



Audit Committee

Date Tuesday 28 February 2023

Time 9.30 am

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 28 November 2022 (Pages 3 - 12)
3. Declarations of interest, if any
4. Health, Safety and Wellbeing Performance Report Quarter 3 2022/2023 - Report of the Corporate Health and Safety Manager (Pages 13 - 32)
5. Changes to the Code of Practice for Local Authority Accounting in the UK (CIPFA Code) - Report of Corporate Director of Resources (Pages 33 - 38)
6. Agreement of Accounting Policies for Application in the 2022-23 Financial Statements - Report of Corporate Director of Resources (Pages 39 - 74)
7. Final Accounts Timetable for the Year Ended 31 March 2023 - Report of the Corporate Director of Resources (Pages 75 - 82)
8. External Audit 2021/22 - Progress Report - Report of the External Auditor (Pages 83 - 102)
9. Corporate Governance Review 2022/23 - Key Dates - Report of the Corporate Director of Resources (Pages 103 - 108)
10. Strategic Risk Management Progress Report for 2022/23 - Review 3: 1 October - 31 December 2022 - Report of the Corporate Director of Resources (Pages 109 - 156)
11. Revised Risk Management Policy and Strategy - Report of Corporate Director of Resources (Pages 157 - 168)
12. Internal Audit Progress Report Period Ending 31 December 2022 - Report of Corporate Director of Resources (Pages 169 - 186)

13. Emergent Internal Audit Plan 2023/24 - Report of Corporate Director of Resources (Pages 187 - 202)
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 Ending 31 December 2022 - Report of the Corporate Director of Resources (Pages 203 - 208)
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
20 February 2023

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 **Monday 28 November 2022 at 9.30 am**

Present:

Councillor A Watson (Chair)

Members of the Committee:

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

Co-opted Members:

Mr C Robinson and Mr I Rudd

1 Apologies for absence

Apologies for absence were received from Councillors P Heaviside and A Jackson.

2 Minutes

The minutes of the meeting held on 30 September 2022 were agreed as a correct record and signed by the Chair.

3 Declarations of interest

There were no declarations of interest.

The Chair advised of a change to the agenda order and referred to item 9 on the agenda, Quarter 2 2022/23 Health, Safety and Wellbeing Performance to be presented first.

4 Health, Safety and Wellbeing Performance Report Quarter 2 2022/2023

The Committee considered a report of the Corporate Health and Safety Manager which provided an update on the Council's Health, Safety and Wellbeing (HSW) performance for Quarter two 2022/23 (for copy see file of minutes).

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

Quarter 2 incidents in numbers;
Health, Safety and Wellbeing Strategy 2022-2025;
Audits and Inspections;
Fire Incidents and Inspections;
Employee Health and Wellbeing;
Open Water Safety;
Occupational Health Service;
Potentially Violent Persons Register;
Corporate Risks that may impact on Health and Safety.

Responding to a query from Councillor M McGaun regarding the violent persons register process, the Corporate Health and Safety Manager advised of the ways individuals were added to the register which included incidents reported by members and employees and local intelligence from the police and multi-agency organisations regarding risks relating to individuals or addresses within the County.

Resolved:

That the report be agreed.

5 Audit Completion Report 2021/2022 - Durham County Council

The Committee received the Audit Completion Report of the External Auditor relating to the year ended 31 March 2022 which provided a summary of audit conclusions (for copy see file of minutes).

Mr Outterside, Mazars presented the report and highlighted the outstanding work which included the national infrastructure assets issue and the whole of government accounts. He advised that both matters were outside of their control and nothing to do with the authority. They were still waiting for information from the National Audit Office and when the issues were resolved, the audit closure process would be completed. It was noted that the materiality was £30.485m which was slightly higher than the £28.971m set at the planning stage of the audit. Referring to findings in relation to property valuation, it was noted that some control recommendations were identified, however they were not considered to be a significant concern.

In response to a query from Mr Rudd regarding concerns with recurring issues relating to land and buildings assets, Mr Kirkham, Mazars advised that the area of work had increased which resulted in increased challenge and required new procedures to mitigate the audit risk. He added that there was no threat to funds and the valuation of property, plant and equipment was an area of work that involved judgement and required sufficient evidence to satisfy the audit requirements.

Mr Robinson referred to a previous Transformation Programme presentation that had been presented to the Committee and asked if it was possible to provide an update on the arrangements in place to secure value for money. Mr Kirkham, Mazars advised that this was an area of work undertaken by external audit to challenge local authorities on plans to bridge forecasted gaps in the Medium Term Financial Plan and to ensure that cost improvement exercises were grounded and deliverable. He added that the Council's accounts and value for money arrangements had been tested and was pleased to report there were no findings and the Council had provided sufficient evidence to manage the risk of any unaddressed gaps. The Corporate Director of Resources confirmed that a Transformation Programme update would be presented at a future meeting.

In response to a query from Councillor T Smith, the Corporate Director of Resources advised that savings and improvement suggestions were welcomed from staff, members and any stakeholders and could be emailed to him directly. He added that discussions take place with AAPs, partnership forums and through the staff suggestion scheme as part of the budget consultation process.

Resolved:

That the report be noted.

6 Audit Completion Report 2021/2022 - Pension Fund

The Committee received the Audit Completion Report of the External Auditor relating to the Durham County Council Pension Fund, for the year ended 31 March 2022 (for copy see file of minutes).

Resolved:

That the report be noted.

7 Annual Governance Statement for the year April 2021 to March 2022

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

Mr Robinson queried the impact on governance arrangements on service areas and the effectiveness of internal controls. The Corporate Director of Resources advised that service areas were required to complete a self-assessment that considered reviews, audit inspections and improvements made to internal controls throughout the year which was then incorporated into the Annual Governance Statement.

In response to concerns raised regarding public consultations and the lack of feedback provided, the Corporate Director of Resources referred to the corporate guidance which aims to achieve meaningful engagement and to provide evidence that a robust decision process had been followed, with views from public consultations to be considered as part of the process. It was noted that difficult decisions had to be made with unpopular outcomes sometimes, however it was acknowledged that feedback to those who participated in exercises could be improved and the suggestion to provide an explanation why a particular route had been decided would be fed back to the relevant services.

Resolved:

That the report be approved.

8 Statement of Accounts for the year ended 31 March 2022

The Committee considered a report of the Corporate Director of Resources which presented the council's statement of accounts for the financial year ended 31 March 2022 and sought to delegate authority to the Responsible Finance Office, the Corporate Director of Resources, to approve the accounts upon resolution and conclusion of the national infrastructure assets technical accounting issue and Whole of Government Accounts instruction (for copy see file of minutes).

With regards to a query from Mr Rudd relating to cross referencing financial performance figures, the Finance Manager, Revenue, Pensions and Technical Accounting advised that clarification would be provided following the meeting. The Corporate Director of Resources explained that the narrative document was a summary of the outturn report which was a management account to help aid the understanding of the performance of the Council. Mr Kirkham, Mazars confirmed that consistency of the narrative report was part of the work carried out by external audit.

Responding to a query from Councillor R Ormerod regarding control over suggestions made by external audit, Mr Kirkham, Mazars advised that the Council in no way control the direction of work undertaken by external auditors and they were totally independent and free from influence of reporting entities. The Corporate Director of Resources added that external auditors could be appointed via the Councils procurement process, however advised that Audit Committee agreed at its meeting in November 2021 to participate in a National Scheme for Auditor Appointments managed by Public Sector Audit Appointments (PSAA) who appointed the Councils external auditors. He also confirmed that we received robust challenge and scrutiny from the external audit team and that whilst we work with them there certainly was not, nor should there be, any control over them or the scope of their work.

Resolved:

- (i) That the updated draft statement of accounts for the council, for the financial year ended 31 March 2022 including the pension fund financial statements subject to the proposed changes noted in paragraph 36 of the report in relation to infrastructure assets be approved;
- (ii) That delegated authority for the approval of the Accounts to be undertaken by the Corporate Director of Resources (and Responsible Finance Officer) upon resolution of Infrastructure Assets reporting requirements expected in early 2023 (subject to the amendments being in line with those set out in the report) be approved.

9 Annual Governance Statement for the year April 2021 to March 2022: Actions Update

The Committee received a report of the Corporate Director of Resources which provided an update on the progress being made in relation to the actions arising from the Council's draft Annual Governance Statement for the year ended 31 March 2022 (for copy see file of minutes).

Resolved:

That the progress made against each of the improvement actions identified in the draft AGS 2021/22 be noted.

10 Strategic Risk Management Progress Report for 2022/23 - Review 2: 1 June - 30 September 2022

The Committee considered a report of the Corporate Director of Resources which supports the Council's Risk Management Strategy and highlights the strategic risks facing the Council and provides an insight into the work carried out by the Corporate Risk Management Group between June and September 2022 (for copy see file of minutes).

Mr Rudd referred to the A690 land slippage and asked if discussions had taken place with Network Rail regarding similar issues. The Corporate Director of Resources advised that the Council work with the North East Transport Team, however he would clarify whether there had been engagement with Network Rail. He added that the issue was being monitored and the risk escalation was due to the increase in intervention costs. It was noted that the scheme was included in the Durham City levelling up bid, however, the scheme would need to be considered as part of the capital programme should the levelling up bid not be supported.

Following the meeting, the Corporate Director of Resources sought further clarification on this issue and was informed that the Council had consulted throughout with Northern Power Grid as the landowner adjacent to the A690. Northern Power Grid had engaged with a specialist ground investigation contractor to install monitoring stations on the slope that had suffered with recent slippage causing damage to the access road and buildings. Network Rail haven't been engaged as part of this scheme given that they do not own any assets that would be impacted by the project.

Responding to a further query regarding risk management training, the Risk, Insurance and Governance Manager advised that they were in the process of designing new risk management training which would be rolled out early 2023.

Resolved:

That the report be agreed.

11 Local Code of Corporate Governance

The Committee considered a report of the Corporate Director of Resources which sought approval of the updated Local Code of Corporate Governance following an annual review (for copy see file of minutes).

Resolved:

That the updated Local Code of Corporate Governance be agreed and be presented to Council for consideration and information at its meeting on 25 January 2023.

12 Anti-Money Laundering Policy

The Committee considered a report of the Corporate Director of Resources which provided the revised Anti Money Laundering Policy to remind members and employees of the council of the internal procedures that must be followed to prevent the use of council services for money laundering (for copy see file of minutes).

Regarding a query in relation to areas that expose the council to money laundering, the Corporate Director of Resources gave examples of money laundering activity that the Council were required to be aware of. It was noted that the risk to the Council was relatively low, however regulations required that policies and procedures were in place and steps were taken to minimise the likelihood of money laundering.

Resolved:

That the Anti-Money Laundering Policy attached at Appendix 2 of the report be agreed.

13 Confidential Reporting Code

The Committee considered a report of the Corporate Director of Resources which provided the updated Confidential Reporting Code to remind members and employees of how employees can express any concerns they had about a procedure, process, or person confidentially (for copy see file of minutes).

Responding to the query why schools had a separate confidential reporting policy, the Fraud Manager explained that both policies were similar and the Council were responsible for the investigation, however schools had different reporting options. The Corporate Director of Resources added that the policy would apply to schools with a Service Level Agreement (SLA) with the Council and policies would be checked as part of the audit process.

Resolved:

That the Confidential Reporting Code attached at Appendix 2 of the report be agreed.

14 Fraud Response Plan and Corporate Fraud Sanctions Policy

The Committee considered a report of the Corporate Director of Resources which provided the revised Fraud Response Plan and Corporate Fraud Sanction Policy that highlights the main changes (for copy see file of minutes)

Resolved:

That the Fraud Response Plan at Appendix 2 of the report and the Corporate Fraud Sanctions Policy at Appendix 3 of the report be agreed.

15 Protecting the Public Purse - Update Activity Report as at 30 September 2022

The Committee received a report of the Corporate Director of Resources that provided an update on the work that had been carried out during the first six months of 2022/23 and the progress that had been made by the Corporate Fraud Team up to 30 September 2022 (for copy see file of minutes).

Mr Rudd referred to the change in policy and queried whether there would be a different format for reporting prosecutions and sanctions. The Fraud Manager confirmed that the new reporting format would provide a clearer picture showing cases that had been concluded, recommended for sanction and actual sanctions that had been applied following court proceedings. He referred to specific legislation around housing fraud investigations and advised that Housing Associations were being encouraged to pursue more

prosecutions and that awareness plans relating to financial irregularities may encourage more referrals.

Responding to a query regarding fraud activity involving the police, the Fraud Manager advised that the Council liaise with various units depending on the type of case. It was noted that most cases were referred to the Local Crime Unit, however more complex crimes would require involvement from the Economic Crime Unit.

Resolved:

That the contents of the report be noted.

16 Internal Audit Progress Report Period Ending 30 September 2022

The Committee received a report of the Corporate Director of Resources that provided an update on the work that had been carried out by Internal Audit during the period 1 April 2022 to 30 September 2022, as part of the Internal Audit Plan for the first six months of 2022/23 (for copy see file of minutes).

Responding to a query regarding the position relating to the audit plan delivery, the Chief Internal Auditor and Corporate Fraud Manager advised that work had started assessing what was required to deliver opinions for high risk areas and was confident that assurance opinions would be provided for the key financial systems.

Resolved:

That the contents of the report be noted.

17 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.

18 Protecting the Public Purse - Update Activity Report as at 30 September 2022

The Committee received a report of the Corporate Director of Resources which provided an update on activity to 30 September 2022 (for copy see file of minutes).

Resolved:

That the report be noted.

19 Internal Audit Progress Report Period Ending 30 September 2022

The Committee received a report of the Corporate Director of Resources which provided details of internal audit progress to 30 September 2022 (for copy see file of minutes).

Resolved:

That the report be noted.

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Audit Committee

28 February 2023

**2022/23 Quarter 3 Health, Safety
and Wellbeing Performance
Report**



**Report of Amy Harhoff, Corporate Director of Regeneration,
Economy and Growth**

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 three 2022/23.

Executive summary

- 2 There were 502 work related accidents and incidents during quarter three which was an increase from the two previous quarters (386 & 306). Of these there was 17 RIDDOR reportable over 7 days incidents and 1 RIDDOR specified injury related incident. 12 of the over 7 day RIDDOR reportable incidents occurred IN quarter 3 were within CYPS.
- 3 There were 3 fire related incidents, all involving refuse vehicle fires at separate locations across the County. All three incidents were caused by the placing of batteries or other potential ignition sources into household or recycling bins. In all three incidents the crews acted accordingly and followed the safe working procedures for dealing with hot loads.
- 4 There were 119 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 94.55%. Once again, the majority of noncompliance issues were of a low priority and over 300 opportunities for improvement were identified during auditing as well as best practice being evidenced in many areas.
- 5 The second employee working well survey was completed and a total of 3,052 responses were received (3,033 electronically and 19 via hard copies). This represented 35.6% of employees in the survey population of 8,570. Initial headline results of the survey have been presented to

the Better Health at Work Group and these will be followed with detailed service grouping and Head of Service results in Quarter four.

- 6 The Council also made a further positive step for employee wellbeing by signing up to the workplace menopause pledge and commitment to actively supporting and informing employees affected by the menopause.

Recommendation(s)

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

502

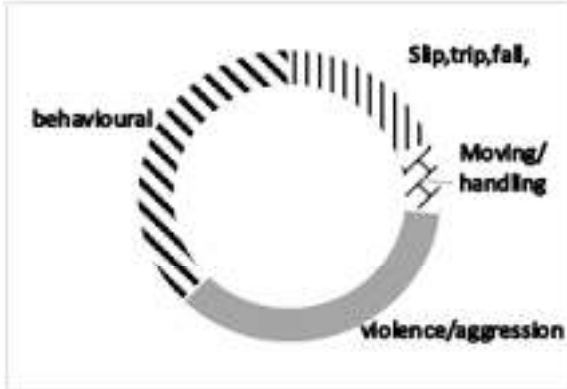
Accidents, incidents and near misses reported (306 Q2 and 386 in Q1 2022/23)



95%

Of all reported accidents are either no injury or near miss

Main Accident/Incident Causes



1 RIDDOR 'specified' injury, and 17 over 7 days absence RIDDOR injuries

Employee working well survey completed in Quarter 3 2022/23.



• Better Health at Work Maintaining Excellence Status and working towards ambassador status



47 psychological work-related incidents in Q3 2022/23 compared to 32 in Q2 and 30 in Q1 2022/23.

3 fire related incident



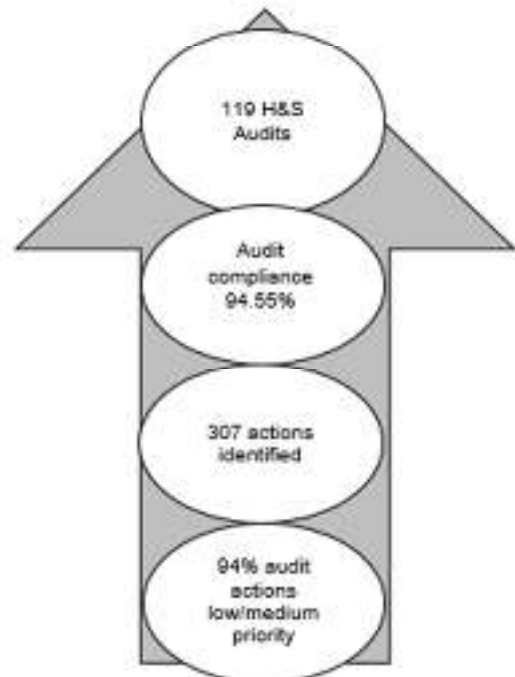
0 CDDFRS inspections of council premises



Workplace influenza vaccine delivered in Q3

0

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



Background

- 1 The corporate 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.

Consultation/Communication

- 2 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.
- 3 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

- 4 There were a total of 119 audits and inspections undertaken by the H&S team during quarter three.

Chart 1 – Audit and Inspection Activity for Quarter 3.



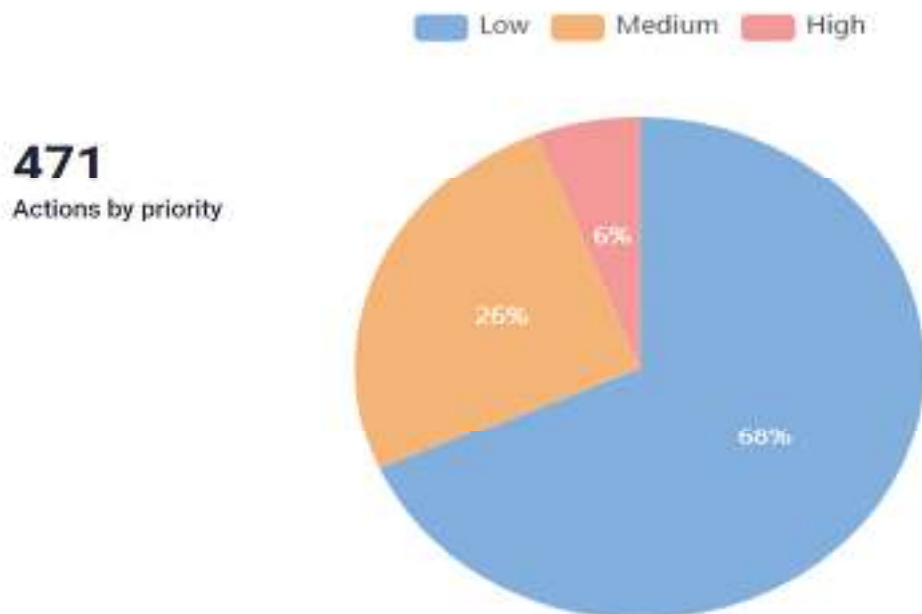
- 5 From the audits undertaken the following headline percentage compliance scores can be determined for each area:

Table 1 Compliance scores

TITLE	INSPECTIONS	SCORE (%)
	Total	Average
Civil Engineering and Construction Sites	17	84.28%
Clean & Green	3	94.32%
Crematoria	2	91.18%
CYPS	4	90.53%
Fire Safety	9	95.79%
Refuse and Recycling	11	90.12%
School Audits	53	96.40%
Waste Transfer Stations	2	92.74%

6 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



High Priority Action Areas

Site	High Priority Actions
Buildings Construction Site	6
Acre Rigg Infant School	4
Sherburn Primary School	4
Wingate Primary	3
Eskdale Academy	2
Building And Facilities Management	2
Wingate Primary School	2
Aycliffe Secure	1
Morrison Busty Compound and Nursery	1
Barbara Priestman Academy	1
Brandon Sure Start Children's Centre	1

Fire Incidents

- 7 There were 3 fire related incidents on board Durham County Council refuse vehicles. These were at Esh Winning, Woodstone village and Chapel Row, Middleton in Teesdale.

Esh Winning

- 8 It was reported that at 08:57 hours on 14 October 2022 that sparks could be seen in the back of a refuse vehicle NK20 XTS during a household waste collection. The driver informed supervision and he was informed to take the vehicle back to Annfield Plain waste transfer station as per the hot load procedure. The load was tipped in the hot load bay it was identified that some lithium batteries were the cause of the sparks and smouldering in the waste. The batteries were removed, and the load was monitored before being taken away as per the usual disposal methods. A site visit was to take place to potential business and residents in the area to inform them of the correct way of disposing of batteries.

Woodstone Village

- 9 At 13:20 hours on 25 October the driver of refuse vehicle NK67 WLU noticed flames and smoke coming from inside the hopper. He drove the vehicle a short distance to a safe layby and called the fire service. They attended a short time later and extinguished a small fire within the hopper and ensured that it was out by checking with thermal imaging equipment for any hot spots in the hopper. The refuse vehicle returned to Annfield Plain waste transfer station and the load was left and monitored, a check was made of the load and several flammable items

were found within the waste namely a multipurpose lighter and cigarette lighter. It is believed that these may have been the source of ignition within the waste. The load was taken away as per the usual disposal methods.

Chapel Row

- 10 At 09:30 hours on the 12 December 2022 two operatives were emptying recycling bins at the rear of refuse vehicle NJ71 BZG. They noticed smoke coming out of the top of the vehicle and the determination was made to drive the short distance to the local depot to deposit the load in a safe area rather on the street. When the load was deposited it was identified that an area of the load was on fire. One of the operatives used a fire extinguisher to put it out. On examination of the load, it was identified that batteries within a discarded torch were believed to be the ignition source. Once the hot load had been deemed safe to move it was collected and taken to Heighington waste transfer station where it was disposed of as household waste due to it being contaminated waste.
- 11 It is evident that all three incidents were caused by the placing of batteries or other potential ignition sources into household or recycling bins. In all three incidents the crews have acted accordingly and followed the safe working procedures for dealing with hot loads.

Fire Inspections – County Durham and Darlington Fire and Rescue Service

- 12 There was no Fire and Rescue Service inspections of Council premises during Quarter three.
- 13 Following the major deficiencies letter issued by the Fire Service regarding Hawthorn House, the remedial work to subdivide the main corridor to reduce the compartment size and upgrade the trunking within the main corridor to achieve a minimum of 30 minutes fire resistance has been completed. In addition, all the fire doors to the bedrooms have been fitted with new cold smoke seals and intumescent strips. The fire risk assessment and site-specific emergency plan has also been updated, which includes the evacuation strategy with sufficient staff levels to evacuate the largest sub - compartment.
- 14 The Senior H&S (fire) advisor has informed the Business Fire Safety Officer who issued the major deficiencies letter that the remedial work to the home has been completed. A visit is planned by the fire safety Officer on 20 February 2023 to ensure that issues highlighted in the letter have been addressed.

Occupational Health

- 15 During Quarter 3, 254 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 Q3 this year has decreased from the Q3, 2021/22, a decrease of 30 referrals which represents a 11% decrease.

Chart 1

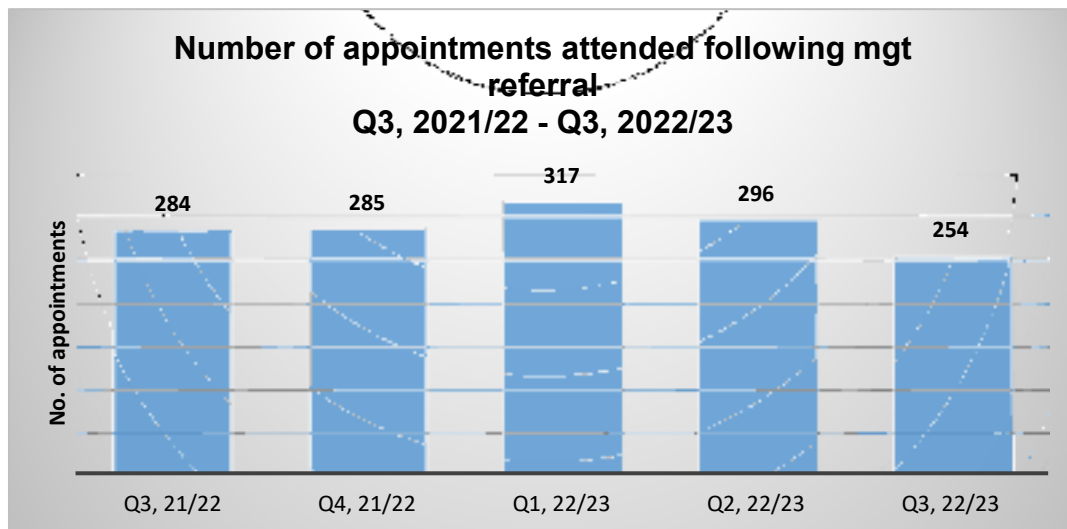
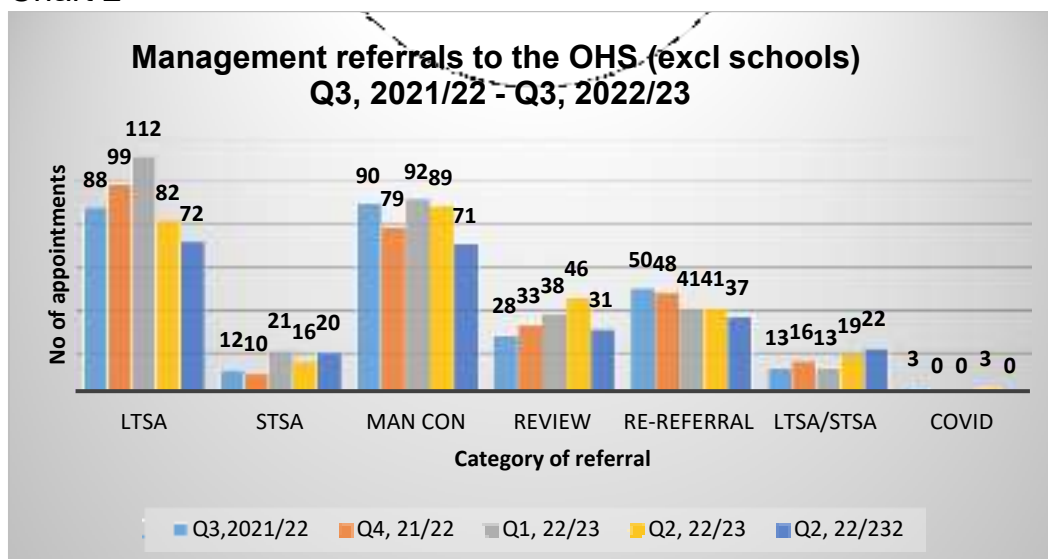


Chart 2 shows the categorisation of management referral appointments attended.

