	95% (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 4.8
Customers providing feedback Response	% of customers returning satisfaction returns	70% (Quarterly)	91%

This page is intentionally left blank

Audit Committee

30 September 2022

**Six-Month Internal Audit Plan: 1
October 2022 to 31 March 2023**



Report of Paul Darby, Corporate Director of Resources

Electoral division(s) affected:

Countywide.

Purpose of the Report

- 1 To submit for members approval, the proposed Six-Month Internal Audit Plan for the period from 1 October 2022 to 31 March 2023.

Executive Summary

- 2 The first Six-Month Internal Audit Plan, for the period up to 30 September 2022, was presented to Audit Committee on 24 May 2022. Progress against that the delivery of that plan is being closely monitored.
- 3 This report sets out the proposed second Six-Month Internal Audit Plan, for the period 1 October 2022 to 31 March 2023, with the detail included in Appendix 2.

Recommendation

- 4 It is recommended that Members approve the proposed second Six-Month Internal Audit Plan, for the period 1 October 2022 to 31 March 2023, as detailed in Appendix 2.

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 the first six months of 2022/23, from April 2022 to September 2022, was approved by Audit Committee, on 24 May 2022 and has been subject to ongoing monitoring.
- 7 This report sets out the proposed second Six-Month Internal Audit Plan for the period 1 October 2022 to 31 March 2023, with the detail included in Appendix 2.

Six-Month Plan for 1 October 2022 to 31 March 2023

- 8 The proposed Six-Month Internal Audit Plan up to 31 March 2023, attached at Appendix 2, includes provision for:
 - (a) Work that was approved in the 2021/22 audit plan that was deferred and carried forward to the current year;
 - (b) Planned assurance work scheduled from the 5-year strategic audit plan;
 - (c) Annual due diligence on key systems and compliance with key corporate policies;
 - (d) Service requests identified through the consultation process with senior management;
 - (e) Grant certification work;
 - (f) Corporate provision for reactive advice and consultancy work and new emerging risks;
 - (g) Corporate provision for planning, quality assurance and reporting;
 - (h) Follow up of agreed audit recommendations.
- 9 Operational risks are those that arise directly from the core activities of delivering services and include:
 - (a) Financial Management Risks;
 - (b) Project Risks;
 - (c) Performance Management Risks;

- (d) Partnership Risks;
- (e) Human Resources Risks;
- (f) IT and Information Governance Risks;
- (g) Procurement and Contract Risks;
- (h) Legal Risks;
- (i) Service Specific Risks.

10 In evaluating the management of these risks, Internal Audit aims to help the achievement of corporate priorities and objectives by providing assurance on:

- (a) The adequacy of risk identification, assessment and mitigation – including the adequacy and effectiveness of the strategic risk management process;
- (b) The adequacy and application of controls to mitigate identified risk;
- (c) The adequacy and extent of compliance with the Council's corporate governance framework;
- (d) The extent of compliance with relevant legislation;
- (e) The extent to which the Council's assets and interests are accounted for and safeguarded from loss of all kinds including fraud, waste, extravagance, inefficient administration and poor value for money;
- (f) The quality and integrity of financial and other management information utilised within the Council.

11 In accordance with the Internal Audit Strategy, in consultation with Heads of Service and nominated service manager or key contacts, the Service will prepare an agreed Terms of Reference prior to the start of each planned audit and where applicable a Control Risk Assessment (CRA) so as to:

- (a) Inform the scope for audit;
- (b) Identify and agree key service/system operational objectives;
- (c) Assess and agree key risks;
- (d) Identify and agree expected/existing key controls;

- (e) Identify other key sources of assurance and what assurance they provide that risks are effectively managed;
 - (f) Identify key stakeholders/contacts and circulation list for report;
 - (g) Provide a mechanism for ongoing self-assessment post audit.
- 12 The Service will make all reasonable endeavours to schedule audit work within the timing preference expressed by services, but inevitably this may not always be possible due to the practicalities of scheduling work across all service groupings to match estimated audit resources available.
- 13 Given the continuous extent of the change agenda with which the Council is faced at this time, it is particularly important that the audit plan is flexible and allows for the service to be pro-active in supporting management in the consideration of control issues relating to new or emerging risks.
- 14 Service requests are actively encouraged and will be considered in relation to the risk and the type of audit work required, e.g. control design and/or compliance assurance, grant certification work, advice and consultancy etc. and whether or not the service has the necessary skills and resources to undertake the work requested.
- 15 It is always the preference for Internal Audit to be involved in any changes to systems to advise on the appropriate controls before they are implemented rather than potentially auditing a system in retrospect that then requires any improvements.
- 16 Any proposals to amend approved plans will be discussed and agreed with Corporate Directors and any significant changes will be reported to the Audit Committee for approval.

Delivery of the Internal Audit Plan up to 31 March 2023

- 17 The forecast of available resources to be allocated to the management and delivery of the second six-month audit plan is 2,031 days. The detail of this allocation is shown in the table below.