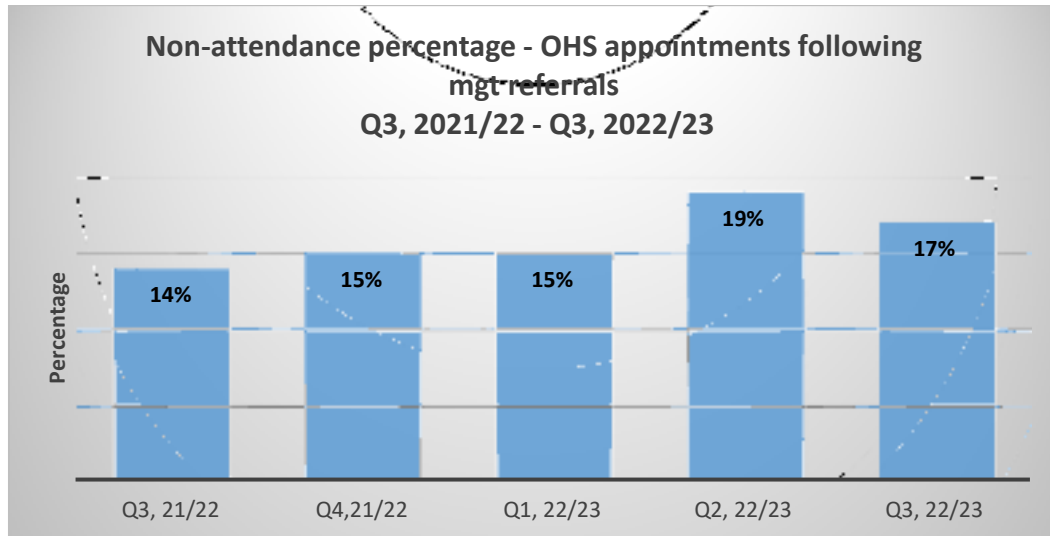
Chart 2



Management Referrals - Non Attendance

- 16 During Q3, 51 employees did not attend their allocated appointment following management referral. This represents a 17% non-attendance rate. See Chart 3

Chart 3



Management Referrals – Employee Attribution

- 17 During Quarter 3, 72 employees were seen for LTSA of which 24% (n=17) stated to the OHS that they consider the underlying cause to be due to work related factors. Of the 17 employees, 82% (n=14) identified this was due to 'psychological' reasons and 18% (n=3) identified as 'musculoskeletal' See Charts 4 & 5
- 18 Chart 6 shows the cause of absence categories for non-work related LTSA seen in the OHS, 27% (n=15) were due to psychological reasons; 27% (n=15) were due to musculoskeletal problems; and 46% (n=25) were due to other.

Chart 4

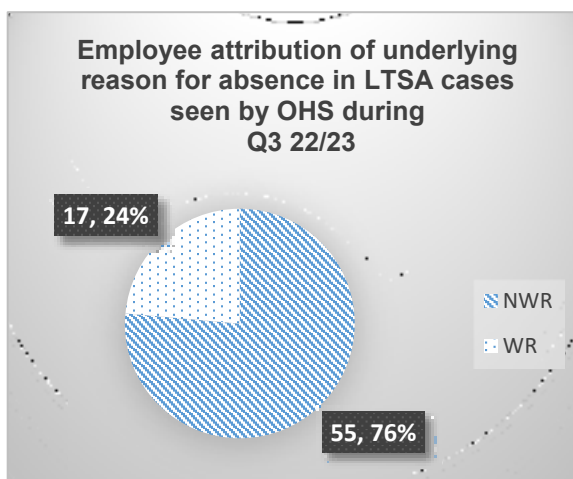


Chart 5

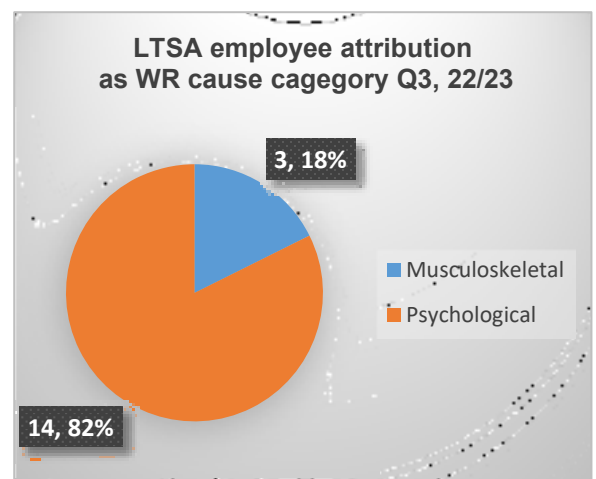
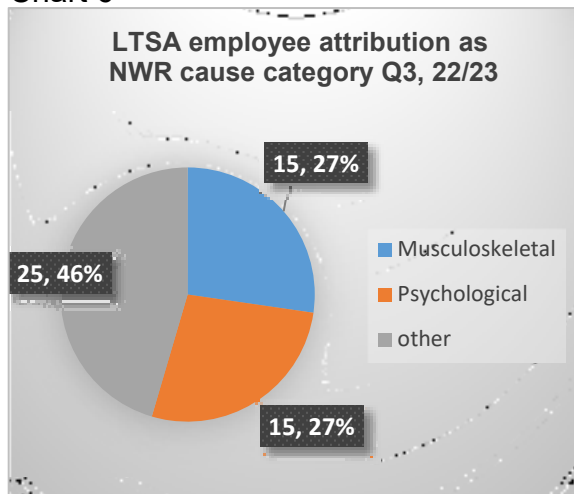


Chart 6



- 19 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.
- 20 During Q3, 71 employees were seen as a management concern, 14% (n=10) of these referrals stated to the OHS that they consider the underlying cause to be due to work related factors. (Chart 7) Of the 71 employees seen 80% (n=8) of the work related and 15% (n=9) of the non-work related were due to psychological reasons, by referring to the OHS support, advice and signposting to EAP can be given at an early stage and hopefully prevent an absence from work. Musculoskeletal problems accounted for 26% of non-work related and 20% 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.
- 21 Further analysis of the data relating to management concern referrals identified that 11% of the LTSA referrals received in Q2 were seen in the previous 12 months as a management concern referral.

Support Services

- 22 During Quarter 3, 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	Q3 22/23 Total	Q2 22/23 Total	Q1 22/23 Total	Q4 21/22 Total	Q3 21/22 Total
Number of routine physiotherapy referrals	10	9	9	12	12	0	-	52	60	65	57	59
Number of routine physiotherapy sessions	28	38	47	35	41	0	-	189	223	214	188	176
Number of 'face to face' counselling referrals	1	3	2	1	1	0	-	8	6	6	2	0
Number of 'face to face' counselling sessions	0	0	2	4	0	0	-	6	11	13	0	0
Total number of calls to the EAP	41	45	8	3	13	0	24	134	110	92	159	125
Telephone EAP structured counselling cases	3	0	0	0	0	0	0	3	7	0	0	77
Telephone EAP structured counselling sessions	0	0	0	0	0	0	0	0	38	0	0	62
Employees referred to online counselling	0	1	0	1	3	0	5	10	2	5	5	5
Online Counselling Sessions	1	4	0	0	1	0	1	7	11	7	9	10
Employees referred to online CBT	0	0	0	0	19	0	4	23	2	32	9	15
Online CBT sessions	3	13	0	5	2	0	8	31	0	22	72	46

Physiotherapy

- 23 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.

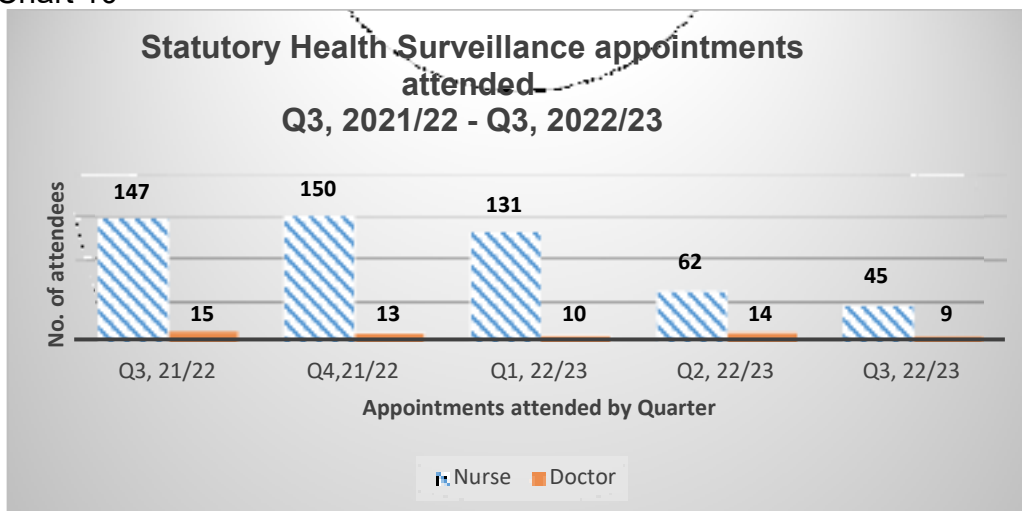
24 Q3 data provided by the contracted service has identified that 6% of the referrals for physiotherapy were related to work, it was also reported that 1 of the referrals was reported by the employee to be following a work accident. At the time of preparing this report (24/01/23) there was no waiting time for an initial assessment. The OHS will continue to monitor this waiting time and report to this group.

Health Surveillance

25 The OHS continues to provide statutory health surveillance programmes to employees in line with HSE guidelines. Some health surveillance clinics are carried out on site to minimise the effect on service delivery.

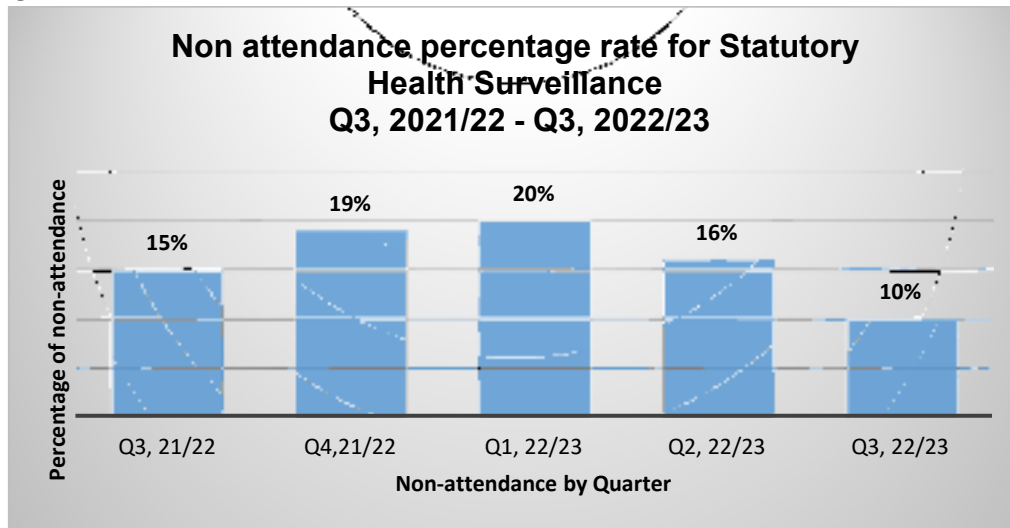
26 During Quarter 3, a total of 54 employees attended OHS appointments for routine statutory health surveillance, 45 with an Occupational Health Nurse and 9 with the Senior Occupational Health Physician.

Chart 10



27 During Quarter 3, 10% (n=6) employees failed to attend their appointment with the OHS in relation to statutory health surveillance. See Chart 11.

Chart 11



Immunisation

- 28 During Q3 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 30 vaccines. During Q3 there were 0 inoculation incidents
- 29 The Occupational Health Service delivered onsite flu vaccinations to employees who routinely provide up close and personal care to clients who are at risk of the complications of flu and provided additional clinics in the OHS, administering 342 flu vaccines during Q3.

Employee Health and Wellbeing

- 30 The employee better health at work group, chaired by Corporate Director Adult and Health Services, convened 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.
- 31 The second employee working well survey was undertaken during the quarter in order to collect information about the views of employees on a number of workplace wellbeing issues. These included family friendly policies and practices, flexible working, working conditions including control, demands, relationships, role and support, communication channel effectiveness, information, training, knowledge and awareness, willingness to speak up for the council and council benefits and networks. The survey also repeated a set of specific evidence-based questions on causes of work related stress as recommended by the Health and Safety Executive.

- 32 A total of 3,052 responses were received (3,033 electronically and 19 via hard copies). This represents 35.6% of employees in the survey population of 8,570.
- 33 The response rate was 3.8% lower than the equivalent survey undertaken in Spring 2017, which achieved a response rate of 39.4% (3,702 returns – 3,382 electronic and 320 hard copies. Of the total number of respondents, 13% of respondents came from AHS, 24% from CYPS, 13% from NACC, 20% from REG and 30% from Resources.
- 34 Overall, the findings from the second survey are broadly positive, and the survey response rate was high, particularly within the context of the amount of organisational change there has been since the last comparative survey in 2017. A summary of initial findings is provided in Appendix 2 of this report. In accordance with the post survey timeline agreed with CMT, additional analysis will be undertaken at the beginning of Quarter four to produce survey specific results at a Head of Service level across all service directorates.
- 35 The Council also signed up to the workplace menopause pledge which supports the Menopause Workplace Pledge campaign, led by the charity Wellbeing of Women, in partnership with Hello magazine and supported by BUPA. In signing the Menopause Workplace Pledge, the Council have committed to recognising that the menopause can be an issue in the workplace that needs support, talking openly, positively and respectfully about the menopause and actively supporting and informing employees affected by the menopause. The signing of the pledge supports ongoing work to promote the importance of looking after employee health and wellbeing.

Open Water Safety

- 36 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.
- 37 The City Safety Group continues to make progress with actions following the independent re-assessment of the city's river corridor by RoSPA in 2021. Relevant action owners and landowners have progressed additional infrastructure improvements as per assessment recommendations. Monitoring of recommendations progress will be undertaken via the quarterly City Safety Group meetings to ensure delivery.

- 38 There has been no further action required from a Council perspective following an incident in Durham City on 20 September 2022 where a body was recovered from the river in the city centre. Durham Constabulary confirmed that an investigation will be carried out before a file is prepared for the coroner.
- 39 Reassessments of previous open water safety risk assessments were completed during this quarter for the higher risk locations across the county to ensure that seasonal winter changes to locations are accounted for in risk assessments.
- 40 Work was completed in relation to Shotton pond location to address regular anti-social behaviour that has been affecting provision of public rescue equipment. Following a decision to install alternative vandal resistant equipment in the form of throw lines which are secured within metal cabinets, there has disappointingly been further deliberate attacks to destroy the new equipment. Work between the Council and CDDFRS has been undertaken to issue joint communications in local media to raise awareness of the impact of such attacks and removal of essential rescue equipment in an area where previous incidents have occurred.

Violence and Aggression – Potentially Violent Persons Register (PVPR)

- 41 At the close of Quarter three 2022/23, there were 100 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	4	75
2022/23	1	85
2022/23	2	89
2022/23	3	100
Number of Live Records		100
Number of Additions		35
Number of Removals		24
Number of Warning Letters Sent		11
Number of PVPR Appeals		3

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

- CYPS - 44 viewed 62 times
- AHS - 41 viewed 60 times
- N&CC - 53 viewed 38 times
- REG - 91 viewed 194 times
- RES - 77 viewed 619 times
- Members - 2 viewed 2 times

Corporate risks that may have an impact on Health and Safety

43 The below tables detail the corporate risk that may have an impact on Health and Safety at the end of January 2023.

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 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

44 Since the last update, one new risk has been added, but it does not have significant health and safety implications (*Increased levels of demand combined with high inflation on transport costs may disrupt the provision of **Home to School Transport**, leading to a potential budget overspend and adverse impacts on children and families*).

45 Officers are working closely with partners to scale up preparedness for, and protection from, a potential terrorist attack and to ensure that the Council will be able to meet the new requirements of Martyn's Law, which follows campaigning after the Manchester Arena terror attack in May 2017 and is expected to come into force in August 2023.

Statistical Information

46 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.

Conclusions

47 Accident statistics in general for quarter showed an increase from previous two quarters. There was also an increase in RIDDOR reportable over 7-day absence related incidents, with 12 incidents were split between CYPS Service Areas and Schools. Four of these were in Aycliffe Secure and Coxhoe Children's Home. All four were related to physical intervention or V&A from the residents. A further eight were in schools – five in primary, three in nursery and special provision. Whilst

there appears to be no immediate trends all will be investigated by the Corporate H&S team.

- 48 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 119 audits resulting in over 300 flagged items for improvement being identified during the quarter. The majority of items identified continue to be low priority which is positive.
- 49 Another spate of refuse vehicle load fires occurred during this quarter and this remains an ongoing risk for refuse crews to deal with. Another set of public awareness communications would be appropriate in order to reduce the risks from discarding hazardous materials in household waste and causing fires.
- 50 The initial results from the employee working well survey show a range of opportunities for improvement and some positive results. The response rate, whilst slightly below the previous survey in 2017, was positive in terms of in excess of 3,000 employees undertaking the survey. Further work in Quarter four will enable more detailed results to be provided at service grouping and Head of Service level.
- 51 Further proactive promotion and campaigns were undertaken which will support of employee health and wellbeing further. A further positive statement of intent was made in terms of signing of the workplace menopause pledge which further enhances and acknowledges health and wellbeing agenda across the council.

Other useful documents

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

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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

Audit Committee

28 February 2023



Changes to the Code of Practice for Local Authority Accounting in the UK for 2022/23

Paul Darby, Corporate Director of Resources

Electoral division(s) affected:

None

Purpose of the Report

- 1 This report provides the Audit Committee with a summary of the key accounting changes in the latest edition of the Code of Practice for Local Authority Accounting in the UK (the Code). These changes apply to the 2022/23 Statement of Accounts.

Executive summary

- 2 In preparing the annual Statement of Accounts we closely follow CIPFA's Code of Practice for Local Authority Accounting in the UK, which is based upon approved accounting standards.
- 3 The 2022/23 Statement of Accounts will be prepared in accordance with the CIPFA Code 2022/23.
- 4 An exceptional update to the Code was issued in November 2022 to include a temporary relief in respect of the reporting of Infrastructure Assets.
- 5 The key accounting changes to the Code from 2021/22 to 2022/23 are outlined in Appendix 2, detailing their relevance and applicability to the council.

Recommendation

- 6 Members are asked to note the changes detailed in the report and in Appendix 2, which will be taken into account in the preparation of the 2022/23 statements.

Background

- 7 This report is presented to the Audit Committee in accordance with paragraph 4.2.3 of the Committee's operational terms of reference which requires it 'to maintain an understanding of internal and external reporting requirements'.
- 8 In preparing the annual Statement of Accounts we closely follow CIPFA's Code of Practice for Local Authority Accounting in the UK (the Code), which is based upon approved accounting standards.
- 9 The Code is based on International Financial Reporting Standards (IFRS) and has been developed by the joint CIPFA/Local Authority (Scotland) Accounts Advisory Committee (LASAAC) Code Board overseen by the Financial Reporting Advisory Board. It is based on approved accounting standards issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee, except where these are inconsistent with specific statutory requirements.
- 10 The Code also draws on approved accounting standards issued by the International Public Sector Accounting Standards Board and the UK Financial Reporting Council where these provide additional guidance. The latest edition of the Code applies for accounting periods commencing on or after 1 April 2022. It supersedes the 2021/22 Code.
- 11 In England and Wales, the Code constitutes a 'proper accounting practice' under the terms of section 21(2) of the Local Government Act 2003.
- 12 The CIPFA/LASAAC Code Board, overseen by the Financial Reporting Advisory Board, is in a position to issue mid-year updates to the Code in exceptional circumstances. In November 2022, the board issued an update to the 2022/23 Code, which will apply to subsequent years until the 2024/25 financial year, to include a temporary relief in respect of the reporting of in respect of Infrastructure Assets.

Main implications

- 13 Appendix 2 provides a summary of the key accounting changes to the Code and their relevance to the council in preparing its Statement of Accounts for the year ended 31 March 2023.

Other useful documents

- Audit Committee, 28 November 2022 – Statement of Accounts for the Year Ended 31 March 2022.
- Audit Committee, 28 February 2023 – Audited Statement of Accounts for the year ended 31 March 2022.

Contact:	Joanne McMahon	Tel: 03000 261968
	Anita Hawkins	Tel: 03000 266242

Appendix 1: Implications

Legal Implications

It is a requirement of the Local Government Act 2003 and the Accounts and Audit (England) Regulations 2015 for the Statement of Accounts to be produced in accordance with proper accounting practices.

Finance

There are no direct financial implications arising for the council as a result of this report, although by implementing the changes in the Code in our financial reporting we are demonstrating efficient arrangements for the proper administration of the council's financial affairs.

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

This report requires no decision and so a risk assessment has not been carried out.

Procurement

None.

Appendix 2: Changes to the Code of Practice for Local Authority Accounting in the UK for 2022/23

The table below provides a summary of the key accounting changes in the 2022/23 CIPFA Code and their applicability to Durham County Council.

	Change	Relevant to Durham County Council?
1	Amendments to Section 1.3 (Applicability of the Code) to clarify and expand the applicability of the Code to Welsh authorities and bodies including corporate joint committees.	No
2	Revision of Section 4.2 (Leases) to allow authorities to voluntarily adopt the provisions of IFRS 16 in advance of mandatory implementation, in line with requirements set out in Appendix F.	No, as we are not intending to voluntarily adopt IFRS 16 early
3	Revision of Section 4.3 (Service Concession Arrangements: Local Authority as Grantor) to specify that if IFRS 16 is adopted in advance of mandatory implementation, then the service concession arrangement liability is measured in accordance with the measurement requirements of IFRS 16, as set out in Appendix F. However, at the time of writing, CIPFA LASAAC is considering deferring this to 2023/24 to be consistent with central government adoption.	Only relevant to early adopters of IFRS 16
4	Amendments to Section 8.2 (Provisions, Contingent Liabilities and Contingent Assets) to clarify the treatment of social benefits under IAS 37/IPSAS 19 <i>Provisions, Contingent Liabilities and Contingent Assets</i> .	Yes
5	Confirmation in Appendix C (Changes in Accounting Policies: Disclosures in the 2021/22 and 2022/23 Financial Statements) of the transitional reporting requirements of the new standards introduced in the 2022/23 Code, while also having regard to requirements in relation to voluntary adoption of IFRS 16.	Yes

	Change	Relevant to Durham County Council?
6	Confirmation in Appendix D (New or Amended Standards Introduced to the 2022/23 Code) of the new or amended standards introduced to the 2022/23 Code.	Yes
7	Minor change to Disclosure Requirements, paragraph 4.1.4.3 (bullet point 5) to clarify that the actual capital financing requirement at the end of the reporting period measured in accordance with paragraph 90 of the Prudential Code.	Yes
8	Update to the Code in respect of Infrastructure Assets: Amendments to Section 4.1 of the Code include a temporary relief so that local authorities are not required to report the gross book value and accumulated depreciation for infrastructure assets. This temporary relief is applied from the 2021/22 Code up to and including the Code applicable to the 2024/25 financial year but may also apply to local authority financial statements before this period where the auditor's opinion on those statements has not been given. Where a local authority chooses to apply this temporary relief, the Code requires that additional information is provided to explain an authority's rationale for this decision.	Yes

Audit Committee

28 February 2023



Agreement of Accounting Policies for Application in the 2022/23 Financial Statements

Ordinary Decision

Paul Darby, Corporate Director of Resources

Electoral division(s) affected:

None

Purpose of the Report

- 1 To update the Audit Committee on the County Council's accounting policies to be applied in the preparation of the 2022/23 Statement of Accounts and to seek confirmation from the Audit Committee that appropriate policies are being applied.

Executive summary

- 2 The accounting policies applied within the draft 2021/22 Statement of Accounts remain appropriate for the preparation of 2022/23 Statement of Accounts, with the exception of 1.21 Property, Plant and Equipment.
- 3 This change is required as a result of the Code update highlighted in the Accounting Code changes report included in today's agenda in respect of Infrastructure Assets, and the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022.
- 4 The other CIPFA Code changes for 2022/23 are considered minor and there are no further accounting policies which require amendment as a result of changes in the Code.
- 5 The full list of accounting policies the council proposes to disclose in its Statement of Accounts notes are detailed in Appendix 2.

Recommendation

- 6 The Committee is recommended to:
- (a) review the accounting policies outlined in Appendix 2;
 - (b) approve their use in the preparation of the 2022/23 financial statements;
 - (c) authorise the Corporate Director of Resources to review the accounting policies as necessary and report any changes to the Audit Committee.

Background

- 7 In preparing the annual Statement of Accounts we closely follow CIPFA's Code of Practice for Local Authority Accounting in the UK (the Code), which is based upon approved accounting standards.
- 8 The Code is based on International Financial Reporting Standards (IFRS) and has been developed by the joint CIPFA/Local Authority (Scotland) Accounts Advisory Committee (LASAAC) Code Board overseen by the Financial Reporting Advisory Board. It is based on approved accounting standards issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee, except where these are inconsistent with specific statutory requirements.
- 9 The Code also draws on approved accounting standards issued by the International Public Sector Accounting Standards Board and the UK Financial Reporting Council where these provide additional guidance. The latest edition of the Code applies for accounting periods commencing on or after 1 April 2022. It supersedes the 2021/22 Code.
- 10 In England and Wales, the Code constitutes a 'proper accounting practice' under the terms of section 21(2) of the Local Government Act 2003.
- 11 The CIPFA/LASAAC Code Board, overseen by the Financial Reporting Advisory Board, is in a position to issue mid-year updates to the Code. This will only be done in exceptional circumstances.
- 12 As highlighted in the Accounting Code changes report, included in today's agenda, CIPFA/LASAAC issued an exceptional update to the Code in November 2022 to include a temporary relief in respect of the reporting of Infrastructure Assets.
- 13 In addition, the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 allows that where a local authority in England replaces a component of an infrastructure asset, for the purposes of determining the carrying amount to be derecognised in respect of that component, the authority is able to determine that the amount to be derecognised is nil.
- 14 It is a requirement of the Local Government Act 2003 and the Accounts and Audit (England) Regulations 2015 for the Statement of Accounts to be produced in accordance with proper accounting practices.
- 15 Accounting policies are defined in the Code as "the specific principles bases, conventions, rules and practices applied by an authority in preparing and presenting financial statements".

- 16 Accounting policies need not be applied if the effect of applying them would be immaterial. Materiality is defined in the Code as it applies to omissions and misstatements:

Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor.

- 17 Objective 2 of the Audit Committee's Terms of Reference requires it to provide 'Independent assurance over the financial reporting of the council's Statement of Accounts ensuring that any issues arising from the process of drawing up, auditing and certifying the council's annual accounts are dealt with properly to maintain an understanding of accounting policies and internal and external reporting requirements'.

Main implications

- 18 The proposed accounting policies are in line with those used within the draft 2021/22 accounts, with the exception of 1.21 Property, Plant and Equipment. This policy has been renamed Property, Plant and Equipment (excluding Highways Infrastructure Assets) and references to Infrastructure have been removed. A separate policy (1.22) has been added for Highways Infrastructure Assets.
- 19 This change is required as a result of the Code update highlighted in the Accounting Code changes report included in today's agenda in respect of Infrastructure Assets, and the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022.
- 20 The other CIPFA Code changes for 2022/23 are considered minor and there are no further accounting policies which require amendment as a result of changes in the Code.
- 21 The full list of accounting policies the council proposes to disclose in its Statement of Accounts notes are detailed in Appendix 2.

Other useful documents

- Audit Committee 28 February 2022 - Agreement of Accounting Policies for Application in the 2021/22 Financial Statements
- Audit Committee 28 November 2022 – Statement of Accounts for the Year Ended 31 March 2022

Contact: Joanne McMahon Tel: 03000 261968
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Appendix 1: Implications

Legal Implications

It is a requirement of the Local Government Act 2003 and the Accounts and Audit (England) Regulations 2015 for the Statement of Accounts to be produced in accordance with proper accounting practices.

The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 allows that where a local authority in England replaces a component of an infrastructure asset, for the purposes of determining the carrying amount to be derecognised in respect of that component, the authority is able to determine that the amount to be derecognised is nil.

Finance

The report considers the Accounting Policies for the County Council's Statement of Accounts for 2022/23.

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

None.

Procurement

None.

Appendix 2: Accounting Policies 2022/23

Accounting Policy		New policy	Amended policy	No change	In line with Code
1.1.	General Principles			✓	✓
1.2.	Accruals of Income and Expenditure			✓	✓
1.3.	Business Improvement District Schemes			✓	✓
1.4.	Cash and Cash Equivalents			✓	✓
1.5.	Exceptional Items			✓	✓
1.6.	Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors			✓	✓
1.7.	Charges to Revenue for Non-Current Assets			✓	✓
1.8.	Employee Benefits			✓	✓
1.9.	Events After the Reporting Period			✓	✓
1.10.	Financial Instruments			✓	✓
1.11.	Foreign Currency Translation			✓	✓
1.12.	Government Grants and Contributions			✓	✓
1.13.	Heritage Assets			✓	✓
1.14.	Intangible Assets			✓	✓
1.15.	Interests in Companies and Other Entities			✓	✓

Accounting Policy		New policy	Amended policy	No change	In line with Code
1.16.	Inventories and Long Term Contracts			✓	✓
1.17.	Investment Property			✓	✓
1.18.	Joint Operations			✓	✓
1.19.	Leases			✓	✓
1.20.	Overheads and Support Services			✓	✓
1.21.	Property, Plant and Equipment (excluding Highways Infrastructure Assets)		✓		✓
1.22.	Highways Infrastructure Assets	✓			✓
1.23.	Service Concession Arrangements (Private Finance Initiative (PFI) and Similar Contracts)			✓	✓
1.24.	Provisions			✓	✓
1.25.	Contingent Liabilities			✓	✓
1.26.	Contingent Assets			✓	✓
1.27.	Reserves			✓	✓
1.28.	Revenue Expenditure Funded from Capital under Statute (REFCUS)			✓	✓
1.29.	Value Added Tax (VAT)			✓	✓
1.30.	Schools			✓	✓
1.31.	Collection Fund Statement			✓	✓

1. Accounting Policies

1.1. General Principles

The Statement of Accounts summarises the council's financial performance for the 2022/23 financial year and its position at the year-end of 31 March 2023. The council is required by the Accounts and Audit Regulations 2015 to prepare an annual Statement of Accounts. In line with the Regulations, the Statement of Accounts is prepared in accordance with proper accounting practices.

Those practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code), supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The Code requires that local authorities that can only be discontinued under statutory prescription shall prepare their financial statements on a going concern basis of accounting; that is, the accounts should be prepared on the assumption that the functions of the authority will continue in operational existence for the foreseeable future. Transfers of services under combinations of public sector bodies (such as local government reorganisation) do not negate the presumption that the financial statements shall be prepared on a going concern basis of accounting.

1.2. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received, rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate

for the relevant financial instrument, rather than the cash flows fixed or determined by the contract.

- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected. The council has a policy of not accruing for manual sundry creditor or sundry debtor provisions for less than £10,000, other than in exceptional circumstances.

1.3. Business Improvement District Schemes

A Business Improvement District (BID) scheme applies across Durham City centre. The scheme is funded by a BID levy paid by city centre non-domestic ratepayers. The council acts as the billing authority for the scheme (collecting and distributing the levy income). The BID levy income is revenue due to The Durham BID Company Limited (the BID body) and as such the council has nothing to show in its Comprehensive Income and Expenditure Statement, since it is collecting the BID levy income as an agent on behalf of the BID body.

1.4. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the council's cash management.

1.5. Exceptional Items

When exceptional items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the Notes to the Accounts, depending on how significant the items are to an understanding of the council's financial performance.

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

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or where the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

1.7. Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of intangible assets attributable to the service.

The council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue to reduce the overall borrowing requirement calculated by the council on a prudent basis and in accordance with statutory guidance. This annual contribution is known as the minimum revenue provision.

Therefore, so that council tax funds only what is required, the charges to the accounts (depreciation, revaluation and impairment losses and amortisations) are replaced by the minimum revenue provision with the difference being transferred to the Capital Adjustment Account in the Balance Sheet.

1.8. Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees. These are recognised as an expense for services in the year in which employees render service to the council.

An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in

which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits. These benefits are charged on an accruals basis to the Comprehensive Income and Expenditure Statement at the earlier of when the council can no longer withdraw the offer of those benefits or when the council recognises costs for restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the council to the Pension Fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits. These are replaced with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year end.

Post-Employment Benefits

Employees of the council are members of three separate pension schemes:

- The Local Government Pension Scheme, administered by Durham County Council.
- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- The NHS Pension Scheme, administered by the NHS Business Services Authority.

These schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the council. However, the arrangements for the Teachers' and NHS schemes mean that liabilities for these benefits cannot ordinarily be identified specifically to the council. The schemes are therefore accounted for as if they were defined contribution schemes and no liability for future payments of benefits is recognised in the Balance Sheet.

The Children and Young People's Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year. The Adult and Health Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to the NHS Pension scheme in the year.

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Durham County Council Pension Fund attributable to the council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate provided by the actuary.
- The assets of Durham County Council Pension Fund attributable to the council are included in the Balance Sheet at their fair value, which are determined as set out in the Pension Fund accounting policies later in this document.

The change in the net pensions liability is analysed into the following components:

- Service cost, comprising:
 - Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
 - Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Corporate Costs.
 - Net interest on the net defined benefit liability (asset), i.e. net interest expense for the council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments. An amendment to IAS 19 requires that updated actuarial assumptions are used to remeasure the interest on the net defined benefit obligation (asset) for the remainder of the reporting period after special events, such as academy transfers (settlements). The council applies this where material.

- Gains or losses on settlements and curtailments – the result of actions to relieve the council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Corporate Costs.
- Remeasurements, comprising:
 - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - Contributions paid to the Durham County Council Pension Fund – cash paid as employer’s contributions to the Pension Fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the council to the Pension Fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

1.9. Events After the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period - the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period - the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

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

1.10. Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund balance to be spread over future years. The council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified using an approach that is based on the business model for holding the financial assets and their cashflow characteristics.

There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The council holds most of its investments solely to collect contractual cash flows, which means that the majority of its financial assets are measured at amortised cost. The council does not hold any financial assets that are measured at FVPL.

There are some exceptions e.g. where the council holds strategic investments to help it meet other policy objectives, such as the support of economic development in the county. With these types of investments, the purpose of the contract is not solely concerned with the payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument). For each of these investments a separate assessment has been made on the appropriate accounting treatment in relation to IFRS 9 for Financial Instruments.

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

The council has given small loans to external or voluntary organisations, but these are for trivial amounts. The council has not provided guarantees against loans they have received from financial institutions. However, the council does have deferred payment policies where individuals are allowed to defer payment against an invoice raised by the council, for example where the council holds a legal charge against a property that enable sums to be reimbursed from sale proceeds at a later date. These are similar to loans at less than market rates and are referred to as soft loans. If any of the lost interest against the soft loan was significant then adjustments would be made to the relevant service revenue account and Balance Sheet. However, the impact on the council's revenue account of soft loans and lost interest is not financially significant and the accounts have not been adjusted to reflect these requirements.

Expected Credit Loss Model

The council recognises expected credit losses on all of its financial assets held at amortised cost or FVOCI, either on a twelve month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of twelve month expected losses.

Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)

The council treats assets as fair value through other comprehensive income when they are held for strategic economic development purposes rather than trading. This protects council taxpayers from movements in the value of shareholdings until such times as the shares are sold or released.

At initial recognition, an authority may make an irrevocable election to present in other comprehensive income and expenditure subsequent changes in the fair value of an investment in an equity instrument within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies. The council has chosen to apply this policy to all such equity instruments that it holds, to designate them as assets held at fair value through other comprehensive income.

1.11. Foreign Currency Translation

Where the council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

1.12. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the council when there is reasonable assurance that:

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

Amounts recognised as due to the council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

1.13. Heritage Assets

Tangible and Intangible Heritage Assets

A tangible heritage asset is defined as a tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

An intangible heritage asset is defined as an intangible asset with cultural, environmental, or historical significance. Examples of intangible heritage assets include recordings of significant historical events. At present, the council has no assets of this nature to be recognised in the Balance Sheet.

A key feature of heritage assets is that they have cultural, environmental or historical associations that make their preservation for future generations important. Heritage assets are maintained principally for their contribution to knowledge and culture. Where an asset meets the definition of a heritage asset but is used for operational purposes, it is not classified as a heritage asset. For example, a historic building used as a museum is classified within land and buildings, as this is its primary purpose, but the exhibits within it may be classified as heritage assets.

Recognition and measurement

Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets and the council's approach is as follows:

- Heritage assets' valuations are based on insurance values, where available, as this is the most appropriate and relevant basis. In some cases, these values are supported by professional valuations, for example by auction houses.
- Insurance values are reviewed regularly and assets will be revalued where a change is deemed to be significant.
- In the absence of insurance values, for example where an asset is either not insured or is self-insured, the asset's most recent valuation before reclassification is used. This is usually historic cost but some buildings and monuments were measured on an Existing Use Value (EUV) basis prior to reclassification.
- Where no appropriate valuation, or cost information is available, heritage assets are not recognised on the Balance Sheet, however they are disclosed in the narrative notes to the financial statements.

Items are recognised on the Balance Sheet where they are held by the council on long-term loan or where the council has the risks and rewards of ownership, as evidenced by the need to insure them. Similarly, items that the council has lent out long-term are not recognised. Items held on short-term loan, for example for temporary exhibitions, are not recognised.

The council is custodian or guardian of a number of monuments or sites. These are considered to be heritage assets; however, they do not usually have any appropriate valuation so they are not recognised on the Balance Sheet.

The council's collections of heritage assets are accounted for as follows:

Museum Collections and Artefacts

This includes museum exhibits and items such as books of remembrance and miners' banners. Some items in this collection are reported in the Balance Sheet at insurance value, others at the amount at which they have been valued by professional valuers.

Artwork, including Public Art and Sculptures

This includes paintings, sculptures and outdoor public art installations around the county. Some items in this collection are reported at insurance value, others at cost and some at the amount at which they have been valued by professional valuers. There are a number for which no value is available so they are not reported on the Balance Sheet.

The distinction between sculptures, monuments and statues can be subjective. However, for the purposes of classification, the council has determined that sculptures are generally modern, commissioned pieces of art, monuments can be modern or historic and are usually dedicated to people or events and statues are usually historical structures. Monuments and statues are included under the heading “Monuments, Statues and Historic Buildings” below.

Monuments, Statues and Historic Buildings

This includes war and colliery memorials, statues and non-operational historic buildings around the county. Some items in this collection are reported at insurance value, some at existing use value and some at cost. There are a number for which no value is available and they are not reported on the Balance Sheet.

Civic Regalia and Silverware

This includes civic chains, badges of office and silverware used for civic purposes, and are recorded at insurance value, or the amount at which they have been valued by professional valuers.

Geophysical / Archaeological

This includes pit wheel sites and Roman archaeological sites. No appropriate or relevant valuations are available for these assets so they are not recognised on the Balance Sheet.

Depreciation

Depreciation is not charged on heritage assets which have indefinite lives.

Impairment

The carrying amounts of heritage assets are reviewed where there is evidence of impairment e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the council’s general policies on impairment.

Disposal

Heritage assets are rarely disposed of. However, in such cases, disposal proceeds are accounted for in accordance with the council’s general provisions relating to the disposal of property, plant and equipment. Proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

If you would like more information about Durham County Council’s heritage assets, contact details can be found on the front page of this document.

1.14. Intangible Assets

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

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised). Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the council can be determined by reference to an active market. In practice, no intangible asset held by the council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

1.15. Interests in Companies and Other Entities

The Code requires local authorities to produce group accounts to reflect significant activities provided to council tax payers by other organisations in which an authority has an interest. The council has reviewed its interests in companies and other entities that have the nature of subsidiaries, associates and joint arrangements against the criteria for group accounts, as set out in the Code, and has concluded that there are no such material interests that require the preparation of group

accounts. In the council's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

1.16. Inventories and Long Term Contracts

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

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

1.17. Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued annually according to market conditions at the year-end.

Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

1.18. Joint Operations

Joint operations are arrangements where contractual agreements are in place under which the council and one or more other parties share control. The joint venturers have rights to assets and obligations in relation to liabilities. The council accounts only for its share of the assets, liabilities, revenue and expenses of the arrangement.

1.19. Leases

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

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

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

The County Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment - applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the council at the end of the lease period).

The council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. This annual contribution is known as the minimum revenue provision. Therefore, as council tax funds only what is required, the charges to the accounts (depreciation, revaluation and impairment losses and amortisations) are replaced by the minimum revenue provision, with the difference being transferred to the Capital Adjustment Account in the Balance Sheet. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund balance, by way of an adjusting transaction

with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Where there is a material cost or benefit at the start or end of the lease (e.g. a rent free period at the start of the lease) then charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments.

The County Council as Lessor

Finance Leases

Where the council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property - applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

Operating Leases

Where the council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Where there is a material cost in addition to the regular payments (e.g. there is a premium paid at the commencement of the lease or there are costs of negotiating and arranging the lease), then credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments.

1.20. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2022/23 (SeRCOP). The total absorption costing principle is used - the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of Corporate Costs. These are costs relating to the council's status as a multifunctional, democratic organisation, the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

1.21. Property, Plant and Equipment (excluding Highways Infrastructure Assets)

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment. See accounting policy 1.22 for specific provisions regarding Highways Infrastructure Assets.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

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

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

Donated assets are measured initially at current value. The difference between current value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Council offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)
- School buildings – current value, but because of their specialist nature, are measured at depreciated replacement cost which is used as an estimate of current value
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant’s perspective
- All other assets (excluding Highways Infrastructure Assets – see policy 1.22) – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

For non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their

current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

All valuations have been undertaken by or under the supervision of a fully qualified Chartered Surveyor (MRICS – Member of the Royal Institution of Chartered Surveyors). The effective date for valuations is 1 April of the financial year and assets are revalued on a five-year rolling programme. All valuations undertaken in 2022/23 were either carried out by council staff or by suitably qualified external consultants. In addition to this rolling programme, assets which have been subject to potentially material change as a result of transactions or market conditions in any given year will be revalued as and when such changes occur.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired or revalued. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment or revaluation loss is recognised for the shortfall.

Where impairment or revaluation losses are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- Dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer up to a maximum of 50 years.
- Vehicles, plant, furniture and equipment – straight line allocation over the useful life of the asset as advised by a suitably qualified officer, mainly up to a maximum of 10 years, however, some specialised items are depreciated over periods up to 25 years.
- Surplus Assets – buildings up to 50 years, land not depreciated

Where an item of Property, Plant and Equipment has a value greater than £5m and major components greater than 20% of the value of the asset, the components are depreciated separately at rates representative of their useful life.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any losses previously recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to Non-current Assets and valued at the lower of their carrying amount before they were classified as held for sale, adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Assets Held for Sale, and their recoverable amount at the date of the decision not to sell.

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal are categorised as capital receipts. The value of capital receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of non-current Assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

Where a local authority - maintained school converts to academy status, the carrying amount of the asset is removed from the Balance Sheet and recorded in the Comprehensive Income and Expenditure Statement as a loss on disposal at the completion of the statutory process.

1.22. Highways Infrastructure Assets

Highways infrastructure assets include carriageways, footways and cycle tracks, structures (e.g. bridges), street lighting, street furniture (e.g. illuminated traffic signals, bollards), traffic management systems and land which together form a single integrated network.

Recognition

Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual basis, provided that it is probable that the future economic benefits associated with the item will flow to the authority and the cost of the item can be measured reliably.

Measurement

Highways infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost – opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994, which was deemed at that time to be historical cost.

Impairment

Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

Depreciation

Depreciation is provided on the parts of the highways infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is charged on a straight-line basis.

Annual depreciation is the depreciation amount allocated each year.

Useful lives of the various parts of the highways network are assessed by the council's Highways Assets Senior Engineer using industry standards where applicable as follows:

- Carriageways – useful life of 40 years
- Footways and cycle tracks – useful life of 25 years
- Structures (bridges, tunnels) – useful life of 100 years
- Street lighting – useful life of 40 years
- Street furniture (bus shelters) – useful life of 25 years
- Street furniture (other assets) – useful life of 40 years
- Traffic management systems – useful life of 20 years

Disposals and derecognition

When a component of the network is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off to the 'Other operating expenditure' line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal).

The written-off amounts of disposals are not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital

financing. Amounts are transferred to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

1.23. Service Concession Arrangements (Private Finance Initiative (PFI) and Similar Contracts)

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the council is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the council at the end of the contracts for no additional charge, the council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

Non-current Assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the council. The amounts payable to the PFI operators each year are analysed into five elements:

- Fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement.
- Finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Payment towards liability – applied to write down the Balance Sheet liability (the profile of write-downs is calculated using the same principles as for a finance lease).
- Lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

1.24. Provisions

Provisions are made where an event has taken place that gives the council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the amount of the obligation. For example, the council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the council becomes aware of the obligation, and are measured at the best estimate at the

Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year - where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

1.25. Contingent Liabilities

A contingent liability arises where an event has taken place that gives the council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

1.26. Contingent Assets

A contingent asset arises where an event has taken place that gives the council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

1.27. Reserves

The council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the council - these reserves are explained in the relevant policies.

1.28. Revenue Expenditure Funded from Capital under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

1.29. Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from HM Revenue and Customs. VAT receivable is excluded from income.

1.30. Schools

In line with accounting standards on group accounts and consolidation, all maintained schools in the county are now considered to be entities controlled by the council. Rather than produce group accounts the income, expenditure, assets, liabilities, reserves and cash flows of each school are recognised in the council's single entity accounts. The council has the following types of maintained schools under its control:

- Community
- Voluntary Aided
- Voluntary Controlled
- Foundation/Foundation Trust

Schools Non-Current Assets are recognised on the Balance Sheet where the council directly owns the assets, where the council holds the balance of control of the assets or where the school or the school Governing Body own the assets or have had rights to use the assets transferred to them.

Community schools are owned by the council and are, therefore, recognised on the Balance Sheet.

The council's Voluntary Aided and Controlled schools are owned by the respective Diocese with no formal rights to use the assets through licence arrangements passed to the School or Governing Bodies and as a result these schools are not recognised on the Balance Sheet.

The ownership of the council's Foundation Schools is with the school or the schools' Governing Body and as a result the school is recognised on the council's Balance Sheet.

1.31. Collection Fund Statement

Council Tax Income

Council tax income included in the Comprehensive Income and Expenditure Statement is the accrued income for the year. The difference between the accrued income for the year and the amount required by regulation to be credited to the General Fund will be taken to the Collection Fund Adjustment Account and included as a reconciling item in the General Fund balance Movement in Reserves Statement. Any balances owed to or from each preceptor will be shown as a creditor or debtor in the council's accounts.

Business Rates Income

Business Rates income included in the Comprehensive Income and Expenditure Statement is the accrued income for the year. The difference between the accrued income for the year and the amount required by regulation to be credited to the General Fund will be taken to the Collection Fund Adjustment Account and included as a reconciling item in the General Fund balance Movement in Reserves Statement. Any balances owed to or from each preceptor or central government will be shown as a creditor or debtor in the council's accounts.

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Audit Committee

28 February 2023



Final Accounts Timetable for the year ended 31 March 2023

Paul Darby, Corporate Director of Resources

Electoral division(s) affected:

None

Purpose of the Report

- 1 This report provides Members with information regarding the Final Accounts timetable for 2022/23. This timetable details the target dates for key actions in order to complete the Statement of Accounts in line with statutory deadlines.

Executive summary

- 2 The Accounts and Audit (Amendment) Regulations two stage approval process deadlines for the Statement of Accounts were extended during the 2019/20 to 2021/22 financial years following the impact of COVID 19.
- 3 The deadlines for the 2022/23 Statement of Accounts have been amended.
- 4 The 2022/23 approval process identifies that it is the responsibility of the Corporate Director of Resources to sign and certify the unaudited Statement of Accounts 2022/23 by no later than 31 May 2023.
- 5 It is the responsibility of the Audit Committee to approve the final, or audited, set of accounts on or before 30 September 2023.
- 6 The final accounts timetable is the means of communicating and gaining ownership of the deadlines for completing tasks by all those involved in the closure of accounts process and serves as a tool for monitoring progress against those target dates.

Recommendation

- 7 Members are asked to note the key dates in the Final Accounts timetable for 2022/23 detailed in Appendix 2.

Background

- 5 The report is presented in accordance with paragraph 4.2.3 of the Committee’s operational terms of reference which requires it “to maintain an understanding of internal and external reporting requirements”.
- 6 The Accounts and Audit Regulations 2015, subject to the Amendment Regulations 2021 and 2022, set out the statutory deadlines as follows:
 - (i) the responsible financial officer, by no later than 31 May (31 July for 2021/22, under the 2021 Regulations), signs and certifies that the Statement of Accounts presents a true and fair view of the financial position of the County Council for the year to 31 March previous, subject to the views of the External Auditor.
 - (ii) on or before 30 September (30 November for 2021/22, under the 2021 Regulations), approval needs to be given to the Statement of Accounts by resolution of a committee, which for Durham County Council is the Audit Committee. This approval will take into account the views of the External Auditor. The 2022 Amendment Regulations for the approval deadline apply until 2027/28, after which it will revert to 31 July.
- 7 For 2021/22, the council’s accounts were certified on 20 June 2022, so well within the deadline. The accounts were approved by Audit Committee on 28 November 2022, subject to resolution of the infrastructure assets accounting issue.

Main implications

- 8 The Final Accounts timetable is a tool for the effective management and monitoring of the process of closing the accounts.
- 9 Each year the timetable is compiled by officers within the central Strategic Finance Team, with input from officers across the council to ensure that deadlines are achievable and will lead to completion of a Statement of Accounts for signing by the Section 151 Officer (the responsible financial officer – in our case the Corporate Director of Resources) by the statutory deadline.
- 10 In preparing the closedown timetable new and amended processes are considered for the impact on the achievement of dates, as well as reference to any learning from the previous year, particularly where there were problems or issues in meeting of deadlines.

- 11 The timetable is based on a similar target to 2021/22 for the unaudited draft accounts to be completed by late May.
- 12 Officers in the Strategic Finance Team closely monitor the achievement of the dates in the timetable throughout the final accounts period, sending prompts in advance of upcoming deadlines and following up any delays and missed deadlines. This helps to ensure that the overall timetable is achieved, and to identify improvements that can be made to the next year end process.
- 13 Meetings are also held to ensure that practitioners apply accounting procedures consistently; best practice is shared; there is a shared understanding of all interdependencies across the closedown period and that any difficulties or delays being encountered are escalated. The meetings also act as forum for disseminating updated information quickly and consistently and a conduit to ensuring that any external audit queries are quickly addressed.
- 14 The key dates included in the detailed Final Accounts timetable are attached at Appendix 2 for information.

Other useful documents

- Audit Committee 28 November 2022 – Statement of Accounts for the Year Ended 31 March 2022

Contact:	Joanne McMahon	Tel: 03000 261968
	Anita Hawkins	Tel: 03000 266242

Appendix 1: Implications

Legal Implications

The Accounts and Audit Regulations 2015, subject to Amendment Regulations 2022, require that the responsible financial officer, by no later than 31 May 2023 signs and certifies that the Statement of Accounts presents a true and fair view of the financial position of the County Council for the year to 31 March previous, subject to the views of the External Auditor. The audited accounts must be approved by Audit Committee by 30 September 2023.

Finance

There are no direct financial implications arising for the council as a result of this report, although by implementing the timetable, we are demonstrating efficient arrangements for the proper administration of the County Council's financial affairs and will meet the statutory deadline for the production of the Statement of Accounts.

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

This report requires no decision and so a risk assessment has not been carried out.

Procurement

None.

Appendix 2: Key Dates from the Final Accounts Timetable

Task	Responsibility	Original Timetabled date 2021/22	Proposed completion date 2022/23
Circulation of Related Party declarations for completion by Members and Senior Officers	Resources – Democratic Services	Mon 1 Mar 2022	Wed 1 Mar 2023
Details of Related Party declarations for Members and Senior Officers to be returned to Democratic Services	Members / Senior Officers	Tue 15 Mar 2022	Wed 15 Mar 2023
Final postings by Benefits section	Finance & Transactional Services - Income & Support	Thu 31 Mar 2022	Fri 31 Mar 2023
Last creditors paysheet for the financial year	Finance & Transactional Services - Payments & Expenditure	Thu 31 Mar 2022	Fri 31 Mar 2023
All stock checks completed at 31 March	Services	Thu 31 Mar 2022	Fri 31 Mar 2023
All cash posted up to and including 31 March	Finance & Transactional Services - Income & Support	Fri 1 Apr 2022	Mon 3 Apr 2023
Last monthly salaries and wages information for the financial year processed into ledger	Payroll / Strategic Finance	Fri 1 Apr 2022	Mon 3 Apr 2023
All bank reconciliations to 31 March completed	Strategic Finance	Tue 19 Apr 2022	Mon 17 Apr 2023

Task	Responsibility	Original Timetabled date 2021/22	Proposed completion date 2022/23
Service ledgers finalised and final reports produced and net revenue outturn for each service grouping notified to Strategic Finance	Finance & Transactional Services / Strategic Finance	Wed 27 Apr 2022	Wed 26 Apr 2023
Chief Financial Officer to sign the Statement of Accounts (latest date)	Strategic Finance / Corporate Director of Resources	Tue 31 May 2022	Wed 31 May 2023
Start of Inspection Period (provisional)	Strategic Finance	Wed 15 Jun 2022	Mon 1 Jun 2023
Start of Statement of Accounts audit (provisional)	External Audit	Fri 1 Jul 2022	Mon 5 Jun 2023
Unaudited Whole of Government Accounts (WGA) return to External Audit and HM Treasury (provisional). Note: the schedule set by HMT is currently running behind the usual timeframes. The 2021/22 data collection process is now due to be completed by 31 March 2023.	Strategic Finance	Mon 15 Aug 2022	Wed 7 Jun 2023
Cabinet – Overall Outturn Report considered (provisional)	Strategic Finance	Wed 6 Jul 2022	Wed 5 Jul 2023
End of Inspection Period (provisional)	Strategic Finance	Tue 26 Jul 2022	Wed 12 Jul 2023
Audit Committee meeting – approval of Statement of Accounts (provisional)	Strategic Finance	Fri 30 Sep 2022	Fri 29 Sep 2023
Publication of Accounts (provisional)	Strategic Finance	Fri 30 Sep 2022	Fri 29 Sep 2023

Task	Responsibility	Original Timetabled date 2021/22	Proposed completion date 2022/23
Audited WGA return to HM Treasury (provisional)	Strategic Finance	Fri 2 Dec 2022	Fri 6 Oct 2023

Audit Planning Update and Progress Report

Durham County Council

Audit Committee February 2023



1. Audit Planning Update and Progress
2. ISA 315 (Revised 2019) - identifying and assessing the risks of material misstatement
3. National publications

01

Section 01: **Audit Progress**

Audit progress

Purpose of this report

This report provides the Committee's February 2023 meeting with updates on:

- the 2020/21, 2021/22 and 2022/23 audits;
- revised auditing standard for Identifying and assessing the risks of material misstatement: ISA (UK) 315 (Revised 2019); and
- recent reports and publications for your information as listed in Section 3.

2020/21 Audit of accounts

Whole of Government Accounts (WGA)

We received confirmation that the Council's 2020/21 WGA submission is below the NAO's (National Audit Office's) audit threshold and we have completed our submission. We are currently waiting for the National Audit Office (NAO) to confirm which councils are in scope for full Group Audit procedures.

Audit Certificate

The Audit Certificate will be issued, and the audit formally closed, when the remaining stages set out above have been completed.

2021/22 Audit of Accounts

Financial statement's audit

Our Audit Completion Report (ACR) for 2021/22 was discussed during the November 2022 Audit Committee meeting.

CIPFA published the bulletin setting out the way forward on 11 January and we will work with management on this matter to complete the work as soon as we can.

Value for money arrangements 21/22

The scope of the value for money (VFM) assessment is largely unchanged since 2020/21 and the management self assessment, with supporting evidence, provides a good platform for the 2021/22 assessment. The Financial Stability theme is an area of focus as the sector faces increasing uncertainty over future funding and ongoing cost pressures.

Although we have not fully completed our VFM planning and risk assessment work, to date we have not identified any risks that significant weaknesses in arrangements exist. We plan to issue our Auditor's Annual Report to the February 2023 Audit Committee (which is within the NAO's three month deadline, following the completion of the 2021/22 financial statements audit).

Audit progress

2022/23 Audit of accounts

We are about to start our planning work for the 2022/23 audit period. As part of our planning, we plan to meet with finance officers in order to discuss the timetable and key identified risks. We will continue to have regular catch up meetings with the finance team as the audit progresses.

We intend to bring our Audit Strategy Memorandum (ASM) to the May 2023 Audit Committee meeting; this will include the impact of our risk assessment under the new auditing standard applying for 2022/23 onwards and detailed in section 2 of this report.

In the following slide we have outlined what we expect to include in our ASM relating to potential significant and enhanced risks.

Audit progress

Upon completion of our risk assessment, we will identify risks relevant to the audit of financial statements. The risks that we identify are categorised as significant, enhanced or standard. The definitions of the level of risk rating are given below:

Significant risk

A significant risk is an identified and assessed risk of material misstatement that, in the auditor's judgment, requires special audit consideration. For any significant risk, the auditor shall obtain an understanding of the entity's controls, including control activities relevant to that risk.

Enhanced risk

An enhanced risk is an area of higher assessed risk of material misstatement at audit assertion level other than a significant risk. Enhanced risks require additional consideration but does not rise to the level of a significant risk, these include but may not be limited to:

- key areas of management judgement, including accounting estimates which are material but are not considered to give rise to a significant risk of material misstatement; and
- other audit assertion risks arising from significant events or transactions that occurred during the period.

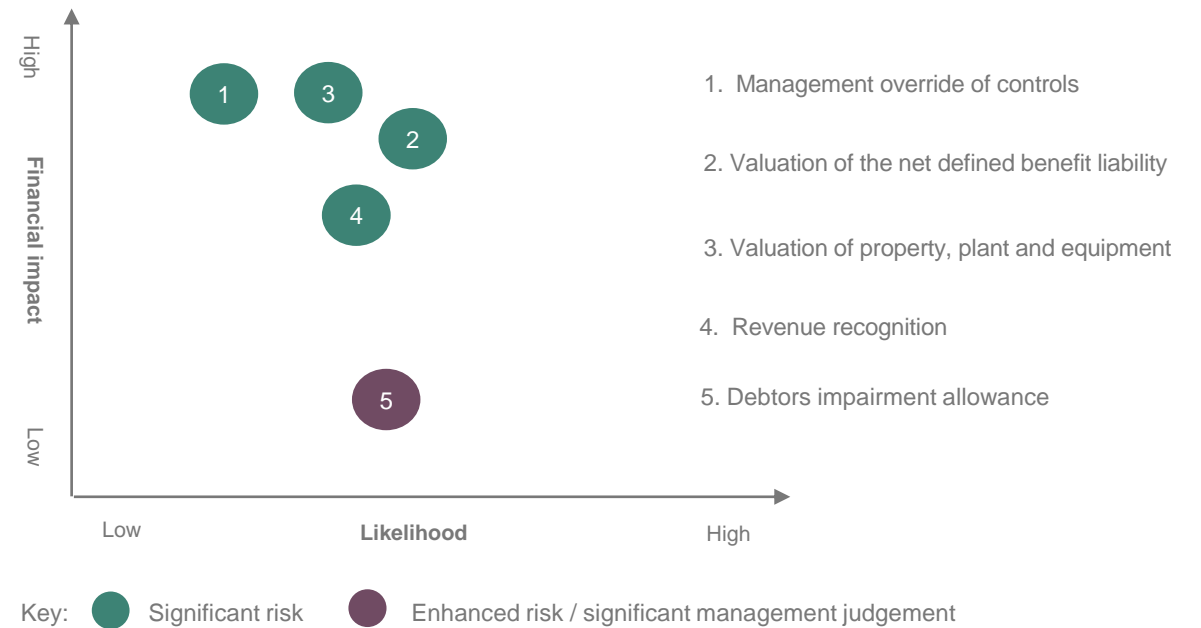
Standard risk

This is related to relatively routine, non-complex transactions that tend to be subject to systematic processing and require little management judgement. Although it is considered that there is a risk of material misstatement (RMM), there are no elevated or special factors related to the nature, the likely magnitude of the potential misstatements or the likelihood of the risk occurring.

We will refresh our risk assessment following our initial planning meetings with finance officers and completion of our audit planning work.

Summary risk assessment (expected risks)

The summary risk assessment, illustrated in the table below, highlights those risks which we expect to be significant and other enhanced risks in respect of the Council.



02

Section 02:

ISA (UK) 315 (Revised 2019) identifying and assessing the risks of material misstatement

2. Revised ISA 315

Revised auditing standard for Identifying and assessing the risks of material misstatement: ISA (UK) 315 (Revised 2019)

(Effective for audits of financial statements for periods beginning on or after December 15, 2021)

ISA (UK) 315 (Revised 2019) introduces major changes to the auditor's risk identification and assessment approach, which are intended to drive a more focused response from auditors undertaking work to obtain sufficient appropriate audit evidence to address the risks of material misstatement. The main changes relevant to your audit are outlined below:

- **Enhanced risk identification and assessment**

The standard has enhanced the requirements for the auditor to understand the entity and its environment as well as the applicable financial reporting framework to identify the newly introduced inherent risk factors to drive risk identification and assessment (subjectivity, complexity, uncertainty, change, and susceptibility to misstatement due to management bias or fraud). Using these inherent risk factors, the auditor assesses inherent risk on the "spectrum of inherent risk", at which the higher end lies significant risks, to drive a more focused response to the identified risks. It should also be noticed that the standard requires the auditor to obtain sufficient, appropriate audit evidence from these risk identification and assessment procedures to form the basis of their risk assessment.

The standard also increases the focus on auditors identifying the assertions where the inherent risk lays. For clarity, we include a table of assertions to the right.

- **Greater emphasis on IT**

In response to constantly evolving business environments, the standard has placed an increased emphasis on the requirements for the auditor to gain an understanding of the entity's IT environment to better understand the possible risks within an entity's information systems. As a result, auditors are required to gain a greater understanding of the IT environment, including IT general controls (ITGCs). However, the standard acknowledges the fact that there is a need for scalability in gaining this understanding and provides more detailed guidance on how to approach the topic depending on the complexity of the commercial software and/or IT applications.

- **Increased focus on controls**

As a result of the emphasis for auditors to gain a greater understanding of the IT environment, the standard has also widened the scope of controls deemed relevant to the audit. Auditors are now required to increase their understanding of controls implemented by management, as well as assess the design and implementation of those controls, which include ITGCs.

Assertion	Risks
Completeness	Is the balance complete?
Accuracy & valuation	Are transactions accurately recorded and assets and liabilities appropriately measured?
Classification	Is the balance classified correctly?
Occurrence	Did the transaction occur?
Existence	Does the item exist?
Rights & obligations	Does the entity own the item?
Cut-off	Is the item recorded in the correct financial year?
Presentation & disclosure	Is the item presented in the accounts appropriately?

2. Revised ISA 315

Impact on the audit of the Council

Our risk assessment procedures will be more granular, and we will be seeking sufficient information from the Council to ensure that we can document our detailed understanding of the Council and the environment that it operates in.

In documenting our risk assessment, we will need to input additional time to assess inherent risks of the spectrum that the auditing standard requires.

In terms of IT, we will need to ensure we have a good understanding of the Council's IT environment. We will keep this under review as part of our planning and interim audits. We do not plan to test IT general controls as we have designed our approach to gain assurance from substantive testing, which in our view remains the most efficient approach to take.

03

Section 03: **National Publications**

National publications

Publication/update		Key points
Chartered Institute of Public Finance and Accountability (CIPFA)		
1	Integrating Care	CIPFA has published a report entitled, 'Integrating care: policy, principles and practice for places'.
Public Audit Forum		
2	Consultation responses to the revised Practice Note 10	<p>The Public Audit Forum (PAF) oversees the development and publication of the Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom which was revised in 2022.</p> <p>PAF has now published the responses to the consultation and final draft amendments. These amendments were approved by the Financial Reporting Council in November 2022.</p>
National Audit Office (NAO)		
3	Government Shared Services	The NAO published its report Government Shared Services which examines whether the government's latest Shared Services Strategy is on track to deliver.
4	Departmental Overview 2021-22	The NAO has produced an overview of the Department for Levelling up, Housing & Communities' (DLUHC's) spending and performance for 2021-22
Department for Levelling Up, Housing and Communities		
5	Technical consultation on consequential changes to the homelessness legislation	This consultation aims to identify and understand the impacts these changes will have on the sector, to ensure local authorities can continue to deliver their homelessness duties effectively and give people the support they need.
6	Local government finance policy statement 2023-24 to 2024-25	The policy statement sets out the government's intentions for the local government finance settlement for the next 2 years.

National publications

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Publication/update		Key points
Public Sector Audit Appointments Ltd		
7	Publication of the 2022/23 fee scale	PSAA has published the 2022/23 audit fee scale following consultation.
8	Directory of Auditor Appointments from 2023/24	PSAA has published its Directory of Auditor Appointments from 2023/24 following the completion of the 2022 procurement.
9	PSAA announces the number of audit opinions completed for the 2021/22 audits	PSAA has published this year's position on delayed audit opinions.

NATIONAL PUBLICATIONS

CIPFA

1. CIPFA publishes integrating care report – December 2022

CIPFA has published a report entitled, 'Integrating care: policy, principles and practice for places'. The report provides an overview of the changes since the Health and Care Act 2022 was introduced and discusses what integration is seeking to achieve. It considers the wider health and care landscape in the current climate and addresses the remaining challenges at place level.

The recommendations and case studies it contains are intended to influence the development of further policy and guidance by central government, and to provide support for practitioners at local level. The purpose of the report is to help health and local government partners to find effective solutions to the challenges of health and care integration.

<https://www.cipfa.org/about-cipfa/press-office/latest-press-releases/press-release-cipfa-publishes-integrating-care-report>

2. Consultation on Practice Note 10 (Revised 2022): Summary of Responses and Proposed Amendments – December 2022

The consultation on the exposure draft of the 2022 revision of Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (PN 10) closed on 16 September 2022 and this document summarises the responses to the consultation and the amendments the Public Audit Forum (PAF) proposes to make to the final draft as a result.

Part 1 of PN 10 provides guidance on applying auditing, quality management and ethical standards in the public sector. It is important to consider potential changes to PN 10 in the context of PN 10's status as a Statement of Recommended Practice (SORP): a set of sector-driven recommendations on (in this case) auditing practices for the public sector which guide auditors on how to apply the underlying standards, including International Standards on Auditing (UK) (ISAs (UK)), in the specialised context of the public sector. The PAF has no role in determining the principles or requirements which are included in the ISAs (UK). The PAF also has no direct role in setting the financial reporting frameworks for public sector entities (although member bodies of the PAF maintain dialogue with the framework setters).

As set out in the summary of responses included in the report, respondents commented on a range of issues faced by auditors of public sector entities. By far the most-cited issue was the current situation in local audit in England and current delays in completing audits of local authorities. A number of respondents suggested various ways in which the consultation draft of PN 10 might be amended so as to ameliorate some of these issues by reducing the audit effort in particular areas. There were suggestions that the proposed changes to the guidance on applying ISA (UK) 320 Materiality in planning and performing an audit may have a significant impact on local auditors' approach to materiality judgements.

<https://www.public-audit-forum.org.uk/wp-content/uploads/2022/12/Practice-Note-10-Consultation-Response-2022.pdf>

NATIONAL PUBLICATIONS

National Audit Office

3. Government shared services – November 2022

The NAO published its report Government Shared Services which examines whether the government's latest Shared Services Strategy is on track to deliver. It aims to answer the following questions:

- Has the government made progress since we last reported on shared services in 2016? (Part One)
- Are the right conditions in place for the government to deliver its proposed efficiencies and savings? (Part Two).
- Has the government put in place mitigating actions to address the future challenges it faces in delivering its strategy? (Part Three)

The report concludes that the government's previous shared services strategies failed to deliver their intended cost savings and other benefits. Its new Shared Services Strategy is highly ambitious and, while most departments consider the cluster model a sensible approach, there are several fundamental elements yet to be put in place that are jeopardising the success of the strategy. For example, the Cabinet Office is still unclear on the extent of the benefits this programme can be expected to bring. It is difficult to judge what progress has been made on enablers such as process and data convergence.

The report highlights concerns that these gaps cause uncertainty for departments and mean that the Cabinet Office will repeat past failures. The NAO, therefore, cannot conclude that this programme is on track to demonstrate value for money.

<https://www.nao.org.uk/reports/government-shared-services/#downloads>

4. Departmental Overview 2021-22: Department for Levelling Up, Housing & Communities - December 2022

The NAO has produced an overview of the Department for Levelling up, Housing & Communities' (DLUHC's) spending and performance for 2021-22. DLUHC spends nearly £38 billion each year to support economic growth and housing across the country, in collaboration with local authorities. It has overall responsibility in central government for local authorities' funding. Along with other bodies, DLUHC oversees the core accountability system for local authorities.

The guide summarises the key information and insights that can be gained from the NAO's examinations of DLUHC and related bodies in the sector in England, and DLUHC's Annual Report and Accounts.

<https://www.nao.org.uk/overviews/departmental-overview-2021-22-department-for-levelling-up-housing-communities/>

5. Technical Consultation on Consequential changes to the homelessness legislation – December 2022

This consultation seeks views on the consequential amendments to homelessness legislation as a result of the Renters Reform Bill, namely, the removal of section 21 evictions, assured shorthold tenancies and fixed-term tenancies and aims to identify and understand the impacts these changes will have on the sector, to ensure local authorities can continue to deliver their homelessness duties effectively and give people the support they need.

The scope of the consultation is limited to responses on the legislative technical amendments. The majority of the amendments to the legislation are minor and, while the consultation is open to everyone, most responses are expected to be from local authorities and charities in the homelessness space.

The consultation will run for 7 weeks.

<https://www.gov.uk/government/consultations/technical-consultation-on-consequential-changes-to-the-homelessness-legislation/technical-consultation-on-consequential-changes-to-the-homelessness-legislation>

6. Local government finance policy statement 2023-24 to 2024-25 – December 2022

The local government finance policy statement sets out the government's intentions for the local government finance settlement for the next 2 years, providing councils with greater certainty on key aspects of their funding to inform their budget setting process and help them to plan for the future.

For the core settlement the Business Rates Multiplier for 2023-24 will be frozen at 49.9p and Revenue Support Grant (RSG) will increase in line with CPI.

For council tax the bespoke council tax referendum principle of up to 3% or £5, whichever is higher, for unitary authorities remains. In addition, local authorities with social care responsibilities will be able to set an adult social care precept of up to 2% per year, without a referendum.

In respect of the remaining settlement grants, the Rural Services Delivery Grant will remain unchanged, in recognition of the inflationary pressures across the sector the Lower Tier Services Grant will be repurposed along with a proportion of the expired New Homes Bonus legacy payments to create a new one-off, funding guarantee. This will ensure that all authorities will see at least a 3% increase in their Core Spending Power before any decision they make about organisational efficiencies, use of reserves, and council tax levels. There will also be new rounds of New Homes Bonus (NHB) payments in 2023-24.

These proposals are subject to consultation which will last for 4 weeks from 19 December 2022 to 16 January 2023.

<https://www.gov.uk/government/publications/local-government-finance-policy-statement-2023-24-to-2024-25/local-government-finance-policy-statement-2023-24-to-2024-25>

NATIONAL PUBLICATIONS

Public Sector Audit Appointments Ltd

7. News release: Publication of the 2022/23 fee scale – November 2022

PSAA has published the 2022/23 audit fee scale following consultation. Information on the fee scale and consultation is available. Most audit work under this fee scale will be undertaken from April 2023 onwards.

The fee scale applies for the audit work to be undertaken by appointed auditors in respect of the 2022/23 financial statements at relevant principal authorities that have opted into PSAA's national auditor appointment arrangements for the period 2018/19 to 2022/23.

Auditors will undertake their work under the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office on behalf of the Comptroller and Auditor General, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

Under the Local Audit (Appointing Person) Regulations 2015, the 2022/23 fee scale must be published by 30 November 2022 and cannot be amended after that date. Any subsequent changes in national requirements or local circumstances relating to the 2022/23 audits will therefore be the subject of fee variations.

The 2022/23 fee scale is the last in the current appointing period which is under the 2017 audit contracts. New contracts will apply from the 2023/24 audit following a procurement during 2022. PSAA will consult on the fee scale for the 2023/24 audit in early autumn 2023.

<https://www.psa.co.uk/appointing-auditors-and-fees/list-of-auditor-appointments-and-scale-fees/2022-23-auditor-appointments-and-audit-fee-scale/>

8. Directory of Auditor Appointments from 2023/24 – December 2022

PSAA has published its Directory of Auditor Appointments from 2023/24 following the completion of the 2022 procurement. The Board agreed the appointments at its meeting on 16 December 2022.

<https://www.psa.co.uk/2023/01/directory-of-auditor-appointments-from-2023-24/>

9. PSAA announces the number of audit opinions completed for the 2021/22 audits – December 2022

This year’s position on delayed audit opinions underscores the scale of the huge challenge that local audit is facing. At the publishing date of 30 November 2022, only 12% of local government bodies’ 2021/22 audit opinions have been given. Although this is slightly higher than last year’s 9%, this year’s publishing date is two months later than the 30 September target for delivery of 2020/21 opinions.

The table below highlights a comparison with previous years.

Year of Account	Publishing Date	Opinions given at the publishing date
2021/22	30 November 2022	12%
2020/21	30 September 2021	9%
2019/20	30 November 2020	45%
2018/19	31 July 2019	57%

What makes the latest position increasingly alarming is that more than 220 opinions from prior years remain outstanding. As opinions have been given at fewer than 60 bodies for 2021/22, this means that a total of more than 630 opinions are currently late. This year the position has been made more difficult by uncertainties concerning the valuation of infrastructure assets, adding to significant ongoing challenges of recruiting and retaining sufficient staff with the requisite knowledge, skills and experience to both prepare and audit the accounts to the required standard.

<https://www.psa.co.uk/appointing-auditors-and-fees/list-of-auditor-appointments-and-scale-fees/2022-23-auditor-appointments-and-audit-fee-scale/>

It should be noted, that the opinions for Durham County Council were successfully delivered by the publishing dates in the table. However the 2021/22 opinion has been delayed due to the national infrastructure issue highlighted earlier in this report.

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Audit Committee

28 February 2023

**Corporate Governance Review 2022/23
– Key Dates**



Report of Paul Darby, Corporate Director of Resources

Purpose of the Report

- 1 To inform Audit Committee of the key dates for the corporate governance review for the 2022/23 financial year.

Executive Summary

- 2 This report informs Audit Committee of the key dates in the annual governance review for the 2022/23 financial year to enable the statutory deadline to be achieved.

Recommendation

- 3 Audit Committee is requested to note the contents of this report.

Background

- 4 The Accounts and Audit Regulations 2015 (as amended) require each local authority to conduct a review at least once in a year of the effectiveness of its system of internal control. A statement reporting on the review must be included in an Annual Governance Statement (AGS) published with the Statement of Accounts (SOA).
- 5 The current statutory deadline for publishing the draft SOA is 31 May and the statutory deadline for publishing the final SOA is 30 September.

Key Dates

- 6 The key dates for the 2022/23 corporate governance review are in Appendix 2 of this report.

Background papers

- None

Other useful documents

- None

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Appendix 1: Implications

Legal Implications

None

Finance

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

Consultation

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

Equality and Diversity / Public Sector Equality Duty

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

Human Rights

None

Crime and Disorder

None

Staffing

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

Accommodation

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

Risk

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

Procurement

There are no procurement implications, but the procurement function helps meet several core principles of the CIPFA/ SOLACE guidance by, for example, minimising fraud, corruption and non-compliance with legislation and good practice, thereby helping to secure value for money and effective service delivery.

Appendix 2: Corporate Governance Review 2022/23 Key Dates

<u>Action</u>	<u>Date</u>
Draft AGS to Resources Management Team for consultation.	28/03/2023
Corporate Director of Resources to approve Draft AGS.	11/04/2023
Directors' Assurance Statements approved by Directors.	14/04/2023
CMT to note Draft Annual Governance Statement.	03/05/2023
Deadline for approval of the Draft Statement of Accounts by the Corporate Director of Resources.	31/05/2023
Audit Committee to approve Draft Annual Governance Statement with the annual audit opinion, as part of the final accounts process.	30/06/2023
Corporate Director of Resources to approve Final Annual Governance Statement.	29/08/2023
CMT to note Final Annual Governance Statement.	06/09/2023
Audit Committee to approve Final Annual Governance Statement.	29/09/2023

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Audit Committee

28 February 2023

**Strategic Risk Management Progress
Report for 2022/23
Review 3: 1 October – 31 December
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 October and December 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 (Councillor Richard Bell) and Corporate Director of Resources (Paul Darby).
- 4 Since the last update to the committee, one new risk (Home to School Transport Budget) has been added and one risk has been closed (shortage of HGV drivers). The net risk evaluation of two risks, relating to children's social workers and public transport, have been updated to key risk status.

- 5 There are updates on the management of seven key risks (funding settlements, construction industry price increases, A690 land slippage, energy price increases, urgent and emergency care services, statutory sufficiency duty, savings plans).
- 6 There are updates on the management of eleven non-key risks (homelessness, major incident, business failures, care providers, Inclusive Economic Strategy, HNB SEND, child safeguarding demand, educational outcomes, recruitment and retention, cyberattack, Care Charging Policy).
- 7 Officers are working closely with partners to scale up preparedness for, and protection from, a potential terrorist attack and to ensure that the council will be able to meet the new requirements of Martyn's Law, which follows campaigning after the Manchester Arena terror attack in May 2017 and is expected to come into force in August 2023.
- 8 A risk assessment is being developed for one emerging risk (guaranteed minimum pensions).
- 9 In summary, the report outlines that on 31 December 2022, there were 43 risks on the strategic risk register. There are twelve key risks, relating to Government funding, construction industry price increases, energy price increases, urgent and emergency care services, statutory sufficiency duty, climate change, children's social workers, child safeguarding, savings plans, vulnerable adults, A690 land slippage, and public transport, for which key mitigating actions have been identified.
- 10 This report outlines systematic monitoring of external, relevant information sources undertaken by officers to provide assurance on the effectiveness of the Council's arrangements for comprehensively identifying risks that threaten the achievement of objectives or the successful execution of strategies.
- 11 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

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

Background

- 13 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.
- 14 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

- 15 On 31 December 2022, there were 43 risks included on the corporate strategic risk register, the same as on 30 September 2022. During the period covered by this report one risk was added and one was removed.
- 16 In summary, the key risks to the council are:
- (a) There is significant uncertainty in relation to **future funding** settlements from government, particularly from 2025/26 onwards, which will significantly impact upon the medium-term financial plan.
 - (b) 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.
 - (c) Potential progressive **land slippage near the A690** may develop to an extent where a major road closure is necessary for repairs to be undertaken.
 - (d) Potential adverse impact of **energy price increases** on council finances.
 - (e) 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.

- (f) Potential withdrawal of Covid financial support to bus operators may result in reduced **public transport coverage**, leading to a lack of essential transport services for users and/or calls for financial assistance from the Council.
- (g) 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.
- (h) Risk that the council fails, in its role as a community leader, to set an example and help partners, local businesses and communities make the necessary adaptations and mitigations in pursuit of the target of being a carbon-neutral County by 2050 (**climate change**).
- (i) Inability to recruit and retain **children's social workers** and social work managers may seriously inhibit the delivery of services.
- (j) **Failure to protect a child** from death or serious harm (where service failure is a factor or issue).
- (k) Failure to protect a **vulnerable adult** from death or serious harm (where service failure is a factor or issue).
- (l) If timely and comprehensive **savings plans** are not in place across the council, required savings may not be achieved, necessitating extensive utilisation of reserves.

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

- 17 There are updates on the management of seven key risks (funding settlements, construction industry price increases, A690 land slippage, energy price increases, urgent and emergency care services, statutory sufficiency duty, savings plans). There are updates on the management of eleven non-key risks (homelessness, major incident, business failures, care providers, Inclusive Economic Strategy, HNB SEND, child safeguarding demand, educational outcomes, recruitment and retention, cyberattack, Care Charging Policy).
- 18 Officers are working closely with partners to scale up preparedness for, and protection from, a potential terrorist attack and to ensure that the council will be able to meet the new requirements of Martyn's Law, which follows campaigning after the Manchester Arena terror attack in May 2017 and is expected to come into force in August 2023.

- 19 A risk assessment is being developed for one emerging risk (guaranteed minimum pensions).
- 20 A list of all the Council's strategic risks on 31 December 2022, aligned to the corporate themes in County Durham Vision 2035 and the council Plan, is included in appendix 4.
- 21 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.
- 22 To supplement, and to seek assurance on the effectiveness of, the Council's arrangements for comprehensively identifying risks that threaten the achievement of objectives or the successful execution of strategies, systematic monitoring of external, relevant information sources is undertaken regularly. Key risks highlighted in the Institute of Internal Audit's Risk in Focus report relate to cyber and data security, human capital and talent management, macroeconomic and geopolitical uncertainty, business continuity, climate change and sustainability, and financial and liquidity including the cost-of-living crisis. Other topics include supply chain, governance and reporting, organisational culture, fraud and criminal disruption, communications and reputation, health and safety and security. A review of the Council's relevant governance frameworks, including risk management, has confirmed that formal arrangements are in place for all items listed.
- 23 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

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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

Effective risk management supports the procurement function by minimising fraud, corruption, and non-compliance with legislation and good practice, thereby helping to secure value for money and effective service delivery.

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.

To supplement, and to seek assurance on the effectiveness of, the Council's arrangements for comprehensively identifying risks that threaten the achievement of objectives or the successful execution of strategies, systematic monitoring of external, relevant information sources is undertaken regularly. Examples include the World Economic Forum's annual Global Risks Report and the Institute of Internal Audit's Risk in Focus reports.

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 Durham County Council Pension Fund maintains its own risk register, with risks managed in line with CIPFA's 2018 guidance on *Managing Risk in the Local Government Pension Scheme*. The Fund's risks are reviewed in detail by officers, with periodic reporting to the Pension Fund Committee in line with its Terms of Reference.

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 December 2022, there were 43 risks on the corporate strategic risk register, the same as on 30 September 2022. During this period one risk was added, and one was removed.

The following matrix profiles the strategic risks according to their net risk evaluation on 31 December 2022. To highlight changes in each category during the last period, the number of risks on 30 September 2022 is shown in brackets.

Overall number of Strategic Risks on 31 December 2022

Impact					
Critical	1 (1)		3 (3)	1 (1)	2 (2)
Major		4 (5)	5 (5)	4 (3)	1 (1)
Moderate			13 (13)	8 (8)	1 (0)
Minor				0 (1)	
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, particularly from 2025/26 onwards, which will significantly impact upon the medium-term financial plan.
- 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 *Increased levels of demand combined with high inflation on transport costs may disrupt the provision of **Home to School Transport**, leading to a potential budget overspend and adverse impacts on children and families (CYPS).*

The net risk evaluation is moderate impact, probable likelihood.

This risk relates to Home to School Transport (H2ST) provision in primary, secondary and special schools, and alternative provision, for which the annual budget is around £19.5m (2022/23). The service provides daily transport to almost 9,000 passengers (2021/22) through over 1,000 contracts with over 300 transport suppliers.

Overall transport costs have been increasing and are forecasted to rise further in future years, largely because of increases in SEND and specialist transport demand, increasing contractor prices and inflation. At quarter 2 of 2022/23, the forecast overspend was approximately £6m.

Amended Risks

- 2 *Potential withdrawal of Covid financial support to bus operators may result in reduced **public transport coverage**, leading to a lack of essential transport services for users and/or calls for financial assistance from the Council (**REG**).*

The net risk evaluation has been updated from minor impact / probable likelihood to moderate impact / highly probable likelihood, meaning that this is now a key risk.

Two Central Government funding streams, used to support bus operators throughout the COVID-19 pandemic with patronage falling significantly, are set to end on the 31 March 2023. At present, no announcement has been made from the Department for Transport on whether Bus Recovery Grant (paid direct to bus operators) or Local Transport Fund (paid to local authorities) will be extended. We believe that if the funding, amounting to around £5m a year, is not extended then further cuts to bus services will be implemented. These cuts, which could be as much as 20% of the existing commercial bus network, will put even greater pressure on Nexus, Durham and Northumberland County Councils who provide socially necessary bus services in the

region. It should be noted that these pressures are compounded by the service cuts that were implemented throughout 2022.

The Council has already committed to contributing £2m from an underspend of the concessionary fares budget for 2023/24, which is helping to cushion the impacts of previous commercial service reductions on bus users.

3 *Inability to recruit and retain **children's social workers** and social work managers may seriously inhibit the delivery of services (CYPS).*

The net risk evaluation has been updated from moderate impact / probable likelihood to major impact / probable likelihood, meaning that this is now a key risk.

This is a longstanding risk, first highlighted in 2017, that continues to be a national problem in children's social care as more people leave statutory social work roles and the number of new graduates fails to meet demand. Recruitment is increasingly difficult due to strong competition from other employers, including other local authorities, non-statutory employers and even adult and health services, and this has been exacerbated by a declining availability of agency staff. This has led to rising vacancy rates and, between October and December 2022, a sharp rise in average caseloads. There is a significant risk to our ability to meet a range of statutory and regulatory duties if we are unable to recruit a sufficient social work workforce.

A range of corporate and service-based recruitment advertising and frameworks are in place to support recruitment activity. Several initiatives such as the Management Academy, the Pathways Programme, and Strengthening Supervision aim to develop managers to ensure that employees are well supported, and the supervision framework includes a focus on wellbeing and reflection. The employee health and wellbeing portal gives access to health and wellbeing resources, information and support, and the Employee Assistance Programme provides access to a range of psychological support services. The Government response to the Independent Care Review has also initiated a national consultation with a number of proposals to support workforce challenges. If implemented this will provide further mitigation to the risk.

Updates on the Management of Existing Risks

Key Risks

- 4 *There is significant uncertainty in relation to future **funding settlements** from government, particularly from 2025/26 onwards, which will significantly impact upon the medium-term financial plan (**RES**).*

The Chancellor of the Exchequer has indicated that the whole public sector will only receive 1% real terms increases in funding for the period 2025/26 to 2027/28. There is still the expectation that the Fair Funding Review could also be implemented in 2025/26 at the earliest which could lead to a loss of core funding.

- 5 *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 (**construction industry price increases**) (**REG**).*

The net risk evaluation is critical impact, highly probable likelihood.

This risk has arisen due to macroeconomic factors such as high inflation and rising interest rates, and global factors including high levels of post-Covid demand, the war in Ukraine and rising energy prices. High prices continue to place significant pressures on the Council's capital resources, and the ability to accommodate prudential borrowing costs in the Medium Term Financial Plan is limited by the revenue pressures that are driven by inflation and demand in social care.

In October 2022, Cabinet considered the Council's MTFP forecasts and members initiated a review of reserves and agreed a temporary pause to a range of projects and programmes that were not contractually committed or commenced on site whilst the situation was reviewed. This review is now complete and, in January 2023, Cabinet considered the outcome of the review and agreed that all schemes in the current programme can continue to progress, subject to ongoing reviews of the Leisure Transformation Programme and the new Council House Building Programme.

The investment in the Town and Villages Programme remains at £25m over the lifetime of the programme and has been included in the updated MTFP13 capital programme agreed by Council, funded from prudential borrowing instead of from reserves.

The refurbishment of Abbey Leisure Centre, Spennymoor Leisure Centre and Peterlee Leisure Centre are progressing, alongside some

major energy efficiency / carbon reduction programmes at Newton Aycliffe Leisure Centre and Teesdale Leisure Centre whilst the review of the Leisure Transformation Programme is undertaken.

At the Cabinet and Council meetings in February, the council finalised the MTFP13 new capital bids, building on the circa £600m of existing approved capital investments.

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

The net risk evaluation is critical impact, probable likelihood.

The land slippage is showing signs of slowing down after recent failures and temporary remedial works and ground investigation evidence demonstrates that the embankment is showing an average of 1mm movement per month. The area continues to be subject to regular inspection and ongoing investigations.

The main impacts of this risk, should it materialise, are financial (permanent remedial works will cost £15m), as well as disrupting the local economy and denying access to highways users and utilities. There could also be a breach of statutory duty to maintain the highway. National Power Grid, who occupy a depot downhill and adjacent to the A690, have engaged with a ground investigation specialist who are monitoring the landslip and while the impact on their land is more serious, their works appear to have addressed the ground movement to manageable levels. However, a more permanent repair solution is required to provide a long-term fix to addressing the carriageway and slope instability and this has been included in the MTFP13 capital programme.

Work is underway to finalise which of the three proposed options is the most cost-effective long-term solution.

7 *Potential adverse impact of energy price increases on council finances (energy prices) (RES).*

The financial impact on council finances is estimated at £6m, and the overall net risk evaluation remains major impact, highly probable likelihood.

The Council's energy requirements are purchased through the NEPO Energy Team under direction from the North East Directors of Resources Group in line with an agreed risk and purchasing strategy. The Energy Efficiency Group, led by the Corporate Director of

Neighbourhoods and Climate Change, is exploring ways that energy usage can be reduced, and a staff awareness campaign is ongoing to encourage staff to help minimise energy consumption.

The council is currently benefitting from the Energy Business Relief Scheme (EBRS), which applies a price cap on energy charges between October 2022 and March 2023. However, The Government recently announced that the ERBS will be replaced by the new Energy Bills Discount Scheme (EBDS) for businesses, charities and the public sector from April 2023 until March 2024. Under the new scheme, eligible organisations will receive a discount on the wholesale price of energy, but the council is not expected to be qualify because the current NEPO forecasts are below the Government's price threshold for eligibility. In summary, under the new scheme, the Council's energy costs are likely to be higher and more difficult to predict.

8 ***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 net risk evaluation is major impact, probable likelihood.

Widespread industrial action by NHS staff starting in December 2022 coincided with high Winter demand, resulting in 8 out of 10 NHS hospital and ambulance trusts across the country, including North East Ambulance Service, declaring critical incidents. This means any localised incident where the level of disruption results in the organisation temporarily or permanently losing its ability to deliver critical services, patients may have been harmed or the environment is not safe, requiring special measures and support from other agencies to restore normal operating functions.

In County Durham and Darlington, detailed preparations are in place across system partners, using established winter planning and emergency process protocols. Reports detailing plans are regularly presented to Adults, Health and Wellbeing Overview and Scrutiny Committee. Durham Local Area Delivery Board (LADB) prepare for expected surges in demand and co-ordinate work across partners.

Delays to discharging people from hospital when they are fit to leave continue to be a significant issue and, in November 2022, the Government announced details of the £500 million Adult Social Care Discharge Fund, around 40% of which has been distributed to local authorities with the rest allocated to Integrated Care Boards (ICBs). In County Durham and Darlington, both local authority and ICB funding is being used to deliver a joint plan. Initiatives being funded include commissioning of 17 additional intermediate care block beds until the

end of March 2023; pilot of rest and recovery units in care homes on behalf of the NHS, and increased domiciliary care worker capacity through additional hours, recruitment and retention.

In collaboration, the ICB, County Durham and Darlington Foundation Trust (CDDFT) and the council are implementing other measures to alleviate pressures in this area. The council temporarily reduced the assessment specification for discharge from an intensive care bed and has offered the opportunity for staff to undertake discharge assessments outside of normal working hours. The ICB has agreed to fund placements where the discharge delay is due to lack of care package or a dispute around funding, and the CDDFT will fund first six weeks' care home fees pending alternative/long-term arrangements.

Some care providers are reporting recruitment difficulties, living wage issues and rising energy costs and, in recognition of these pressures and to supplement Government help such as the energy support scheme, the council increased the hourly rate paid to domiciliary care providers from January 2023 and provided grant support to older persons care homes. These initiatives are being funded through Discharge Grant until the end of March 2023.

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

The net risk evaluation is major impact, probable likelihood.

There has been an increasing reliance on the use of higher cost accommodation such as external residential care, leading to a forecast overspend of more than £13m on placement budgets, and this is placing pressure on our MTFP planning. A budget uplift of £13.8m (including a 5% uplift for inflation) has been made in the 2023/24 budget. Availability of suitable placements also provides a significant risk to our ability to meet our statutory and regulatory requirements.

Durham County Councils Sufficiency and Commissioning Strategy sets out the strategic approach to securing sufficient accommodation to meet the needs of our looked after children. This includes initiatives to increase the number of foster carers and the provision of in-house children's homes designed to meet the predicted needs of the young people. Additional work is underway to seek to reduce the need for children to enter care with agreement for an edge of care home currently being progressed following successful purchase of a fire station property.

Sufficiency issues are also being faced by all local authorities, and the Government's responses to the Independent Care Review will be important in understanding how the children's social care system will be transformed to better support the most vulnerable children and families. This is expected in January 2023.

- 10 *If timely and comprehensive **savings plans** are not in place across the council, required savings may not be achieved, necessitating extensive utilisation of reserves (RES).*

The net risk evaluation is critical impact, possible likelihood.

The future financial settlement from the Government beyond 2025/26 continues to be uncertain. The Chancellor's Autumn 2022 Statement indicated that funding constraints would impact upon the whole public sector from 2025/26 until at least 2027/28. There was however no detail provided as to what the impact was for local government or individual local authorities.

At the same time, the council is facing significant ongoing base budget pressures due to the impact of the pandemic in addition to significant demographic and cost pressures in social care and high levels of price inflation in the economy.

It is highly likely that significant additional savings will be required in the future although the value is unknown at this stage due to all of the uncertainties detailed above. With this in mind, it is vital that savings plans are developed on the basis that they may be required. If this process is not completed savings will be delayed requiring extensive utilisation of reserves to balance the budget.

Non-Key Risks

- 11 *Increased financial and other pressures on households cause a rise in the number of people unable to buy or rent accommodation, with increased evictions and repossessions likely, leading to a significant increase in **homeless presentations**, use of temporary accommodation, demand for secure affordable housing and pressure on housing support services (REG).*

The Government has limited rent increases for 2024/25 to 7% which will limit the net rent that registered providers can charge. However, this will have minimal benefit for tenants as many are in receipt of benefit, which in most cases, will cover any increase, with the amount tenants actually paying being largely unaffected. A below inflation rent increase will, however, put additional pressure on registered providers which

could affect their ability to deliver services, including tenant support services and their future new build programmes.

The Energy Support Scheme from April 2023 will target support to those on lowest incomes, which should mitigate the impact of rising energy costs, however, when the wider inflationary and cost of living increases are taken into account many more people are likely to struggle financially in the year ahead.

- 12 *Breach of duty under Civil Contingencies Act 2004 by failing to prepare for, respond to and recover from a **major incident**, leading to a civil emergency (NCC).*

Following a review of the response to Storm Arwen, an [improvement plan for managing future incidents](#) was agreed by Cabinet in July 2022. The plan is being implemented on a multi-agency basis through the County Durham and Darlington Local Resilience Forum action plan.

DCC will be involved in a County Durham and Darlington Local Resilience Forum strategic exercise, planned for late 2023, to practise the multi-agency response to a major incident. In addition, at the end of March 2023, the council will be involved in a national exercise (Exercise Mighty Oak) concerning a no-notice national power outage.

- 13 *High inflation, borrowing costs and uncertainty around Government funding and policy may cause serious harm to the local economy, leading to widespread **business failures** (REG).*

A bid for Investment Zone status at Aykley Heads and at Net Park was submitted in October 2022 to access associated benefits. However, since then, the Government has announced that Investment Zones will not be taken forward.

The council is reviewing budgets for regeneration and development projects in line with known cuts as well as increasing costs and uncertainties. The council is also working with neighbouring local authorities and the Government on a new devolution deal which should give some certainty over funding for some of these projects.

- 14 *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).*

Implementation of the social care funding reforms announced by the Government in Spring 2022, which will widen the scope of individuals who can access the Council's contract, has been put back two years to

October 2025. The council continues to plan its approach to the reforms, and will need to amend charging policies, and care home contracts, accordingly.

In accordance with Department of Health and Social Care (DHSC) guidance, the council submitted the documents required by DHSC on the results of the 'Cost of Care' survey as well as a draft 'Market Sustainability Plan' (MSP) in October 2022. The Council's Cost of Care report and the draft Durham MSP have been shared with care home providers, and the DHSC has confirmed that the current expectation is for Councils to submit a final MSP by 27 March 2023. In the meantime, any revisions to either of these documents will be published as soon as possible.

DHSC have made it clear that the outcome of the Cost of Care exercise is not intended to replace the fee-setting element of local authority commissioning processes or individual contract negotiations, so annual negotiations regarding care home fees will take place as normal between January and March 2023. The council increased the hourly rate paid to domiciliary care providers from January 2023 and this is being funded through the Government's recently announced Discharge Grant until the end of March 2023. The council has also provided support for older persons care home providers from this grant, in order to assist with discharges to 24-hour care.

- 15 *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 **Inclusive Economic Strategy**, resulting in damage to the strength and competitiveness of the of the Co Durham economy (REG).*

In December 2022, the Council's Cabinet approved the adoption of the County Durham Inclusive Economic Strategy (IES) that has been developed through the County Durham Economic Partnership (CDEP). The IES sets a clear long-term vision for the County's economy through to 2035 and will be delivered through a series of delivery plans formed and delivered in partnership through CDEP. The council is reviewing budgets for regeneration and development projects in line with known cuts as well as increasing costs and uncertainties.

Following successful talks, the Government has offered leaders and mayors of the seven local authorities in the North East a provisional devolution deal which would unlock billions of pounds of investment to the region and see additional powers transferred from Whitehall to local people. The new deal, which is subject to consultation and a statutory approval process, would see the formation of a new combined authority, headed by an elected 'Metro' mayor and cover the LA7 area of County

Durham, Newcastle, Gateshead, North Tyneside, Sunderland, South Tyneside and Northumberland. The deal offers a potential £4.2bn of investment into the region and is expected to create 17,500 extra jobs, create 50,000 courses to give people the skills to get good jobs, and leverage £3.7 billion of private sector investment. Once established, the new authority will have the power to make decisions on economic development as well as transport, skills, housing and finance.

- 16 *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 (HNB SEND) (CYPS).*

Implementation of the HNB Sustainability Programme continues and a report on a programme review is scheduled to go to Cabinet in April 2023.

Through the [Mainstream Primary and Secondary Formula Funding](#) report on 18 January 2023, Cabinet agreed that in, 2023/24, the local funding formula will continue to be aligned to the National Funding Formula (as updated), meaning that High Needs Block funding will increase by 10.7% year on year.

The council is participating in the Department for Education's (DFE) £85m Delivering Better Value programme, which will help around 55 local authorities improve delivery of special educational needs and disability (SEND) services for children and young people. The programme will provide dedicated support and funding to specific local authorities facing significant challenges in their high-needs systems that support young people with SEND. The Chartered Institute of Public Finance and Accountancy and consultants Newton Europe, alongside specialist SEND advisors, will conduct a comprehensive diagnostic to identify opportunities to reform local authorities' high-needs systems, while also helping to engage their stakeholders. The DFE will then work with local authorities to determine which identified reforms to fund and will provide direct grants.

DCC has joined the programme in the second of three tranches (cohorts of local authorities that begin the DBV journey at the same time) and is in the 'Evaluation and Set up Phase'. A dedicated project team has been set up and had an introductory meeting with Newton Europe, the lead consultants, in January 2023. Next steps include the submission of a data return to the consultants in February 2023 and special training for the project team in March 2023, before entering the 'Baseline and Forecasts' phase.

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

Referrals rates are currently lower than in the 12 months preceding the pandemic. However, there is a higher number of cases already in the system, which are more complex and, therefore, stay in the system for longer. Pressure on caseloads is being exacerbated by issues in relation to the recruitment and retention of social workers.

18 *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 (CYPS).*

This risk was first highlighted in June 2021, following media reports of growing evidence around the impact of Covid-related school closures on the learning outcomes of pupils, especially those who are disadvantaged.

National, post Covid attendance rates have fallen, and this is being recognised regionally and locally with larger numbers of persistently absent pupils.

The Council's school attendance team has been restructured and includes specialists in Elective Home Education. New Department for Education (DfE) attendance guidance uses DCC an example of model practice.

Other mitigations for this risk include employment services delivered directly by around 170 council employees, and delivery partners. DurhamDirections is a dedicated project for young people aged 15-24 years old, who need extra help when making decisions about education, training and employment opportunities. DurhamEnable provides support to people who face significant barriers to entering work as a result of the long-term nature of a disability or the potential long-term impact of deteriorating mental health. Durham Advance provides support to adults, including those who are unemployed (or inactive) with health issues and specifically, clients who are over 50 years of age and have barriers to employment. The LINKCD project helps adults with multiple and complex needs to address their underlying issues and move closer to or into the labour market.

Officers are currently exploring the implications of two issues related to the forthcoming project end date for these services. The first is an anticipated reduction / gap in service provision during 2023/24 and the

second is the financial implications of European funded employment projects coming to an end.

- 19 *National and local shortages of skills and labour may cause **recruitment and retention** difficulties, resulting in capacity shortfalls (RES).*

A comprehensive project plan is in place to strengthen and modernise our strategic approach to recruitment across the Council, and additional posts have been put in place to support this work. Key actions are grouped under the following themes: candidate attraction; process improvements; onboarding and induction; learning and development for managers; engagement and retention; and equality, diversity and inclusion. The latest highlight report shows that the project plan is on track with no issues experienced.

Recruitment advertising has been extended, through social media and partner agencies such as Indeed and Totaljobs, to maximise talent reach and attraction. Managers have received briefings and guidance on recruitment and advertising options. Additional support on recruitment campaigns is in place for lead officers together with the development of social media graphics and recruitment packs for key roles.

There has also been increased representation at job fairs and career events, and we have been strengthening links with schools, colleges, and universities.

- 20 *If the council suffered a successful cyberattack or IT security breach, then it may be unable to effectively deliver essential services (RES).*

The council is engaging with central government in their development of a new set of standards, the Cyber Assessment Framework, which will replace the current Public Services Network (PSN) guidelines. The response to the PSN Authority was submitted recently, following the annual ICT Health Check, and includes a mitigation plan for any vulnerabilities that were noted during the health check.

Cyber security awareness training was updated in November 2022 to include revised versions of the anti-phishing segment. The Council's desktop anti-virus software has also been evaluated and will be replaced in quarter 1 of 2023/24 to remove risks associated with Russian-based products. Server anti-virus software was replaced earlier in Summer 2022.

Plans are being made to review and assess the effectiveness of cyber security business continuity planning at individual service level as well

as corporately. The aim is to identify cyber risk and outline steps to prevent or mitigate incidents where possible. The process will include a cybersecurity risk assessment, a business impact analysis, systems testing activity and ongoing monitoring. The benefits that this will deliver include lessening business disruption by providing clear steps, actions and responsibilities, and an increased awareness of cyber risks, which can prevent incidents from occurring. Additionally, by planning incident response ahead of time, the council can also ensure their response is compliant with regulators and General Data Protection Regulation.

To further reduce the risk of a cyber-attack, our remote access policy was changed recently to reduce the number of countries from which staff can connect to DCC systems, applications and electronic resources. We continue to monitor and respond to the changing cybersecurity landscape and emerging threats.

- 21 *Risk that the council is subject to legal challenge by Providers in relation to application of its Residential and Non-Residential Care Charging Policy and Deferred Payment Policy (**Care Charging Policy**) (AHS).*

Implementation of the social care funding reforms announced by the Government in Spring 2022, which will widen the scope of individuals who can access the Council's contract, has been put back two years to October 2025. The council continues to plan its approach to the reforms, and will need to amend charging policies, and care home contracts, accordingly.

Closed Risks

- 22 *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).*

This risk has been closed as it is no longer considered significant.

A potential shortage of HGV drivers was highlighted in late 2021 due to the effects of Covid19 and the EU Exit, including competition for labour between industry sectors, delays in driver training and a backlog of driving tests. Vulnerable council services included refuse and recycling, strategic waste, highways operations, and clean and green.

Mitigations include favourable terms and conditions for council HGV drivers, including a local group task and finish collective agreement, and a job re-evaluation in 2020 resulted in pay rises for HGV drivers. Capacity pressures have been managed through prioritisation of services, redeployment and engagement with recruitment agencies.

In the light of current circumstances, potential impacts are considered minor and unlikely, and there are no significant concerns in any of the relevant service areas.

Other Issues

- 23 *Risk of a **terror attack** by an individual or an organised network at a publicly accessible location, resulting in potential fatalities and serious harm to a large number of people (NCC).*

Officers are working closely with partners to scale up preparedness for, and protection from, terrorist attacks and to ensure that the council will be able to meet the new requirements of Martyn's Law, which is expected to come into force in August 2023. Also known as the Protect Duty, Martyn's Law follows campaigning after the Manchester Arena terror attack in May 2017 and aims to improve protective security and organisational preparedness at publicly accessible locations. It will compel public venues in the UK to take wide-reaching security measures to protect visitors and staff. Duty holders include landlords, tenants, owners or facilities management organisations with responsibilities for venues and spaces.

The Government's counter terrorism strategy, CONTEST is an integrated approach based on four main work streams, each with a clear objective to try and stop terrorist attacks occurring and, if they do occur, to mitigate their impact. The CONTEST workstreams are Pursue (stopping terrorist attacks), Protect (strengthening our protection against attack), Prepare (mitigating the impact of attacks), and Prevent (stopping people becoming terrorists or supporting violent extremism).

At a regional level, the council works with partners through the County Durham and Darlington Local Resilience Forum (LRF) and the CONTEST Silver Group. Police and security agencies work continuously to protect the public and, as a group of local responders, the LRF is focussed on preparing for the consequences of any emergency, and our plans try to set out generic capabilities that can be used in any emergency situation.

As part of the Publicly Accessible Locations pilot carried out by local authorities throughout the North East of England in partnership with Counter Terrorism Police North East, a Protect and Prepare Group has been established consisting of senior managers from relevant service areas in local authorities and partner agencies. Areas for improvement are being identified through a maturity model, which evaluates current arrangements under the themes of governance and leadership, partnership and engagement, information management, risk and

incident management, culture and awareness, and exercise and learning. Zone identification and counter terrorism assessments have been trialled in two of County Durham's most populous settlements and we are proactively engaging with landowners, businesses and property management companies to encourage compliance with the forthcoming legislation.

24 *Potential financial liability arising from a change in administrative practice in relation to payments to retired employees entitled to **Guaranteed Minimum Pensions (RES)**.*

This presents an emerging reputational risk for the council.

Like both public and private pension schemes, the Durham County Council Pension Fund has gone through a process to compare values for all members in the fund who have a Guaranteed Minimum Pension (GMP) with the equivalent values held by HM Revenue and Customs (HMRC). With the ending of contracting out and the scaling down of the HMRC team, all Pension Funds were required to go through this reconciliation process and agree the correct records. As the Fund moves onto the next stage of the process, the discrepancies resulting from incorrect or incomplete information being passed between scheme employers, pension funds and HMRC must be rectified.

As the Fund cannot knowingly make incorrect payments to its pensioners, and overpaid pensions are therefore likely to be reduced. An overpayment can arise where the value of the GMP held by the Fund is less than that held by HMRC. Because of the complicated nature of the issue, and the likelihood of resulting overpayments, it is possible that the exercise could generate negative press. It should be noted that there is no financial risk to the council's budget as the rectification, which will generate both 'winners and 'losers', will see beneficiaries of the exercise paid directly from the Pension Fund. A detailed report to both CMT and the Pension Fund Committee will be provided in due course.

Key Risks

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

Key Risks Matrix

Net Impact					
Critical			10 Child Safeguarding 11 Savings Plans 12 Vulnerable Adults	3 A690 Land Slippage	1 Govt Funding 2 Construction Industry Price Increases
Major				5 Urgent and Emergency Care 7 Statutory Sufficiency Duty 8 Climate Change 9 Children's Social Workers	4 Energy Prices
Moderate	<div style="border: 1px solid black; padding: 5px;"> <p>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.</p> </div>				6 Public Transport
Minor					
Insignificant					
Net Likelihood	Remote	Unlikely	Possible	Probable	Highly Probable

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 / 1 Our resources will be managed effectively	R0595 - There is significant uncertainty in relation to future funding settlements from government, particularly from 2025/26, which will significantly impact upon the medium-term financial plan (Govt Funding).	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 Owner:	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 (construction prices) .	Critical	Highly Probable	<p>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 reported to CMT. 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.</p> <p>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.</p>		The duration of this risk is uncertain, but it is expected to continue for the next two to four 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	NCC Risk Owner: Mark Readman	Service-specific	Our Communities - Durham is a great county in which to live, with flourishing communities which are connected and supportive of each other / People will have good access to workplaces, services, retail and leisure opportunities	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 (A690 slippage).	Critical	Probable	Monitoring by the Highway Inspector is continuing, and any remedial works found to be necessary are being programmed. Consultant engineers have reviewed available ground monitoring data to determine a longer-term repair solution. Meetings are ongoing with NPG and the ground investigation contractor to review the available data and to discuss the proposed capital project. The Round 2 Levelling Up funding bid was submitted to include stabilisation of the carriageway and the result of this bid will be notified to DCC possibly at the end of December 2022. Conversations are ongoing with Council-appointed consulting engineers to investigate the impacts of the three proposed options to identify the most cost-effective long-term solution.		This has been classified as a long-term risk as the extent of the problem cannot be determined without extensive intrusive works.

Ref	Service leading on the risk	Range of impact (cross-cutting or service-specific)	Corporate Theme	Risk	Net Impact	Net Likelihood	Proposed Key Actions	Direction of Travel	Anticipated date when risk will be at an acceptable level
4	RES Risk Owner: Darren Knowd	Cross-cutting	Our Council - Durham County Council has a reputation for listening to its residents, being well-managed and getting things done / 1 Our resources will be managed effectively	UR0153 - Potential adverse impact of energy price increases on council finances (energy prices).	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. The approach to rationalising buildings usage and energy consumption is being reviewed with strategic and buildings managers.		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
5	AHS Risk Owner: Jane Robinson	Service-specific	Our People - Durham is a place where people will enjoy fulfilling, long and independent lives / Better integration of health and social care services	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	Detailed preparations are in place across system partners, using established winter planning and emergency process protocols. Reports detailing plans are presented to Adults, Health and Wellbeing Overview and Scrutiny Committee (OSC) on a regular basis. Durham Local Area Delivery Board (LADB) prepare for expected surges in demand and co-ordinate work across partners. 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 both the independent sector care market and 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
6	REG Risk Owner: Mark Jackson	Service-specific	Our Communities - Durham is a great county in which to live, with flourishing communities which are connected and supportive of each other / People will have good access to workplaces, services, retail and leisure opportunities	UR0164 – Potential withdrawal of Covid financial support to bus operators may result in reduced public transport coverage , leading to a lack of essential transport services for users and/or calls for financial assistance from the Council.	Moderate	Highly Probable	The Council has committed to contributing £2m from an underspend of the concessionary fares budget for 2023/24, which is helping to cushion the impacts of previous commercial service reductions on bus users.	New risk	This risk will have long-term impacts

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, Jane Robinson		Our People - Durham is a place where people will enjoy fulfilling, long and independent lives / 1 Children and young people will enjoy the best start in life, good health and emotional wellbeing	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	Durham County Councils Sufficiency and Commissioning Strategy sets out the strategic approach to securing sufficient accommodation to meet the needs of our looked after children. This includes initiatives to increase the number of foster carers and the provision of in-house children's homes. Sufficiency issues are also being faced by all local authorities, and the Government's responses to the Independent Care Review will be important in understanding how the children's social care system will be transformed to better support the most vulnerable children and families.		This risk is long term.

Risk #	Service leading on the risk	Range of impact (cross-cutting or service-specific)	Corporate Theme	Risk	Net Impact	Net Likelihood	Proposed Key Actions	Direction of Travel	Anticipated date when risk will be at an acceptable level
8	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 / Work with others to achieve a carbon neutral county	R0684 - High technology costs and a potential lack of Government funding and resources may prevent the council from making the necessary adaptations and mitigations to meet 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
9	CYPS Risk Owner: Rachel Farnham	Service-specific	Our People - Durham is a place where people will enjoy fulfilling, long and independent lives / 1 Children and young people will enjoy the best start in life, good health and emotional wellbeing	R0660 - Inability to recruit and retain children's social workers and social work managers may seriously inhibit the delivery of services.	Major	Probable	<p>Mitigations include the Social Work (SW) Academy, a regional agreement on agency payments, Recruitment and Selection Policy and guidance, monitoring competitiveness of grades / pay rates, recruitment and retention (R&R) for specified roles, supporting various routes into SW, management development and leadership academy to ensure SWs are well supported, supervision framework.</p> <p>Planned improvements include ongoing risk assessment to determine if extensions to R&R allowances are justified and are applied to the right groups of social workers, increasing investment in routes into social work, further improving recruitment, enhancing flexibility.</p>	Uprated from moderate impact, probable likelihood.	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
10	CYPS Risk Owner: John Pearce	Service-specific	Our People - Durham is a place where people will enjoy fulfilling, long and independent lives / 3 All children and young people will have a safe childhood	0227 - Failure to protect a child from death or serious harm where service failure is a factor or issue (Child Safeguarding).	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.

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
11	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 / 1 Our resources will be managed effectively	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
12	AHS Risk Owner: Lee Alexander	Service-specific	Our People - Durham is a place where people will enjoy fulfilling, long and independent lives / Support people whose circumstances make them vulnerable	R0562 - Failure to protect a vulnerable adult from neglect or abuse, including financial abuse (where service failure is a factor or issue).	Critical	Possible	As the statutory body, the multi-agency Durham Safeguarding Adults Partnership 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 December 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	Conclusion	Main Controls and Planned Improvements
1	RES	R0595 - There is significant uncertainty in relation to future funding settlements from government, particularly from 2025/26, which will significantly impact upon the medium-term financial plan (Govt Funding).	Treat	See key risk schedule in appendix 3.
2	RES	UR0153 - Potential adverse impact of energy price increases on council finances (energy prices).	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.	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/ requirements for property and land .	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.
5	NCC	R0565 - Breach of duty under Civil Contingencies Act by failing to prepare for, respond to and recover from a major incident , leading to a civil emergency.	Treat	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: The Storm Arwen Improvement Action Plan consists of 22 actions, between August 2022 and March 2025, across five themes, namely, community resilience (5), planning and preparedness (8), emergency response resources ((4), activation and use of council staff (2), and decision-making and governance (3).

Ref	Service	Risk	Conclusion	Main Controls and Planned Improvements
P0148	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.	The current controls are considered adequate.	Main controls: Marketing Strategy. Proactive, national marketing of units through a specialist external agency. Tailored incentives for potential tenants. Business Durham connects businesses with the right funding, advice, and networks they need to grow and thrive. Budget monitoring and control. Regular progress reports to Corporate Management Team. Supporting businesses through discretionary rate relief schemes.
7	REG	R0681 - Potential violence and aggression towards members and employees from members of the public	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	REG	R0611 - Serious breach of Health and Safety Legislation	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.
9	RES	R0649 - Potential significant size and scope of the liabilities of equal value claims.	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.
10	RES	UR0154 - National and local shortages of skills and labour may cause recruitment and retention difficulties, resulting in capacity shortfalls.	Treat	Main controls: A comprehensive action plan is in place to strengthen and modernise our strategic approach to recruitment across the council supported by monthly highlight reports and additional posts have been put in place in Human Resources and Employee Services to support this work. Planned improvements: A Corporate Communications Plan for Recruitment continues to be developed as improvements are made and the Emergency Human Resources Policy is being reviewed and updated, where necessary, to ensure that it remains fit for purpose.
11	NCC	R0589 - Failure to consult with communities on major service & policy changes leading to legal challenge & delays in implementation (Consultation).	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).
12	RES	R0657 - If the council suffered a successful cyberattack or IT security breach, then it may be unable to effectively deliver essential services.	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.

Ref	Service	Risk	Conclusion	Main Controls and Planned Improvements
13	RES	R0440 - Due to the current economic climate, there is potential for increases in fraud and corruption in relation to grants, hardship reliefs and scams.	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.
14	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 (business interruption).	The current controls are considered adequate.	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. A business continuity training package for senior managers has been developed and is available on the Durham Learning and Development portal.
15	RES	R0655 - Potential breach of the Data Protection Act 2018 (data breach).	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.

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	Conclusion	Main 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 (A690 slippage).	Treat	See key risk schedule in appendix 3.
17	RES	R0470 - Failure to consider equality implications of decisions on communities leading to successful legal challenge and delays in implementation	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.
18	REG	UR0164 - Withdrawal of Covid financial support to bus operators may result in reduced public transport coverage, leading to a lack of essential transport services for users and/or calls for financial assistance from the Council.	The current controls are considered adequate.	See key risk schedule in appendix 3.

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	Conclusion	Main Controls and Planned Improvements
19	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 (construction prices).	Treat	See key risk schedule in appendix 3.
20	CYPS	R0646 - Potential financial and other pressures threaten the viability of some education providers .	The current controls are considered adequate.	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.
21	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.	The current controls are considered adequate.	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.

Ref	Service	Risk	Conclusion	Main Controls and Planned Improvements
22	REG	UR0166 - Increased financial and other pressures on households cause a rise in the number of people unable to buy or rent accommodation, with increased evictions and repossessions likely, leading to a significant increase in homeless presentations, use of temporary accommodation, demand for secure affordable housing and pressure on housing support services (homelessness).	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 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 to help accommodate and support vulnerable individuals who cannot access mainstream housing.</p> <p>Planned improvements: Direct provision by the council through the establishment of a Housing Revenue Account. Change to Durham Key Options to ensure those in greatest need have the highest priority. Change to the Housing Solutions service to target resources where needed most. Training and awareness to enable front line staff support and work collectively with partners. Improved monitoring and governance of services, including expenditure of budgets and costs. Recruitment of additional temporary staff (if needed).</p>
23	REG	UR0185 - High inflation, borrowing costs and uncertainty around Government funding and policy may cause serious harm to the local economy, leading to widespread business failures .	Treat	<p>Main controls: The council provides support for businesses through workforce development and training services, retail business support services.</p> <p>Planned improvements: The council is reviewing budgets for regeneration and development projects in line with known cuts as well as increasing costs and uncertainties. The council is also working with neighbouring local authorities and the Government on a new devolution deal which should give some certainty over funding for some of these projects.</p>
24	CYPS	UR0187 – Increased levels of demand combined with high inflation on transport costs may disrupt the provision of Home to School Transport , leading to a potential budget overspend and adverse impacts on children and families.	Treat	<p>Main controls: Home to School Transport Transformation Programme. A strategic Home to School Travel Board was established in June 2022 and co-ordinates activities across the component parts of the system. A refreshed Home to School Transport Policy was approved by CMT during 2022/23.</p> <p>Planned improvements: Establish a central Home to School Transport co-ordination function as an invest to save programme of work between January 2023 and March 2026.</p>
25	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 Inclusive Economic Strategy , resulting in damage to the strength and competitiveness of the of the Co Durham economy	Treat	<p>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.</p> <p>Planned improvements: The council is reviewing budgets for regeneration and development projects in line with known cuts as well as increasing costs and uncertainties. The council is also working with neighbouring local authorities and the Government on a new devolution deal which should give some certainty over funding for some of these projects. Lobby Government for continuation of funding.</p>

Ref	Service	Risk	Conclusion	Main Controls and Planned Improvements
26	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.	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.
27	CYPS	R0668 - Government proposals to phase out school improvement grant by 2024/25 could undermine the Council's ability to support maintained schools effectively.	The current controls are considered adequate.	Main controls: Monitoring, Intervention and Improvement Protocol. Regular visits and liaison with school heads. Increased focus on commercialisation opportunities.

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	Conclusion	Main Controls and Planned Improvements
28	NCC	R0684 - High technology costs and a potential lack of Government funding and resources may prevent the council from making the necessary adaptations and mitigations to meet the target of being a carbon-neutral County by 2045 (climate change).	Treat	See key risk schedule in appendix 3.
29	NCC	UR0175 - Potential impacts of the spread of Ash Dieback Disease on the environment, public safety, and council finances.	Treat	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. 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.

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

Ref	Service	Risk	Conclusion	Main Controls and Planned Improvements
30	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.	Treat	See key risk schedule in appendix 3.
31	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.	Treat	See key risk schedule in appendix 3.
32	CYPS	0227 - Failure to protect a child from death or serious harm where service failure is a factor or issue (Child Safeguarding).	Treat	See key risk schedule in appendix 3.
33	AHS	R0562 - Failure to protect a vulnerable adult from neglect or abuse, including financial abuse (where service failure is a factor or issue).	Treat	See key risk schedule in appendix 3.
34	CYPS	R0660 - Inability to recruit and retain children's social workers and social work managers may seriously inhibit the delivery of services.	Treat	See key risk schedule in appendix 3.
35	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 (CLA costs).	The current controls are considered adequate.	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.

Ref	Service	Risk	Conclusion	Main Controls and Planned Improvements
Part 9154	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 (care providers).	Treat	<p>Current 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 initiatives and courses. As part of the Covid response, regular information was 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. Learning from this work has continued post-pandemic.</p> <p>Planned improvements: In line with Charging Reforms, a cost of care exercise, provisional market sustainability plan and a spend report has been submitted to Department of Health and Social Care and feedback is awaited.</p>
37	AHS	R0183 - Risk of a successful legal challenge in relation to Liberty Protection Safeguards , due to high caseloads and capacity pressures, leading to financial penalties and reputational damage.	Treat	<p>Main controls: Recruitment of 20 independent Best Interest Assessors and advertising/recruitment of several internal posts. Refresher training for relevant staff. Operating processes, including the use of the new social services information database have been modified to improve efficiency and effectiveness.</p> <p>Planned Improvements: A review of the Best Interest Assessors function to ensure that key objectives are met. Recruitment of around 10 full-time equivalent Best Interest Assessors, and a scan of expired cases to consider reinstatement, where appropriate.</p>
38	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 (HNB SEND).	Treat	<p>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.</p> <p>Planned Improvements: Implementation of HNB Sustainability Programme. The council is participating in the Department for Education's (DFE) £85m Delivering Better Value programme, which will help around 55 local authorities improve delivery of special educational needs and disability (SEND) services for children and young people.</p>
39	CYPS	UR0167 - Increase in volume and complexity of demand for children's safeguarding services post coronavirus period (child safeguarding demand).	The current controls are considered adequate.	<p>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.</p>

Ref	Service	Risk	Conclusion	Main Controls and Planned Improvements
40	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.	Treat	<p>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.</p> <p>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.</p>
41	NCC	R0452 - Demand pressures on the Community Protection inspections and interventions arising from the UK exit from the EU may lead to an adverse impact on public health and safety in Co Durham.	Treat	<p>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 some staff. The team has been strengthened in 2021 by an apprenticeship programme.</p>
42	AHS	R0666 - Risk that the council is subject to legal challenge by Providers in relation to application of its Residential and Non-Residential Care Charging Policy and Deferred Payment Policy (Care Charging Policy).	The current controls are considered adequate.	<p>Current controls: Adult Social Care Residential Care Charging Policy and Deferred Payment Agreement Policy. Legal advice and oversight where required, including on individual cases. Review of individual cases to ensure compliance. Financial Planning to mitigate potential impact. Liaison with other local authorities. Dialogue with providers. Updated guidance on self-funders issues to staff. The council increased the hourly rate paid to domiciliary care providers from January 2023 and this is being funded through the Government's recently announced Discharge Grant until the end of March 2023. The council has also provided support for older persons care home providers from this grant, in order to assist with discharges to 24-hour care.</p> <p>Planned improvements: In accordance with Department of Health and Social Care (DHSC) guidance, the council submitted the required documents on the results of the 'Cost of Care' survey as well as a draft 'Market Sustainability Plan' (MSP) in October 2022. The Council's Cost of Care report and the draft Durham MSP have been shared with care home providers, and the DHSC has confirmed that the current expectation is for Councils to submit a final MSP by 27 March 2023. In the meantime, any revisions to either of these documents will be published as soon as possible.</p>
43	REG	R0490 - Serious injury or loss of life due to Transport Safeguarding failure.	The current controls are considered adequate.	<p>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.</p>

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.
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.

Audit Committee

28 February 2023



Risk Management Policy and Strategy

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 For Audit Committee to consider and approve the Risk Management Policy and Strategy.

Executive summary

- 2 A copy of the Risk Management Policy and Strategy is attached at appendix 2 of this report for consideration and approval.
- 3 Reviews in early 2023 by the Corporate Risk Management Group and CMT concluded that the document remains valid and consistent with the Council's approach to managing risk and, for this reason, no changes to the document are proposed.
- 4 The document aligns with guidance from the Chartered Institute of Public Finance and Accountancy, the international risk management standard ISO 31000:2018, and the Council's Financial Management Standard 10 (Risk Management).

Recommendation

- 5 Audit Committee is requested to consider and approve the revised Risk Management Policy and Strategy, which is attached as Appendix 2.

Background

- 6 The Risk Management Policy and Strategy contains a requirement that it should be reviewed annually, and this report presents the outcome of a review that has been undertaken by the Corporate Risk Management Group and CMT.

Review

- 7 The policy and strategy were subjected to an in-depth review in January 2022 and significant changes were made to improve the format and content of the document. This review also ensured that the document aligns with guidance from the Chartered Institute of Public Finance and Accountancy, the international risk management standard ISO 31000:2018, and the Council's Financial Management Standard 10 (Risk Management).
- 8 Subsequent reviews in early 2023 by the Corporate Risk Management Group and CMT concluded that the document, attached as appendix 2, remains valid and consistent with the Council's approach to managing risk. For this reason, no changes to the document are proposed.

Background papers

- None

Other useful documents

- None

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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

Effective risk management supports the procurement function by minimising fraud, corruption, and non-compliance with legislation and good practice, thereby helping to secure value for money and effective service delivery.

Risk Management Policy and Strategy

Version Date	Version Ref.	Revision History	Reviser	Approved By	Review Date
28 February 2023	10.1	No changes made.	Kevin Roberts	Audit Committee	February 2024

Risk Management Policy Statement

As a modern local authority endeavouring to deliver quality services to its communities, Durham County Council recognises that risk is inherent to innovative service delivery. Risk is the threat that an event or action arising from uncertainty will adversely affect the ability to achieve objectives and to execute strategies successfully. Risk management is an important part of performance management and is crucial to the creation and protection of value and achievement of objectives and requires support from leaders and senior management. It provides direction and control through a set of co-ordinated activities, namely, communicating and consulting, establishing the context and assessing, treating, monitoring, reviewing, and reporting risk.

ISO 31000:2018 lists the following principles in its guidance on the characteristics of effective and efficient risk management. The principles are the foundation of managing risk and should be considered when establishing the organisation's risk management framework and processes.

- Integration with all organisational activities.
- A structured and comprehensive approach for consistent and comparable results.
- Processes that are customised and proportionate to internal and external context.
- Appropriate and timely involvement of stakeholders.
- Responsiveness to changes and events in an appropriate and timely manner.
- Best available information (timely, clear and available to relevant stakeholders).
- Consideration of human and cultural factors.
- Continual improvement through learning and experience.

The Council is committed to making risk management an integral part of management and decision-making, aligned with the structure, operations, and processes of the organisation, through the Risk Management Strategy.

The Risk Management Policy Statement and Strategy will be reviewed annually and approved by the Audit Committee.

Risk Management Strategy

Aim

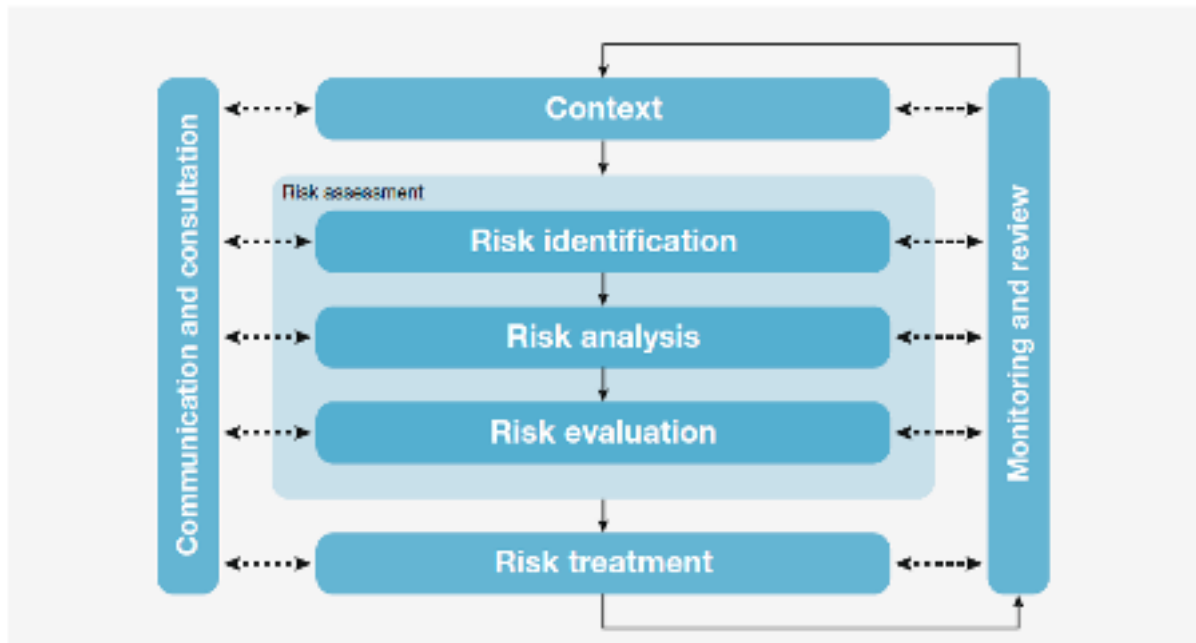
1. The aim of the risk management strategy is to make risk management an integral part of management and decision-making, aligned with the structure, operations, and processes of the Council.

Strategy Objectives

2. The objectives of the strategy are to:
 - a) Support the Council's corporate governance framework.
 - b) Support informed, transparent, and risk-managed decision making.
 - c) Demonstrate improved outcomes, including the successful delivery of innovative and challenging projects.
 - d) Inform local communities and other stakeholders of the key risks faced by the Council and how it will manage those risks.
 - e) Promote risk management to all those connected with the delivery of services, including partners.
 - f) Enable the Council to anticipate and respond effectively to changing conditions.
 - g) Ensure that the approach to managing risk is proportionate to the risk involved and provides value for money.
 - h) Meet statutory and best practice requirements in relation to risk management.
 - i) Ensure that all parties understand their roles and responsibilities and are adequately skilled to perform these roles.
 - j) Ensure that risks relating to partnerships and collaborative working arrangements are considered to mitigate joint risks.

Risk Management Approach

3. A systematic approach to the identification, prioritising and mitigation of risk according to the likelihood of occurrence and potential impact on the Council's services will be undertaken, adopting the following cycle:



IRM process as described in ISO 31000

4. Risk management will be an integral part of strategic planning and be embedded within the development of the MTFP, service improvement planning, performance management and key decisions by Cabinet.
5. Reports supporting a key decision will disclose details of the significant risks associated with that decision.
6. The Council will determine the risk appetite, which represents the maximum exposure to risk that it is prepared to tolerate.
7. Processes, procedures, roles and responsibilities to support this strategy will be documented in the Risk Management Manual.
8. The Council has nominated the Chief Finance Officer as the lead officer risk champion and the Deputy Leader and Portfolio Holder for Finance as the member risk champion.
9. Corporate risk management support will be provided by the Internal Audit and Risk Service and a dedicated Risk, Insurance and Governance Manager.

10. Each service grouping will have a designated officer (the service risk manager) to lead on risk management at a service grouping level and to act as a first point of contact for employees who require any advice or guidance on risk management.
11. Training will be provided regularly to ensure that employees and members have the necessary risk management knowledge and skills.
12. The Corporate Risk Management Group (CRMG) will be made up of the risk champions, service risk managers and the Corporate Risk, Insurance and Governance Manager.
13. The CRMG will monitor the progress of risk management across the Council, advise on strategic risk issues, identify and monitor corporate cross-cutting risks, and agree arrangements for reporting awareness training.
14. The Audit Committee will be responsible for reviewing the effectiveness of the Council's risk management arrangements, including approving any changes to the Council's Risk Management Policy Statement and Strategy.
15. Each risk identified will be assigned to a named owner, who will be responsible for completing a risk assessment and be accountable for ensuring that adequate mitigation of that risk is in place.
16. Risk assessments will include an evaluation of the impact on finance, service delivery and stakeholders should the risk materialise, and the likelihood that the risk will occur over a given period. The assessment will be confirmed by the service grouping management team, and chief officer will agree their risk register with the cabinet member responsible for their portfolio service.
17. Based on the appetite for risk, management will either tolerate, treat or transfer the risk, or where appropriate, terminate the activity which causes the risk to occur.
18. Strategic risk registers will be compiled with each risk linked to the relevant strategic objective, with a prioritised action plan to direct its risk management activity.
19. The risk management process will be continuous, and monitoring will be in place to regularly review the effectiveness of risk reduction strategies and to help identify and assess new or emerging risks and suitable controls.

20. Strategic risks will be reviewed three times each year in line with the risk management annual plan and status reports will be submitted to the Cabinet, Corporate Management Team and the Audit Committee.
21. To supplement, and to seek assurance on the effectiveness of, the Council's arrangements for comprehensively identifying risks that threaten the achievement of objectives or the successful execution of strategies, systematic monitoring of external, relevant information sources will be undertaken regularly. Examples include the World Economic Forum's annual Global Risks Report and the Institute of Internal Audit's Risk in Focus reports.
22. To supplement the reviews outlined above, the Audit Committee Chair and Vice-Chair will be given formal briefings by officers, as is necessary, on any risk issues arising between reviews. These briefings will be informed by consultation with Audit Committee members, heads of service and other risk owners.
23. Provision will be made for losses that might result from the risks that remain.
24. Acceptable levels of risk will be determined and insured against where appropriate.
25. The Council will maintain business continuity plans for implementation in the event of disaster that may result in significant loss or damage to its resources.
26. Internal Audit will provide independent assurance on the adequacy and effectiveness of the corporate strategic risk management process and work closely with service managers to help embed operational or inherent risk management. This helps ensure risk management is embedded across the council and supports the achievement of service and corporate objectives.
27. The Council will work closely with partners to mitigate joint risks.
28. For partnerships and collaborative working, services will identify, assess and manage the risk to the Council. Key areas of concern will be reported to service management teams and where applicable to the Corporate Management Team.
29. The Audit Committee will take appropriate action to ensure that corporate and service strategic risks are being actively managed.

30. Internal Audit will ensure that the Audit Plan includes a review of control systems for operational and strategic risk.
31. The Council will measure the performance of risk management against measurable outcomes, including finance, service performance, reputation, good governance, stakeholder benefits and lessons learned, and will benchmark risk management performance against other organisations.
32. Risk management will contribute to the overall corporate governance framework of the Council, including the Annual Governance Statement and the Code of Corporate Governance.
33. Resources will be allocated to embed risk management across the Authority.

Responsibility of Deputy Leader and Portfolio Holder for Finance

34. Act as the member risk champion and liaise with the officer risk champion as and when necessary.

Responsibilities of the Audit Committee

35. Promote a culture of risk awareness throughout the Council in conjunction with the Cabinet.
36. Approve the Council's Risk Management Policy Statement and Strategy.
37. Advise the Council and the Executive on audit and governance issues in order to provide independent assurance over the adequacy of the Council's risk management framework and associated control environment.

Responsibilities of the Chief Finance Officer

38. Act as the officer risk champion and liaise with the member risk champion as and when necessary.
39. Maintain an effective corporate risk management function.
40. Prepare and promote the Council's Risk Management Policy Statement and Strategy throughout the Council.
41. Advise the CRMG, Corporate Management Team and Cabinet members on risk management issues
42. Monitor and review the management of strategic risks.

Responsibilities of the Corporate Risk Management Group

43. Develop the Council's Risk Management Policy Statement and Strategy.
44. Help identify and assess strategic risks and determine appropriate mitigation strategies to manage identified risks effectively.
45. Monitor the progress of risk management across the Council, advise on strategic risk issues, identify and monitor corporate cross-cutting risks, and agree arrangements for reporting and awareness training.

Responsibility of Risk, Insurance and Governance Manager

46. Chair the CRMG, provide advice and guidance on the identification, assessment and control of risks and lead on the development of the Council's Risk Management Policy Statement and Strategy and related procedures.
47. Facilitate the development, maintenance and review of strategic risk registers.
48. Support the development and maintenance and review of project risk registers.
49. Support the development, maintenance and review of risk assessments for Cabinet key decisions, key procurements and key partnerships.
50. Ensure that the Council's agreed risk management processes are communicated throughout the Council and that relevant risk management training is provided where appropriate.
51. Facilitate the regular review of strategic risks and report on behalf of the CRMG to the Corporate Management Team, the Audit Committee and Cabinet.

Responsibilities of Chief Officers

52. Comply with the Council's Risk Management Policy Statement and Strategy.
53. Develop and maintain the internal control framework within their service groupings and to ensure that resources are properly applied.
54. Identify and manage the key risks which may impact on their respective service groupings and provide assurance that adequate controls are in place and working effectively to manage these risks where appropriate.

55. Have regard to advice from the Chief Finance Officer, the Corporate Risk, Insurance and Governance Manager and Service Risk Managers and other specialist officers (e.g., crime prevention, fire prevention, health and safety).
56. Nominate a service risk manager to work closely with the Corporate Risk and Governance Manager in determining strategic risk registers and their regular review.
57. Ensure that there are regular reviews of strategic, project and operational risk within their service area.
58. Notify the Chief Internal Auditor and Corporate Fraud Manager, and the Risk, Insurance and Governance Manager promptly of all significant new or emerging risks and how they intend to manage them.
59. Assist the Chief Finance Officer and the Risk, Insurance and Governance Manager in embedding risk throughout the Authority by ensuring that risk management processes are communicated to all staff within their Service Area via their service risk managers.
60. Ensure that all managers are aware of the Council's risk management arrangements and ensure that all senior managers participate in risk management training facilitated by the Risk, Insurance and Governance Manager.

Audit Committee**28 February 2023****Internal Audit Progress Update Report
Period Ended 31 December 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 31 December 2022, as part of the Internal Audit Plan for 2022/23.

Executive Summary

- 2 The report provides an update on the progress that has been made in achieving the Internal Audit Plan, based on activity during the period up to 31 December 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 31 December 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;

Recommendations

- 4 Members are asked to note:
- (a) The amendments made to the Internal Audit Plan;
 - (b) The work undertaken by Internal Audit during the period ending 31 December 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, with the plan for the second six months, covering the period 1 October 2022 to 31 March 2023, being approved on 30 September 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 31 December 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)	4	4	2	0	7
Children and Young People's Services (CYPS) *Excluding Schools	0	2	6	0	12
Neighbourhoods and Climate Change (NCC)	2	2	1	0	8
Regeneration, Economy and Growth (REG)	3	2	4	0	16
Resources (RES)	0	16	18	1	24
Schools	0	7	10	6	14
TOTAL	9	33	41	7	81

- 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 during 2022/23 was originally estimated to be 3,241. As at 31 December 2022, the service had delivered 1,901 productive days, representing 58.6% of the total estimated planned days for the year. The target to the end of December was for 67.5% to have been delivered, therefore performance was below the profiled target.
- 11 As at 31 December, approximately 51% of the audits in the plan had been delivered.
- 12 The service has continued to face staffing and operational challenges in the quarter, in line with the challenges outlined in previous progress reports, which continues to impact on the delivery of the overall plan. Following a restructure, one Principal Auditor post and 1.5 Senior Auditor posts have now been removed from the establishment, replaced with one Graduate Trainee ICT Auditor post and two Audit Assistant posts, for which interviews have been held recently. A further Senior Auditor post has been re-advertised due to the candidate who was previously selected for the post not taking up the appointment.
- 13 As a result of the challenges facing the service, the service regularly reviews the content of the plan to ensure that the audits included in the plan are prioritised on a risk basis and to ensure that all key financial systems and high risk areas of activity are reviewed on an annual basis.
- 14 Based on the work undertaken to date and planned in quarter 4, the Chief Internal Auditor still expects to be able to issue an opinion on the adequacy of the internal control environment in place.

Internal Audit activity in the quarter

Amendments to the Approved Internal Audit Plan

- 15 39 reviews were removed from the approved Internal Audit Plan in the quarter.

Service Grouping	Audit	Audit Type	Reason
Adult and Health Services (AHS)	Transition Arrangements between Children's and Adult Services	Assurance	Agreed with service to defer review to 2023/24.
Adult and Health Services (AHS)	Integration of Health & Care Plan for County Durham	Assurance	Agreed with service to defer review to 2023/24.
Adult and Health Services (AHS)	Commissioning of Residential Care	Assurance	Agreed with service to defer review to 2023/24.
Adult and Health Services (AHS)	Commissioning of Domiciliary Care	Assurance	Agreed with service to defer review to 2023/24.

Service Grouping	Audit	Audit Type	Reason
Adult and Health Services (AHS)	Public Health Claims Processed Via Pharmoutcomes	Advice & Consultancy	Agreed with service to defer review to 2023/24.
Adult and Health Services (AHS)	Stop Smoking Service	Assurance	Agreed with service to defer review to 2023/24.
Adult and Health Services (AHS)	Pharmoutcomes – Data Matching	Advice & Consultancy	This review has been cancelled
Children and Young People’s Services (CYPS)	Special Guardianship and Child Arrangement Orders	Follow Up	Agreed with service to defer review to 2023/24.
Children and Young People’s Services (CYPS)	Placement Resource Panel (PRP) Arrangements	Assurance	Agreed with service to defer review to 2023/24.
Children and Young People’s Services (CYPS)	Supervised Spend - Leaving Care Service	Assurance	Agreed with service to defer review to 2023/24.
Children and Young People’s Services (CYPS)	Local Adoption Governance	Assurance	Agreed with service to defer review to 2023/24.
Children and Young People’s Services (CYPS)	Disability Commissioning Arrangements (Short Breaks)	Assurance	Agreed with service to defer review to 2023/24.
Children and Young People’s Services (CYPS)	High Needs Top Up Funding Arrangements in Schools	Assurance	Agreed with service to defer review to 2023/24.
Children and Young People’s Services (CYPS)	Home to School Transport Review	Advice & Consultancy	This review has been cancelled
Children and Young People’s Services (CYPS)	Review of swimming SLA	Assurance	This review has been cancelled
Neighbourhoods and Climate Change (NCC)	Fees and Charges - Licencing	Assurance	Agreed with service to defer review to 2023/24.
Neighbourhoods and Climate Change (NCC)	Intelligence Handling	Assurance	Agreed with service to defer review to 2023/24.
Neighbourhoods and Climate Change (NCC)	Carbon Emissions Performance	Assurance	Agreed with service to defer review to 2023/24.
Neighbourhoods and Climate Change (NCC)	Charging Arrangements	Assurance	Agreed with service to defer review to 2023/24.
Neighbourhoods and Climate Change (NCC)	SME Power (Claim 7)	Grant	Certification deferred as not required until 2023/24.

Service Grouping	Audit	Audit Type	Reason
Neighbourhoods and Climate Change (NCC)	Anti-Social Behaviour	Advice & Consultancy	Review cancelled as no longer required.
Neighbourhoods and Climate Change (NCC)	Innovate UK	Grant	Project completed. Grant verification cancelled as no longer required.
Regeneration, Economy and Growth (REG)	Learn to Swim System	Advice & Consultancy	Cancelled as no longer required.
Regeneration, Economy and Growth (REG)	Consett Empire Theatre	Assurance	Agreed with service to defer review to 2023/24.
Regeneration, Economy and Growth (REG)	Finance Durham	Assurance	Agreed with service to defer review to 2023/24.
Regeneration, Economy and Growth (REG)	Milburngate Development Governance	Assurance	Agreed with service to defer review to 2023/24.
Regeneration, Economy and Growth (REG)	Policies and Procedures for Due Diligence on New Tenants	Assurance	Agreed with service to defer review to 2023/24.
Regeneration, Economy and Growth (REG)	Housing Solutions - Homelessness	Assurance	Agreed with service to defer review to 2023/24.
Regeneration, Economy and Growth (REG)	Financial Assistance Policy	Assurance	Agreed with service to defer review to 2023/24.
Regeneration, Economy and Growth (REG)	Choice Based Lettings Scheme	Assurance	Agreed with service to defer review to 2023/24.
Resources (RES)	Contract Management	Assurance	Service request to defer audit to 2023/24
Resources (RES)	Business Rates – Billing and Refunds	Key System	Agreed with service to defer review to 2023/24.
Resources (RES)	Housing Benefits and CTR – Overpayment Recovery	Key System	Agreed with service to defer review to 2023/24.
Resources (RES)	Deputy and Appointees – Personal Allowance Payments	Assurance	Agreed with service to defer review to 2023/24.
Resources (RES)	Budgetary Control and Financial Reporting	Key System	Agreed with service to defer review to 2023/24.
Resources (RES)	Direct Debit Payments	Key System	Agreed with service to defer review to 2023/24.
Resources (RES)	Payroll – Overarching Report	Key System	Report no longer required, as only one Payroll review

Service Grouping	Audit	Audit Type	Reason
			to be carried out for 2022/23.
Resources (RES)	Business Rates – Overarching Report	Key System	Report no longer required, as only one Business Rates review to be carried out for 2022/23.
Resources (RES)	Council Tax – Overarching Report	Key System	Report no longer required, as only one Council Tax review to be carried out for 2022/23.

16 Three unplanned reviews were added to the Internal Audit Plan in the quarter.

Service Grouping	Audit	Audit Type	Reason
Neighbourhoods and Climate Change (NCC)	LoCarbo	Grant Certification	Service request to add to the plan
Regeneration, Economy and Growth (REG)	Stephanie	Grant Certification	Service request to add to the plan
Resources (RES)	Energy Bill Support Scheme Alternative Funding	Advice & Consultancy	Service request for advice on the implementation of the scheme

Outstanding Management Responses to Draft Internal Audit Reports

17 There are no overdue management responses to draft reports.

Survey Response Rate

18 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 31 December 2022. The average score of 4.6 out of 5 (where 1= Very Poor and 5 = Very Good) is below the average score from 2021/22, which was 4.8.

Service Grouping	Surveys issued	Surveys returned	% returned	Av. score
Adult and Health Services (AHS)	4	4	100	4.8
Children and Young People's Services (CYPS) *Excluding Schools	7	6	86	4.3

Service Grouping	Surveys issued	Surveys returned	% returned	Av. score
Neighbourhoods and Climate Change (NCC)	3	3	100	4.7
Regeneration, Economy and Growth (REG)	7	6	86	4.7
Resources (RES)	22	22	100	4.4
Schools	11	6	55	4.2
TOTAL	54	47	87	4.6

Responses to Internal Audit Findings and Recommendations

- 19 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.
- 20 A summary of progress on the actions due, implemented and overdue, as at 31 December 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	8	1 (11%)	1	0
Children and Young People's Services (CYPS) [Excluding Schools]	71	67	4 (7%)	4	0
Neighbourhoods and Climate Change (NCC)	54	54	0 (0%)	0	0
Regeneration, Economy and Growth (REG)	25	25	0 (0%)	0	0
Resources (RES)	212	208	4 (2%)	4	0
TOTAL	371	362	9 (2%)	9	0

- 21 It is encouraging to note that, of the 371 actions due to be implemented, 362 (98%) have been implemented. Details of the actions that are overdue, following their agreed original target dates, are included at Appendix 6. All of the overdue actions have revised dates for expected implementation.

Limited Assurance Audit Opinions

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

Performance Indicators

23 A summary of actual performance, as at the end of December 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.

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	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 31 MARCH 2023: PROGRESS AS AT 31 DECEMBER 2022

SERVICE GROUPING	SERVICE	AUDIT ACTIVITY	AUDIT TYPE	STATUS	OPINION
2021 / 2022 audits brought forward into plan					
Adult and Health Services	Public Health	Real Time Data Suicide Early Alert	Assurance	Final	Substantial
Children and Young People's Services	Early Help, Inclusion and Vulnerable Children	High Needs Budget	Follow Up	In Progress	
Children and Young People's Services	Children's Social Care	Special Guardianship and Child Arrangement Orders	Follow Up	Defer to 2023/24	
Neighbourhoods and Climate Change	Community Protection Services	Online Licencing	Assurance	Final	Substantial
Neighbourhoods and Climate Change	Community Protection Services	Intelligence Handling	Assurance	Defer to 2023/24	
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	Final	Substantial
Regeneration, Economy and Growth	Corporate Property and Land	Milbourngate Development Governance	Assurance	Defer to 2023/24	
Regeneration, Economy and Growth	Corporate Property and Land	Potentially Violent Persons Register	Assurance	Final	Moderate
Regeneration, Economy and Growth	Corporate Property and Land	The Sands - Contract Management	Assurance	Final	Substantial
Regeneration, Economy and Growth	Planning and Housing	Protect and Vaccinate Grant	Grant	Final	N/A
Regeneration, Economy and Growth	Planning and Housing	Homelessness	Assurance	Defer to 2023/24	
Regeneration, Economy and Growth	Planning and Housing	Financial Assistance Policy & Capital & External Schemes	Assurance	Defer to 2023/24	
Regeneration, Economy and Growth	Planning and Housing	Local Lettings Agency	Assurance	Final	Substantial
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	Audit of Accounts	Final	N/A
Regeneration, Economy and Growth	Culture, Sport and Tourism	Beamish Museum - Grant Review	Assurance	In Progress	
Regeneration, Economy and Growth	Culture, Sport and Tourism	Bowes Museum - Grant Review	Assurance	In Progress	
Regeneration, Economy and Growth	Culture, Sport and Tourism	Learn to Swim	Advice and Consultancy	Cancelled	
Resources	Corporate Finance and Commercial Services	Banking Arrangements	Assurance	Preparation and Planning	
Resources	Corporate Finance and Commercial Services	Review of Commercial Services	Assurance	Cancelled	
Resources	Corporate Finance and Commercial Services	Section 256 agreements	Grant	Final	N/A
Resources	Corporate Finance and Commercial Services	Section 75 Agreements - Better Care Fund	Grant	Final	N/A
Resources	Procurement, Sales and Business Services	Creditors - Overarching Report	Key System	Final	Substantial
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	Final	Moderate
Resources	Procurement, Sales and Business Services	Contract Procedure Rules (CPRs)	Assurance	Final	Moderate
Resources	HR and Employee Services	Payroll - MyView - Establishment Changes	Key System	Final	Substantial
Resources	HR and Employee Services	Payroll - Preparation - Corrections	Key System	Final	Substantial
Resources	Transactional and Customer Services	Business Rates - Overarching Report	Key System	Final	Moderate
Resources	Transactional and Customer Services	Business Rates - Liability	Key System	Final	Substantial
Resources	Transactional and Customer Services	COVID-19 Small Business Rates Relief	Assurance	Final	Moderate
Resources	Transactional and Customer Services	COVID-19 Retail, Hospitality and Leisure Grant Fund	Assurance	Final	Moderate
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	Final	Substantial
Resources	Transactional and Customer Services	Debtors (Direct Debits)	Assurance	Final	Substantial
Resources	Transactional and Customer Services	Cash Management	Key System	Final	Moderate
Resources	Transactional and Customer Services	Cash Management - Crook CAP	Assurance	Final	Substantial
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	Preparation and Planning	
Resources	Digital Services	ICT - Business Continuity for ICT	Assurance	Final	Moderate
Resources	Corporate Policy, Planning and Performance	Equality, Diversity and Community Cohesion	Assurance	Final	Moderate
Internal Audit Plan for period from 1st April 2022 to 31 March 2023					
Adult and Health Services	Commissioning	Commissioning of Learning Disability Services	Assurance	Preparation and Planning	
Adult and Health Services	Public Health	Personalisation - Virtual Budgets	Assurance	Final	Substantial
Adult and Health Services	Commissioning	Commissioning of Mental Health Services	Assurance	Preparation and Planning	
Adult and Health Services	Adult Care	Hawthorn House	Assurance	Final	Substantial
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	Adult Care	Workforce Development Fund	Grant Claim	Final	N/A
Adult and Health Services	Adult Care	Azeus - Governance Board	Advice & Consultancy	In Progress	
Adult and Health Services	Adult Care	Azeus - Finance Process	Advice & Consultancy	Preparation and Planning	
Adult and Health Services	Adult Care	Azeus - Panel Process	Assurance	Not Yet Started	
Adult and Health Services	Adult Care	Azeus - System Upgrade testing Methodology	Assurance	Not Yet Started	
Adult and Health Services	Adult Care	Continuing Health Care and Free Nursing Care	Assurance	Preparation and Planning	
Adult and Health Services	Adult Care	Section 117 Payments	Assurance	Not Yet Started	
Adult and Health Services	Commissioning	Approval and Payment of Commissioned Services - Panel arrangements for	Assurance	Not Yet Started	
Adult and Health Services	Commissioning	Universal Grant - Drug and Alcohol	Grant Claim	Final	N/A
Adult and Health Services	Commissioning	In Patient Detoxification Grant	Grant Claim	Final	N/A
Adult and Health Services	Adult Care	Transition Arrangements between Childrens and Adult Services	Assurance	Defer to 2023/24	
Adult and Health Services	Commissioning	Integration of Health & Care Plan for County Durham	Assurance	Defer to 2023/24	
Adult and Health Services	Commissioning	Commissioning of Residential Care	Assurance	Defer to 2023/24	
Adult and Health Services	Commissioning	Commissioning of Domiciliary Care	Assurance	Defer to 2023/24	
Adult and Health Services	Public Health	Public Health Claims Processed via Pharmoutcomes	Advice & Consultancy	Defer to 2023/24	
Adult and Health Services	Public Health	Stop Smoking Service	Assurance	Defer to 2023/24	
Adult and Health Services	Public Health	Pharmoutcomes - Data Matching	Advice & Consultancy	Cancelled	
Children and Young People's Services	Children's Social Care	New Lea Children's Home	Assurance	Final	Substantial
Children and Young People's Services	Children's Social Care	Moorside Children's Home	Assurance	Final	Substantial
Children and Young People's Services	Children's Social Care	Hickstead Children's Home	Assurance	Final	Substantial
Children and Young People's Services	Children's Social Care	Coxhoe Children's Home	Assurance	Final	Moderate
Children and Young People's Services	Children's Social Care	Youth Justice Information System (Childview)	Assurance	Final	Substantial
Children and Young People's Services	Education and Skills	Durham Learn	Assurance	Final	Moderate
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	Final	N/A
Children and Young People's Services	Early Help, Inclusion and Vulnerable Children	Supporting Families Programme: Claim 03 - December 2022	Grant Certification	Final	N/A
Children and Young People's Services	Early Help, Inclusion and Vulnerable Children	Supporting Families Programme: Claim 04 - March 2023	Grant Certification	Preparation and Planning	
Children and Young People's Services	Children's Social Care	Liquidlogic - Board Meetings	Advice & Consultancy	In Progress	
Children and Young People's Services	Children's Social Care	Liquidlogic - Financial Process Meetings	Advice & Consultancy	In Progress	
Children and Young People's Services	Children's Social Care	Children in Need	Assurance	Preparation and Planning	
Children and Young People's Services	Education and Skills	Governor Training	Advice & Consultancy	In Progress	
Children and Young People's Services	Education and Skills	SFVS	Assurance	In Progress	
Children and Young People's Services	Education and Skills	Durham Benevolent Fund	Grant Certification	Final	N/A
Children and Young People's Services	Operational Support	Caldicott Group	Advice & Consultancy	In Progress	
Children and Young People's Services	Education & Skills	Greenfield Community College - One Vision Grant	Grant Certification	Final	N/A
Children and Young People's Services	Education - Schools	School Programme (governance and financial management)	Assurance	In Progress	14 Final Reports (8 Substantial and 6 Moderate assurance opinions)
Children and Young People's Services	Education - Schools	Audit of School Voluntary Funds	Fund Certification	33 Complete	N/A
Children and Young People's Services	Children's Social Care	Placement Resource Panel (PRP) Arrangements	Assurance	Defer to 2023/24	
Children and Young People's Services	Children's Social Care	Supervised Spend - Leaving Care Service	Assurance	Defer to 2023/24	
Children and Young People's Services	Children's Social Care	Local Adoption Governance	Assurance	Defer to 2023/24	

INTERNAL AUDIT PLAN FOR PERIOD 1 APRIL 2022 TO 31 MARCH 2023: PROGRESS AS AT 31 DECEMBER 2022

SERVICE GROUPING	SERVICE	AUDIT ACTIVITY	AUDIT TYPE	STATUS	OPINION
Children and Young People's Services	Children's Social Care	Disability Commissioning Arrangements (Short Breaks)	Assurance	Defer to 2023/24	
Children and Young People's Services	Education and Skills	High Needs Top Up Funding Arrangements in Schools	Assurance	Defer to 2023/24	
Children and Young People's Services	Commissioning	Home to School Transport Review	Advice & Consultancy	Cancelled	
Children and Young People's Services	Education & Skills	Review of Swimming SLA	Assurance	Cancelled	
Neighbourhoods and Climate Change	Environment	Review of arrangements for reporting on carbon emissions performance	Assurance	Defer to 2023/24	
Neighbourhoods and Climate Change	Environment	Carbon Connects	Grant	Final	N/A
Neighbourhoods and Climate Change	Environment	SMEPower (Claim 6)	Grant	Final	N/A
Neighbourhoods and Climate Change	Environment	InnovateUK	Grant	Cancelled	
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	Final	N/A
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	Final	N/A
Neighbourhoods and Climate Change	Community Protection Services	Fees and Charges	Assurance	Defer to 2023/24	
Neighbourhoods and Climate Change	Community Protection Services	Anti Social Behaviour	Advice and Consultancy	Cancelled	
Neighbourhoods and Climate Change	Environment	Durham Crematorium	Assurance	Preparation and Planning	
Neighbourhoods and Climate Change	Environment	Mountsett Crematorium	Assurance	Preparation and Planning	
Neighbourhoods and Climate Change	Highway Services	Charging Arrangements	Assurance	Defer to 2023/24	
Neighbourhoods and Climate Change	Environment	Rebus	Grant	Not yet started	
Neighbourhoods and Climate Change	Environment	Carbon Connects (2)	Grant	Not yet started	
Neighbourhoods and Climate Change	Environment	SMEPower (Claim 7)	Grant	Defer to 2023/24	
Neighbourhoods and Climate Change	Environment	LoCarbo	Grant	Final	N/A
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	Defer to 2023/24	
Regeneration, Economy and Growth	Corporate Property and Land	Bishop Auckland Heritage Action Zone	Grant	Final	N/A
Regeneration, Economy and Growth	Planning and Housing	Disabled Facilities Grant	Grant	Final	N/A
Regeneration, Economy and Growth	Planning and Housing	Green Homes Grant - Phase 2	Grant	Not yet started	
Regeneration, Economy and Growth	Planning and Housing	Selective Licensing Group	Advice and Consultancy	In Progress	
Regeneration, Economy and Growth	Transport and Contract Services	Local Transport Capital Block Funding	Grant	Final	N/A
Regeneration, Economy and Growth	Transport and Contract Services	Bus Subsidy Ring Fenced Grant	Grant	Final	N/A
Regeneration, Economy and Growth	Culture, Sport and Tourism	CLUK Income Share Agreement	Assurance	In Progress	
Regeneration, Economy and Growth	Corporate Property and Land	Bishop Auckland Heritage Action Zone - Community Engagement	Grant	Final	N/A
Regeneration, Economy and Growth	Planning and Housing	Homes England	Assurance	Preparation and Planning	
Regeneration, Economy and Growth	Planning and Housing	Planning Applications	Assurance	Final	Substantial
Regeneration, Economy and Growth	Planning and Housing	Green Homes Grant - Phase 1b	Grant	Final	N/A
Regeneration, Economy and Growth	Business Durham	Stephanie	Grant	Final	N/A
Regeneration, Economy and Growth	Corporate Property and Land	Asset Valuation	Assurance	Preparation and Planning	
Regeneration, Economy and Growth	Planning and Housing	Choice Based Letting Scheme	Assurance	Defer to 2023/24	
Regeneration, Economy and Growth	Economic Development	Finance Durham	Assurance	Defer to 2023/24	
Regeneration, Economy and Growth	Culture, Sport and Tourism	Stanley Bowls	Audit of Accounts	Not yet started	
Regeneration, Economy and Growth	Culture, Sport and Tourism	Conssett Empire Theatre	Assurance	Defer to 2023/24	
Resources	Transactional and Customer Services	Housing Benefits and Council Tax Reduction - Accuracy Award Indicator	Assurance	Final	Substantial
Resources	Transactional and Customer Services	Financial Assessments	Assurance	Preparation and Planning	
Resources	Corporate Policy, Planning and Performance	Data Quality	Assurance	Draft	
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	In Progress	
Resources	Legal & Democratic Services	Company Governance Group	Advice and Consultancy	In Progress	
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	In Progress	
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	Final	N/A
Resources	Transactional and Customer Services	Enforcement Arrangements	Advice and Consultancy	In Progress	
Resources	Digital Services	ICT - Incident Management	Assurance	Preparation and Planning	
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	In Progress	
Resources	Transactional Services	Deputies and Appointees - Personal Allowance Payments	Assurance	Defer to 2023/24	
Resources	Corporate Finance and Commercial Services	Bank Reconciliation	Key System	In Progress	
Resources	Corporate Finance and Commercial Services	Direct Debit Payments	Key System	Defer to 2023/24	
Resources	Corporate Finance and Commercial Services	Short Term Investments	Key System	Preparation and Planning	
Resources	Corporate Finance and Commercial Services	Leases - IFRS16	Advice and Consultancy	Preparation and Planning	
Resources	Corporate Finance and Commercial Services	Budgetary Control and Financial Reporting	Key System	Defer to 2023/24	
Resources	Corporate Finance and Commercial Services	Section 256 Agreements	Grant	Preparation and Planning	
Resources	Corporate Finance and Commercial Services	Better Care Fund and Improved BCF (Sn 75)	Grant	In Progress	
Resources	Procurement, Sales and Business Services	Contract Management	Assurance	Cancelled	
Resources	Procurement, Sales and Business Services	Creditors - Overarching	Key System	In Progress	
Resources	Procurement, Sales and Business Services	Creditors - Receipting of Goods	Key System	Preparation and Planning	
Resources	HR and Employee Services	Payroll - Overarching	Key System	Cancelled	
Resources	HR and Employee Services	Payroll - Preparation: Temporary Input	Key System	Preparation and Planning	
Resources	Transactional and Customer Services	Business Rates - Overarching	Key System	Cancelled	
Resources	Transactional and Customer Services	Business Rates - Valuation	Key System	Preparation and Planning	
Resources	Transactional and Customer Services	Business Rates - Billing and refunds	Key System	Defer to 2023/24	
Resources	Transactional and Customer Services	Housing Benefit and CTR - Overarching	Key System	Preparation and Planning	
Resources	Transactional and Customer Services	Housing Benefit and CTR - Overpayment Recovery	Key System	Defer to 2023/24	
Resources	Transactional and Customer Services	Housing Benefits and Council Tax Reduction - Supported Accommodation	Advice and Consultancy	Preparation and Planning	
Resources	Transactional and Customer Services	Council Tax - Overarching	Key System	Cancelled	
Resources	Transactional and Customer Services	Council Tax - Valuation	Key System	Preparation and Planning	
Resources	Digital Services	Active Directory	Assurance	Preparation and Planning	
Resources	Digital Services	IT Asset Management	Assurance	Preparation and Planning	
Resources	Transactional and Customer Services	Energy Bill Support Scheme Alternative Funding	Advice and Consultancy	Preparation and Planning	

FINAL REPORTS ISSUED IN PERIOD ENDING 31 DECEMBER 2022

AUDIT AREA	BRIEF DESCRIPTION OF SCOPE OF THE AUDIT	FINAL OPINION
ADULT AND HEALTH SERVICES (AHS)		
Workforce Development Fund	Grant Certification	N/A
Personalisation – Virtual Budgets	The scope of this audit was to provide assurance on the management of the risk that the Council engages with unsuitable service providers and/or service provision does not offer something over or above a commissioned service.	Substantial
CHILDREN AND YOUNG PEOPLE’S SERVICES (CYPS)		
DurhamLearn	Assurance review of the arrangements in place to mitigate against the risks of; <ul style="list-style-type: none"> - Ineffective decision making - Non-compliance with Contract Procedure Rules - Sub-contracted providers are unaware of their roles and responsibilities - Non-compliance with ESFA funding requirements - Unauthorised payments are processed - Employees do not have the skills to carry out their budget monitoring responsibilities / do not utilise the system as expected - Misuse or abuse of information held about individuals 	Moderate
NEIGHBOURHOODS AND CLIMATE CHANGE (NCC)		
LoCarbo	Grant Certification	N/A
SME Power 6	Grant Certification	N/A

AUDIT AREA**BRIEF DESCRIPTION OF SCOPE OF THE AUDIT****FINAL
OPINION**

REGENERATION, ECONOMY AND GROWTH (REG)		
Planning Applications	Assurance review of the arrangements in place to mitigate against the risks of; <ul style="list-style-type: none"> - Employees unaware of planning legislation and the authority's local plans. - Statutory timescales are not adhered to. - Inconsistent/impartial processing of planning applications. - Stakeholders are unaware of the application - Comments and objections are inadequately recorded and considered. - Insufficient information is received/recorded to support an application and decision - Decisions are inadequately authorised. 	Substantial
Disabled Facilities Grant	Grant Certification	N/A
Stephanie	Grant Certification	N/A

RESOURCES (Res)		
Equality, Diversity and Community Cohesion	Assurance review of the arrangements in place to mitigate against the risk of a breach of the Equality Act 2010 and Public Sector Equality Duty (PSED) from failure to consider implications on those with protected characteristics.	Moderate
Cash Management – Morrison Busty and Chilton Depots	Assurance review of the arrangements in place to mitigate against the risks of: <ul style="list-style-type: none"> - Non-compliance with financial regulations - Theft or misappropriation - Inappropriate recovery action taken against a customer who has paid - Loss / theft of card data - Payments are not made, or are not made promptly, due to the inability to access an appropriate payment channel 	Moderate
Creditors - Overarching Report	Overarching assurance review combining the outcomes from individual creditors reviews carried out through the year.	Substantial
Creditor Payments – Invoice Testing	Assurance review of the arrangements in place to mitigate against the risks of: <ul style="list-style-type: none"> - Policies and procedures being inadequate or not followed - Unauthorised or inappropriate procurement of goods / services - Incorrect payments being made or payments not being made in time - Non-compliance with BACS service terms and conditions 	Moderate
Section 256 Grant	Grant Certification	Not Applicable

	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)					
2020/21					
High	0	0	0	0	0
Medium	4	3	1	1	0
Total	4	3	1	1	0
2021/22					
High	0	0	0	0	0
Medium	1	1	0	0	0
Total	1	1	0	0	0
2022/23					
High	0	0	0	0	0
Medium	4	4	0	0	0
Total	4	4	0	0	0
Overall Total	9	8	1	1	0
CHILDREN AND YOUNG PEOPLE'S SERVICES (CYPS)					
2020/21					
High	0	0	0	0	0
Medium	14	14	0	0	0
Total	14	14	0	0	0
2021/22					
High	2	2	0	0	0
Medium	38	38	0	0	0
Total	40	40	0	0	0
2022/23					
High	0	0	0	0	0
Medium	17	13	4	4	0
Total	17	13	4	4	0
Overall Total	71	67	4	4	0
NEIGHBOURHOODS AND CLIMATE CHANGE (NCC)					
2020/21					
High	3	3	0	0	0
Medium	20	20	0	0	0
Total	23	23	0	0	0
2021/22					
High	0	0	0	0	0
Medium	9	9	0	0	0
Total	9	9	0	0	0
2022/23					
High	9	9	0	0	0
Medium	13	13	0	0	0
Total	22	22	0	0	0
Overall Total	54	54	0	0	0
REGENERATION, ECONOMY AND GROWTH (REG)					
2020/21					
High	2	2	0	0	0
Medium	13	13	0	0	0
Total	15	15	0	0	0
2021/22					
High	0	0	0	0	0
Medium	5	5	0	0	0
Total	5	5	0	0	0
2022/23					
High	0	0	0	0	0
Medium	5	5	0	0	0
Total	5	5	0	0	0
Overall Total	25	25	0	0	0
RESOURCES (RES)					
2019/20					
High	0	0	0	0	0
Medium	116	115	1	1	0
Total	116	115	1	1	0
2020/21					
High	0	0	0	0	0
Medium	61	60	1	1	0
Total	61	60	1	1	0
2021/22					
High	1	1	0	0	0
Medium	18	17	1	1	0
Total	19	18	1	1	0
2022/23					
High	0	0	0	0	0
Medium	16	15	1	1	0
Total	16	15	1	1	0
Overall Total	212	208	4	4	0
TOTAL COUNCIL					
2019/20					
High	0	0	0	0	0
Medium	116	115	1	1	0
Total	116	115	1	1	0
2020/21					
High	5	5	0	0	0
Medium	112	110	2	2	0
Total	117	115	2	2	0
2021/22					
High	3	3	0	0	0
Medium	71	70	1	1	0
Total	74	73	1	1	0
2022/23					
High	9	9	0	0	0
Medium	55	50	5	5	0
Total	64	59	5	5	0
OVERALL TOTAL	371	362	9	9	0

Performance Indicators as at 31 December 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)	59% as at 31 December 2022
Timeliness of Draft Reports	% of draft reports issued within 20 working days of end of fieldwork/closure interview	100% (Quarterly)	100% (57 out of 57)
Timeliness of Final Reports	% of final reports issued within 10 working days of receipt of management response	100% (Quarterly)	96% (54 out of 56)
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 4.6
Customers providing feedback Response	% of customers returning satisfaction returns	70% (Quarterly)	87%

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Audit Committee**28 February 2023****Emergent Internal Audit Plan for the period from 1 April 2023 to 31 March 2024****Report of Tracy Henderson, Chief Internal Auditor and Corporate Fraud Manager****Electoral division(s) affected:**

Countywide.

Purpose of the Report

- 1 This report provides the Committee with details of the emergent Internal Audit Plan for the period from 1 April 2023 to 31 March 2024.
- 2 The purpose of the report is to update and engage Members of the Audit Committee in the development of the Annual Internal Audit Plan 2023/24.

Executive Summary

- 3 This report sets out the first formal iteration of the annual Internal Audit Plan and describes:
 - (i) The basis of the plan;
 - (ii) The approach taken to develop the plan; and
 - (iii) The key characteristics which include:
 - The scale and pace of change
 - The structure of the plan
 - The content of the plan
 - The scale of the plan
- 4 The initial draft plan is set out for consultation and comment by the members of the Audit Committee.
- 5 The final version will need to be considered and approved by the Audit Committee at its meeting in May 2023 and will then be monitored throughout the year.

Recommendation

- 6 Members are requested to comment on the proposed direction and process for the development of the emergent Internal Audit Plan for 1 April 2023 to 31 March 2024 which is attached at Appendix 2 and which will be brought back to Committee for formal approval in May 2023.

Background

- 7 From April 2013, the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors launched a common set of Public Sector Internal Audit Standards (PSIAS) to be adopted across the public sector.
- 8 These PSIAS were further revised in 2017 and set out the standards for Internal Audit and have been adopted by the service in Durham.
- 9 The principles in the PSIAS are consistent with the previous CIPFA Code for Internal Audit that applied across Local Government prior to April 2013. They include the need for 'risk-based plans' to be developed for Internal Audit and for plans to receive input from management. This process also includes the development of an emergent Internal Audit Plan designed to invite comment from management and the Audit Committee.
- 10 During the 2022/23 Internal Audit Year the service continued to operate with a reduction in staffing resource, which impacted on the delivery of the Internal Audit plan throughout the year.
- 11 Despite several recruitment campaigns taking place, a number of posts remained vacant for substantial parts of the year. Recruitment challenges are not unique to Durham County Council as there is a regional and national lack of qualified and experienced audit staff.
- 12 In November 2022 the Chief Internal Auditor and Corporate Fraud Manager reviewed the Internal Audit staffing structure, in conjunction with the internal audit client portfolio, and made changes to the staffing establishment.
- 13 These changes came into effect in January 2023 and are aligned to both the MTFP13 savings requirements and the Workforce Development Plan for the service.
- 14 A further recruitment exercise has recently been concluded. As such, it is now considered that the service is in a much stable position and the operational decisions that have been taken to compile a balanced 12-month Internal Plan for 2023/24 to present to Audit Committee for review/approval.

Basis for the Plan

15 The PSIAS (section 2010) states that the ‘Chief Audit Executive’ must ‘establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals’. They refer to the need for the plan to reflect the assurance framework, risk management arrangements and input from management.

16 These principles have been applied in the development of the emergent Internal Audit plan as follows:

i. Annual Internal Audit Opinion (PSIAS 2010)

The Chief Internal Auditor and Corporate Fraud Manager forms an annual assurance opinion based on the annual programme of audit work as well as assurance obtained by other means. The current audit approach contains four main types of audit. It is not considered cost effective or necessary to obtain coverage of all strategies, business units and risks so these are reviewed on a risk basis each year.

In addition to audit, the Chief Internal Auditor and Corporate Fraud Manager considers any issues identified through fraud and corruption or developing systems work insofar as they impact on the effective operation of governance, risk management or internal control within the Council.

The service provides advice and consultancy to all services and partnerships where appropriate. This is an increasing area of focus given the amount of change ongoing across the Council and our partners. Time is also allocated to support developing systems and a range of emerging projects, ensuring early engagement and audit support across the Council.

The Chief Internal Auditor and Corporate Fraud Manager also seeks to place reliance on assurance mechanisms within the Council as well as the findings of other auditors and inspectors in reaching an annual opinion.

The plan is flexible and is reviewed and adjusted throughout the year, as necessary, in response to changes in policies, systems, processes, risks and controls across the Council.

ii. Based on a Risk Assessment (PSIAS 2010.A1)

The Internal Audit service works closely with the Council's Risk Management and Governance Team. The Audit Managers liaise formally and informally with the Risk and Governance Manager and Auditors work with the Risk and Governance section to share intelligence, information, and issues of concern. Internal Audit also regularly engages with Corporate Directors and Heads of Service, as well as colleagues across Human Resources, Legal, Performance, Finance, and ICT, to ensure that known and emerging unregistered risks are considered in annual audit planning.

Audit planning considers key risks, and the focus of audit work is tailored accordingly to ensure that local and national issues and risks are addressed.

The Chief Internal Auditor and Corporate Fraud Manager ensures a culture of risk awareness is maintained within the service so that all members of the team are aware of local, regional, and national risks in the performance of their duties.

Through regular liaison and the sharing of Internal Audit Plans with colleagues across the North East and Local Authority Chief Auditors Network, Internal Audit ensures that it is aware of emerging risks in other Council's and considers these as part of the audit planning.

iii. Informed by Expectations (PSIAS 2010.A2)

The Internal Audit Service is aligned to service and service grouping structures, ensuring teams engage positively with Corporate Directors and their teams.

The annual plan is based on consultation and discussion with management teams and key officers to ensure it is focused on key risks, core systems and areas where Internal Audit can effectively contribute to the effectiveness and efficiency of governance, risk management and control processes.

An emergent plan is produced to help ensure early engagement with Members represented on the Council's Audit Committee.

Audit Planning

- 17 The approach to audit planning in the Council has been based largely, but not exclusively, on the following:
- i. Review of the Strategic Risk Register
 - ii. Review of the assurance map compiled during the year taking into account the work of other assurance providers.
 - iii. Cumulative audit knowledge and experience.
 - iv. Findings and outcomes from audit and investigation work in 2022/23 and earlier years.
 - v. Engagement with Heads of Service and their management teams.
 - vi. Engagement with audit colleagues across the North East and Local Authority Chief Auditor Network.
 - vii. Engagement with the Risk, Insurance and Governance teams within the Audit and Risk Management Division.
- 18 On this basis, an emergent plan of areas for audit coverage has been developed. Areas have been considered on a risk basis and a plan for consultation has been produced. This has initially been presented to Corporate Directorate management teams for comment, to ensure that the risks identified are consistent with their understanding and assessment.
- 19 In 2021/22 and 2022/23 two six-month plans were prepared and considered / approved by the Committee. The 2023/24 emergent Audit Plan covers a full year.

Key Characteristics of the Annual Plan

Scale and Pace of Change

- 20 The national context is important to consider whilst assessing the local issues as Durham County Council continues to go through a period of continuous change.
- 21 Since the beginning of austerity in 2010, the organisation has met ongoing changing and increasing demand pressures and in most recent times the impact of the unavoidable base budget pressures resulting from pay and price inflation. This means that local government needs to keep pace with demographic and technological changes and therefore

Durham County Council continues to undergo fundamental changes which are envisaged will continue for the foreseeable future.

- 22 Changes are taking place in the design, commissioning, and delivery of services, with ongoing activity to deliver savings across all areas of the Council. The implementation of changes and public service reform, with a reduced workforce whilst delivering business as usual and achieving key priorities remains a key challenge for the Council and must be reflected in the Internal Audit Plan.
- 23 Internal audit planning therefore must take into account the above changes, while also considering that:
- i. Financial pressures is a driver for change – where there is change, there is risk.
 - ii. With workforce cuts and re-organisations, there is a risk of dissatisfied staff and a loss of experience.
 - iii. Cutting costs can also lead to cutting of control; and
 - iv. The organisation needs to be more inventive, which needs to be taken into account when conducting audits.
- 24 The Internal Audit Plan must continue to be sufficiently flexible to enable assurance to be obtained over current as well as emerging risks, as well as those risks yet to be identified. This is particularly relevant for 2023/2024 as changes are agreed with more detailed work ongoing to confirm how these will be delivered. As such there are areas where Internal Audit work cannot be fully defined at this stage but where allocation of resource is required to help support good governance, risk management and control.
- 25 Whilst Internal Audit adds value and provides assurance in these areas, the detailed areas for focus are the subject of ongoing discussions with the business. Rather than define specific audits and then change them, the plan includes allocations of work which will be applied to specific aspects of audit activity throughout the year. There will be similar allocations in other areas with details of specific audit activities reported to Corporate Directors, Heads of Service and the Audit Committee throughout the year.
- 26 Periods of change inevitably increase the potential for risks, both positive (opportunities) and negative (hazards). The reduction in workforce for example provides opportunity for breakdown in control as well as an opportunity to consider new, more efficient ways of organising people, systems, and processes without impacting adversely on internal control.

- 27 The PSIAS were amended to reflect more the need for a modern, professional Internal Audit Service to actively engage with the organisation and be seen to add value. To reflect this risk the audit plan will continue to allocate time for advice and consultancy and developing systems support to officers to support and challenge them in the establishment and development of their systems of governance, risk management and internal control. We will also deliver work on the core financial systems and a number of pro-active counter fraud, irregularity, and probity audits to provide assurance that the basic governance and control arrangements are continuing to operate effectively, minimising the risks of misappropriation, loss and error.
- 28 The continued pace of change across the Council requires assurance that is prioritised and timely. The Internal Audit Plan must provide for this assurance, to enable remedial actions or controls to be implemented on a timely basis. Based on experience and feedback from Service Grouping Management Teams there is a continued need for shorter, more focused and practical audits in areas of emerging risk.
- 29 The characteristics of the plan: flexible, supportive, challenging, prioritised and timely are not new however, it remains critical that these principals are maintained if Internal Audit is to help the Council to continue to respond effectively to the scale of change.
- 30 Based on the above, the Chief Internal Auditor and Corporate Fraud Manager considers that assurance is best obtained through a combination of different audits and other sources of assurance. This is not an uncommon approach, but it has been tailored to reflect the specific needs of the Council. It is consistent with the approach taken in the development and delivery of the 2022/2023 Internal Audit Plan. With the greater need to add value it is the intention for the service to increase its advice and consultancy work whilst still balancing the need for assurance.

Plan Structure

- 31 There are four different types of audit activity in the plan.
- i. Key System
 - ii. Assurance Review
 - iii. Advice and Consultancy
 - iv. Grant Certification

- 32 This approach of using different types of audits and other work is considered the most effective way to deliver the strategy for Internal Audit.

Plan Content

- 33 In summary, there is focus on risk-based audits and providing assurance over key systems. This reflects the need to focus on the management of emerging risks and ensure the continued operations of controls within the Council's overall governance arrangements, its systems, and its processes.
- 34 There is time allocated to developing systems and supporting service groupings with new initiatives and any changes in service delivery.
- 35 The emergent plan has been compiled to reflect the Corporate Management Team and Service Grouping structure in the Council as follows:
- Adult and Health Services (AHS)
 - Children and Young People Service (CYPS)
 - Regeneration, Economy and Growth (REG)
 - Neighbourhoods and Climate Change (NCC)
 - Resources (RES)
- 35 To help ensure that the plan is flexible, and the service is able to respond to any key risks in the year, the emergent plan includes a block of contingency time from which specific audits can be delivered in the year. Further details will be provided to the Audit Committee in the finalised plan in May and throughout the year.

Scale of the Plan

- 36 The annual internal audit plan needs to be deliverable within available resources. The Internal Audit Team has an approved establishment of 18 posts, equivalent to 17.38 FTEs. The establishment of 18 posts, includes three recently created posts of one Graduate Trainee ICT Auditor and two Audit Assistants, for which interviews have been held recently. A Senior Auditor post is currently vacant and has been re-advertised due to the candidate who was previously selected for the post not taking up the appointment. In addition, over and above the establishment figures, there is also one apprentice auditor within the Team.
- 37 As a result of this planning, the latest forecast of available resources to be allocated to the management and delivery of the annual audit plan for 2023/24 is 4,515 days. The detail of this allocation is shown in the table below.

Estimated Gross Days Available	4,515
Non – Productive Time (Annual Leave, Sickness, Training, Office Duties etc.)	1,295
Productive Time – not allocable to services, e.g. Audit Planning, Supporting Audit Committee, Quality Assurance and Contingency.	1,025
Productive Days	
Audit days required to complete and close audit reports relating to 2022/23	132
Chief Executive	15
Adult and Health Services (AHS)	215
Children and Young People Service (CYPS)	253
Neighbourhoods and Climate Change (NCC)	186
Regeneration, Economy and Growth (REG)	162
Resources (RES)	453
Schools	350
Durham Police and Crime Commissioner / Durham Constabulary	198
Durham and Darlington Fire & Rescue Authority	78
Pension Fund	50
New College Durham	45
Durham Joint Crematorium	18
Mountsett Joint Crematorium	18
Aim High Academy Trust	16
Durham City Charter	6
TOTAL GROSS DAYS REQUIRED	4,515

Emergent Plan Content

- 38 Within this framework an emergent work programme of potential work has been developed. This is based on an assessment of risk.
- 39 Consultation is ongoing with Corporate Directorate Management Teams and Corporate Directors. It is likely that elements of the plan will be changed as part of this overall process of engagement and reconciling proposed audit work with available resources.

Background papers

Public Sector Internal Audit Standards – Published in June 2013 and updated in March 2017
Strategic Internal Audit Plan – Reviewed and updated January 2023

Other useful documents

None

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Appendix 1: Implications

Legal Implications

There are no specific legal implications associated with this report. Internal Audit contribute to the effective governance of the Council and provide relevant and appropriate challenge and oversight where necessary.

Finance

There are no specific 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 all 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.

Service Grouping	Service	Audit Title	Audit Type	Estimated Days
Chief Executive	Corporate Affairs	Changing Places Toilets	Grant	3.0
Chief Executive	Corporate Affairs	Data Quality	Assurance	12.0
TOTAL ESTIMATED DAYS FOR CHIEF EXECUTIVE				15.0
Adult and Health Services	Commissioning	Integration of the Health and Care Plan for County Durham	Assurance	10.0
Adult and Health Services	Commissioning	Commissioning of Domiciliary Care	Assurance	12.0
Adult and Health Services	Commissioning	Commissioning of Residential Care	Assurance	12.0
Adult and Health Services	Public Health	Public Health Claims Processed via Pharmoutcomes	Assurance	17.0
Adult and Health Services	Public Health	Stop Smoking Service	Assurance	12.0
Adult and Health Services	Adult Care	Adaptations	Assurance	12.0
Adult and Health Services	Adult Care	CITO System Review	Assurance	12.0
Adult and Health Services	Adult Care	Pathways	Assurance	25.0
Adult and Health Services	Adult Care	Extra Care	Assurance	25.0
Adult and Health Services	Adult Care	New CQC Inspection Regime	Advice & Consultancy	10.0
Adult and Health Services	Commissioning	Workforce Development Fund	Grant Review	4.0
Adult and Health Services	Commissioning	Review of Commissioning Arrangements with Medequip	Assurance	12.0
Adult and Health Services	Adult Care	Azeus	Assurance	30.0
Adult and Health Services	Public Health	Provider Selection Regime (Procurement)	Advice & Consultancy	10.0
Adult and Health Services	Public Health	Healthy Start Vitamin Distribution	Assurance	12.0
TOTAL ESTIMATED DAYS FOR ADULTS AND HEALTH SERVICES				215.0
Children and Young People's Services	Childrens Social Care	Special Guardianship and Child Arrangement Orders	Follow up	10.0
Children and Young People's Services	Childrens Social Care	Placement Resource Panel (PRP) Arrangements	Assurance	15.0
Children and Young People's Services	Childrens Social Care	Local Adoption Governance	Assurance	12.0
Children and Young People's Services	Childrens Social Care	Supervised Spend - Leaving Care Service	Assurance	15.0
Children and Young People's Services	Commissioning	Disability Commissioning Arrangements (Short Breaks)	Assurance	12.0
Children and Young People's Services	Education and Skills	High Needs Top Up Funding Arrangements in Schools	Assurance	15.0
Children and Young People's Services	Childrens Social Care	Childrens Homes - Procurement Cards	Advice & Consultancy	10.0
Children and Young People's Services	Childrens Social Care	Childrens Homes - Review of Financial Procedures	Advice & Consultancy	15.0
Children and Young People's Services	Childrens Social Care	Liquid Logic/ ContrOCC / Manual Payments	Assurance	30.0
Children and Young People's Services	Early Help, Inclusion and Vulnerable Children	One Point Hubs / Family Centres	Assurance	20.0
Children and Young People's Services	Early Help, Inclusion and Vulnerable Children	Supporting Families Programme	Grant Certification	10.0
Children and Young People's Services	Early Help, Inclusion and Vulnerable Children	Family Hubs and Start for Life	Grant Certification	5.0
Children and Young People's Services	Early Help, Inclusion and Vulnerable Children	Fun with Food Initiative	Assurance	12.0
Children and Young People's Services	Early Help, Inclusion and Vulnerable Children	Turnaround Programme (Youth Justice)	Grant Certification	10.0
Children and Young People's Services	Early Help, Inclusion and Vulnerable Children	Aycliffe Secure Centre	Assurance	15.0
Children and Young People's Services	Education and Skills	The Woodlands Pupil Referral Unit - (Finance and Governance)	Assurance	5.0
Children and Young People's Services	Education and Skills	Governor Training	Advice & Consultancy	5.0
Children and Young People's Services	Education and Skills	SFVS	Assurance	5.0
Children and Young People's Services	Education and Skills	Youth Employment Initiative - ESF October 2016 Grant Claim Review	Grant Certification	5.0
Children and Young People's Services	Education and Skills	Home to School Transport - Procurement Workstream	Advice & Consultancy	15.0
Children and Young People's Services	Operational Support	Caldicott Group	Advice & Consultancy	2.0
Children and Young People's Services	Operational Support	Caldicott Compliance	Assurance	10.0
TOTAL ESTIMATED DAYS FOR CHILDREN AND YOUNG PEOPLE'S SERVICE				253.0
Neighbourhoods and Climate Change	Community Protection Services	Fees and Charges - Licencing	Assurance	12.0
Neighbourhoods and Climate Change	Community Protection Services	Intelligence Handling	Assurance	12.0

EMERGENT INTERNAL AUDIT PLAN - SERVICE GROUPING BREAKDOWN

Service Grouping	Service	Audit Title	Audit Type	Estimated Days
Neighbourhoods and Climate Change	Highway Services	Charging Arrangements	Assurance	12.0
Neighbourhoods and Climate Change	Environment	Carbon Emissions Performance	Assurance	12.0
Neighbourhoods and Climate Change	Environment	SMEPower (Claim 7)	Grant	3.0
Neighbourhoods and Climate Change	Environment	Trade Waste	Assurance	18.0
Neighbourhoods and Climate Change	Environment	Fleet Management - Hire Process	Assurance	15.0
Neighbourhoods and Climate Change	Environment	Fuel Stocks and Stores	Assurance	20.0
Neighbourhoods and Climate Change	Environment	Domestic Vehicle Charging Group	Advice & Consultancy	1.0
Neighbourhoods and Climate Change	Environment	Business Energy Efficiency Project (BEEP) / Replacement Processes	Advice & Consultancy	10.0
Neighbourhoods and Climate Change	Environment	Stocks and Stores	Assurance	20.0
Neighbourhoods and Climate Change	Environment	Work Allocations	Assurance	10.0
Neighbourhoods and Climate Change	Highway Services	Local Transport Capital Block Funding for NECA	Grant	4.0
Neighbourhoods and Climate Change	Highway Services	Highways Permits	Assurance	12.0
Neighbourhoods and Climate Change	Partnerships and Community Engagement	Community Grants - Review of Funding Processes	Advice & Consultancy	5.0
Neighbourhoods and Climate Change	All Services	Additional Audit Support	Advice & Consultancy	20.0
TOTAL ESTIMATED DAYS FOR NEIGHBOURHOODS AND CLIMATE CHANGE				186.0
Regeneration, Economy and Growth	Corporate Property and Land	Milburngate Development Governance	Assurance	10.0
Regeneration, Economy and Growth	Corporate Property and Land	Policies and Procedures for due diligence on new tenants	Advice	5.0
Regeneration, Economy and Growth	Culture, Sport and Tourism	Conssett Empire Theatre	Assurance	12.0
Regeneration, Economy and Growth	Economic Development	Finance Durham	Assurance	12.0
Regeneration, Economy and Growth	Planning and Housing	Housing Solutions - Homelessness	Assurance	10.0
Regeneration, Economy and Growth	Planning and Housing	Financial Assistance Policy and Property Re-Purpose Loans	Assurance	10.0
Regeneration, Economy and Growth	Planning and Housing	Homes England	Assurance	7.0
Regeneration, Economy and Growth	Planning and Housing	Choice Based Lettings Scheme	Assurance	12.0
Regeneration, Economy and Growth	Corporate Property and Land	Asset Valuation	Assurance	20.0
Regeneration, Economy and Growth	Corporate Property and Land	Surplus property process and procedures	Assurance	12.0
Regeneration, Economy and Growth	Culture, Sport and Tourism	Gala Box Office	Assurance	12.0
Regeneration, Economy and Growth	Culture, Sport and Tourism	Gala Stage School	Assurance	12.0
Regeneration, Economy and Growth	Economic Development	UK Shared Prosperity Fund	Assurance	12.0
Regeneration, Economy and Growth	Planning and Housing	Disabled Facilities Grant	Assurance	7.0
Regeneration, Economy and Growth	Transport and Contract Services	Local Transport Capital Block Funding	Assurance	4.0
Regeneration, Economy and Growth	Transport and Contract Services	Bus Subsidy Ring Fenced Gap	Assurance	5.0
TOTAL ESTIMATED DAYS FOR REGENERATION, ECONOMY AND GROWTH				162.0
Resources	Corporate Finance and Commercial Services	Budgetary Control and Financial Reporting	Key System	12.0
Resources	Corporate Finance and Commercial Services	Direct Debit Payments	Assurance	10.0
Resources	Procurement, Sales and Business Services	Contract Management	Assurance	10.0
Resources	Transactional and Customer Services	Business Rates - Billing & Refunds	Key System	12.0
Resources	Transactional and Customer Services	Housing Benefits: Overpayment Recovery	Key System	10.0
Resources	Transactional and Customer Services	Deputy and Appointees - Personal Allowance Payments	Assurance	15.0
Resources	Corporate Finance and Commercial Services	VAT	Key System	10.0
Resources	Corporate Finance and Commercial Services	Section 256 Agreements	Grant	10.0
Resources	Corporate Finance and Commercial Services	Better Care Fund (Section 75)	Grant	5.0
Resources	Corporate Finance and Commercial Services	Leases	Advice and Consultancy	4.0
Resources	Digital Services	Information Governance Group	Advice and Consultancy	2.0
Resources	Digital Services	Information Management	Assurance	12.0
Resources	Digital Services	CRM - Internal Management and Governance	Assurance	12.0
Resources	Digital Services	Change Management	Assurance	10.0
Resources	Digital Services	Platform Security	Assurance	10.0
Resources	Digital Services	Vulnerability Management	Assurance	8.0
Resources	Digital Services	Active Directory	Advice and Consultancy	4.0
Resources	Digital Services	Digital Strategy	Assurance	8.0
Resources	Digital Services	Third Party Access	Assurance	8.0
Resources	Digital Services	Digital Durham	Grant	2.0
Resources	Digital Services	IT Asset Management	Advice and Consultancy	5.0
Resources	HR and Employee Services	Payroll - Overarching	Key System	1.0
Resources	HR and Employee Services	ResourceLink Programme Board	Advice and Consultancy	1.0
Resources	HR and Employee Services	Payroll - Taxation/PAYE	Key System	10.0
Resources	HR and Employee Services	Payroll - Preparation - Permanent Input	Key System	10.0
Resources	Legal & Democratic Services	Police and Crime Panel	Grant	3.0

EMERGENT INTERNAL AUDIT PLAN - SERVICE GROUPING BREAKDOWN

Service Grouping	Service	Audit Title	Audit Type	Estimated Days
Resources	Legal & Democratic Services	RIPA Officers Group	Advice and Consultancy	1.0
Resources	Legal & Democratic Services	Company Governance Group	Advice and Consultancy	2.0
Resources	Legal & Democratic Services	RIPA Compliance	Assurance	12.0
Resources	Legal & Democratic Services	Tender Opening Arrangements	Assurance	12.0
Resources	Legal & Democratic Services	Public Interest Report - Culture and Governance	Advice and Consultancy	10.0
Resources	Procurement, Sales and Business Services	Support for standard process using HALO. SLA charging process.	Advice and Consultancy	5.0
Resources	Procurement, Sales and Business Services	CPR Variations	Assurance	10.0
Resources	Procurement, Sales and Business Services	Contract Register	Assurance	10.0
Resources	Procurement, Sales and Business Services	Creditors - Overarching	Key System	1.0
Resources	Procurement, Sales and Business Services	Petty Cash and Payment Cards workstream	Advice and Consultancy	7.0
Resources	Procurement, Sales and Business Services	Procurement Cards	Assurance	15.0
Resources	Procurement, Sales and Business Services	Business Support links to Payroll and Employee Services (PES)	Advice and Consultancy	3.0
Resources	Transactional and Customer Services	Payroll - Agency System	Key System	12.0
Resources	Transactional and Customer Services	Business Rates - Overarching	Key System	1.0
Resources	Transactional and Customer Services	Business Rates - Recovery	Key System	12.0
Resources	Transactional and Customer Services	Housing Benefits and Council Tax Reduction - Overarching	Key System	1.0
Resources	Transactional and Customer Services	Housing Benefits and Council Tax Reduction - Supported Accommodation	Key System	15.0
Resources	Transactional and Customer Services	Welfare Rights	Assurance	15.0
Resources	Transactional and Customer Services	Council Tax - Overarching	Key System	1.0
Resources	Transactional and Customer Services	Council Tax - Recovery	Key System	12.0
Resources	Transactional and Customer Services	Council Tax - QA and Appeals	Key System	12.0
Resources	Transactional and Customer Services	Cash Management	Key System	15.0
Resources	Transactional and Customer Services	Debtors	Key System	20.0
Resources	Transactional and Customer Services	Financial Deputies	Assurance	15.0
Resources	Transactional and Customer Services	BACS Submissions	Assurance	10.0
Resources	Transactional and Customer Services	Customer Services process review	Advice and Consultancy	5.0
Resources	Transactional and Customer Services	Household Support Fund	Advice and Consultancy	5.0
Resources	All Services	Additional Audit Support	Advice and Consultancy	10.0
TOTAL ESTIMATED DAYS FOR RESOURCES				453.0

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

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