Estimated Gross Days Available	2,031.0
Non – Productive Time (Annual Leave, Sickness, Training, Office Duties etc.)	360.5
Productive Time – not allocable to services, e.g. Audit Planning, Supporting Audit Committee, Quality Assurance, Contingency	321.5
Audit days required to complete and close audit reports relating to the first six months of 2022/23	340.0
<u>Audit Plan from October 2022 to March 2023</u>	
Adult and Health Services (AHS)	87.0
Children and Young People Service (CYPS)	87.0
Neighbourhoods and Climate Change (NCC)	49.0
Regeneration, Economy and Growth (REG)	57.0
Resources (RES)	180.0
Schools	261.0
Durham Police and Crime Commissioner / Durham Constabulary	90.0
Durham and Darlington Fire & Rescue Authority	45.0
Durham Crematorium	18.0
Mountsett Crematorium	18.0
Pension Fund	24.0
New College Durham	31.0
Peterlee Town Council	15.0
Spennymoor Town Council	10.0
Great Aycliffe Town Council	27.0
Horden Parish Council	10.0
TOTAL DAYS REQUIRED	2,031.0

- 18 At the Audit Committee meeting, held on 24 May 2022, an indicative plan for the second six-month period was presented for information. The indicative plan included an estimated total resource availability of 2,120 days. The proposed plan attached is based on 2,031 audit days – a reduction of 89 days, which is the consequence of staff turnover within the service, with several posts becoming vacant in the first six-months and the time taken to recruit new people into these roles.
- 19 Monitoring of the plan will continue during the rest of the year, through quarterly progress reporting, to provide feedback on delivery and to discuss any new or emerging risks.

Contact: Tracy Henderson Tel: 03000 269668
Paul Monaghan Tel: 03000 269662

Appendix 1: Implications

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

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

There are no crime and disorder implications as a result of this report.

Staffing

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

Accommodation

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

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

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

DCC INTERNAL AUDIT PLAN 1 OCTOBER 2022 TO 31 MARCH 2023

SERVICE GROUPING	AUDIT ACTIVITY	AUDIT TYPE	DAYS
Adult and Health Services	Continuing Health Care and Free Nursing Care	Assurance	22.0
Adult and Health Services	Section 117	Assurance	12.0
Adult and Health Services	Public Health Claims processed via Pharmoutcomes	Assurance	17.0
Adult and Health Services	Stop Smoking Service Contract	Assurance	12.0
Adult and Health Services	Transitional Arrangements between Childrens and Adult Services	Assurance	12.0
Adult and Health Services	Approval and Payment of Commissioned Services - Panel arrangements for payments to providers	Assurance	12.0
			87.0
Children and Young People's Services	Disability Commissioning Arrangements (Short Breaks)	Assurance	12.0
Children and Young People's Services	Children In Need	Assurance	15.0
Children and Young People's Services	Supervised Spend - Leaving Care Service	Assurance	15.0
Children and Young People's Services	Supporting Families Programme	Grant Claim	5.0
Children and Young People's Services	High Needs Top Up funding arrangements in Schools	Assurance	15.0
Children and Young People's Services	SFVS	Assurance	5.0
Children and Young People's Services	Developing Financial Management Standards in Schools	Advice and Consultancy	2.0
Children and Young People's Services	Review of Swimming SLA	Assurance	8.0
Children and Young People's Services	Caldicott Compliance	Assurance	10.0
			87.0
Neighbourhoods and Climate Change	Fees and Charges	Assurance	12.0
Neighbourhoods and Climate Change	Anti Social Behaviour	Advice and Consultancy	12.0
Neighbourhoods and Climate Change	Charging Arrangements	Assurance	12.0
Neighbourhoods and Climate Change	Rebus	Grant	5.0
Neighbourhoods and Climate Change	Carbon Connects (2)	Grant	5.0
Neighbourhoods and Climate Change	SMEPower (Claim 7)	Grant	3.0
			49.0
Regeneration, Economy and Growth	Asset Valuation	Assurance	20.0
Regeneration, Economy and Growth	Choice Based Letting Scheme	Assurance	12.0
Regeneration, Economy and Growth	Finance Durham	Assurance	12.0
Regeneration, Economy and Growth	Stanley Bowls	Audit of Accounts	1.0
Regeneration, Economy and Growth	Consett Empire Theatre	Assurance	12.0
			57.0
Resources	Deputies and Appointees - Personal Allowance Payments	Assurance	15.0
Resources	Bank Reconciliation	Key System	5.0
Resources	Direct Debit Payments	Key System	7.0
Resources	Short Term Investments	Key System	10.0
Resources	Leases - IFRS16	Assurance	12.0
Resources	Budgetary Control and Financial Reporting	Key System	12.0
Resources	Section 256 Agreements	Grant	7.0
Resources	Better Care Fund and Improved BCF (Sn 75)	Grant	5.0
Resources	Contract Management	Assurance	10.0
Resources	Creditors - Overarching	Key System	1.0
Resources	Creditors - Receipting of Goods	Key System	12.0
Resources	Payroll - Overarching	Key System	1.0
Resources	Payroll - Preparation: Temporary Input	Key System	12.0
Resources	Business Rates - Overarching	Key System	1.0
Resources	Business Rates - Valuation	Key System	12.0
Resources	Business Rates - Billing and refunds	Key System	12.0
Resources	Housing Benefit and CTR - Overarching	Key System	1.0
Resources	Housing Benefit and CTR - Overpayment Recovery	Key System	6.0

DCC INTERNAL AUDIT PLAN 1 OCTOBER 2022 TO 31 MARCH 2023

SERVICE GROUPING	AUDIT ACTIVITY	AUDIT TYPE	DAYS
Resources	Housing Benefits and Council Tax Reduction - Supported Accommodation	Advice and Consultancy	12.0
Resources	Council Tax - Overarching	Key System	1.0
Resources	Council Tax - Valuation	Key System	12.0
Resources	Active Directory	Assurance	7.0
Resources	IT Asset Management	Assurance	7.0
			180.0

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank