



Local Government Act 1972

I Hereby Give You Notice that an **Ordinary Meeting** of the **Durham County Council** will be held in the **Council Chamber, County Hall, Durham** on **Wednesday 19 October 2022** at **10.00 am** to transact the following business:-

1. To confirm the minutes of the meeting held on 21 September 2022 (Pages 5 - 14)
2. To receive any declarations of interest from Members
3. Chair's Announcements
4. Leader's Report
5. Questions from the Public
6. Petitions
7. Report from the Cabinet (Pages 15 - 20)
8. Local Council Tax Reduction Scheme 2023/24 - Report of Corporate Director of Resources (Pages 21 - 36)
9. Report of the Audit Committee for the period September 2021 to August 2022 (Pages 37 - 50)
10. Appointment of Chair of Children and Young People's Overview and Scrutiny Committee
11. Motions on Notice

Councillor C Hunt to Move

Council notes the problems caused in our communities by the misuse of nitrous oxide and calls upon the Advisory Council on the Misuse of Drugs to respond to the Home

Secretary's request to review the harm caused by nitrous oxide and better understand whether further restrictions on the drug are needed. Making the sale of nitrous oxide restricted through such things as the need for age verification. Also empowering the police and other stakeholders to deal with the anti-social issues caused by substance misuse in County Durham including Nitrous Oxide.

Councillor J Quinn to Move

This council is to request that Livin and other social housing associations open an email address specifically for councillors to direct concerns and work, such as trimming of hedges etc.

Councillor R Adcock-Forster to Move

Council acknowledges the vital role played by kinship carers in offering care to children when they most need it. In recognition of the immense value of care they provide and the enormous personal sacrifices they make, Council will write to Government in support of the recommendations of the Independent Review of Children's Social Care and its focus on restoring early help to families, supporting kinship carers and ensuring children can build lifelong links with extended family members.

Councillor K Hawley to Move

This Council requests that the ring fenced capital to revenue split for Councillors neighbourhood budgets for this financial year is lifted, so members can have the option to utilise any remaining neighbourhood budgets as revenue to support organisations dealing with those facing severe hardship as the cost of living crisis deepens during the coming winter months.

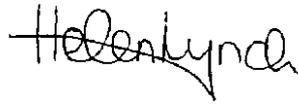
Councillor A Surtees to Move

This council agrees that all our primary school children in County Durham should have access to nutritious and balanced free school meals and will write to the Government to urge them to extend free school meal provision to every primary school child in England.

12. Questions from Members

And pursuant to the provisions of the above-named act, I Hereby Summon You to attend the said meeting

Dated this 11th day of October 2022

A handwritten signature in black ink that reads "Helen Lynch". The signature is written in a cursive style with a horizontal line through the middle of the name.

Helen Lynch
Head of Legal and Democratic Services

To: All Members of the County Council

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DURHAM COUNTY COUNCIL

At an Ordinary Meeting of the County Council held in the Council Chamber, County Hall, Durham on **Wednesday 21 September 2022 at 10.00 am**

Present:

Councillor B Bainbridge (Chair)

Councillors E Adam, R Adcock-Forster, V Andrews, J Atkinson, P Atkinson, A Batey, K Batey, A Bell, C Bell, R Bell, G Binney, J Blakey, D Boyes, D Brown, L Brown, J Chaplow, I Cochrane, J Cosslett, B Coult, R Crute, M Currah, S Deinali, T Duffy, K Earley, J Elmer, L Fenwick, C Fletcher, D Freeman, J Griffiths, O Gunn, D Hall, A Hanson, K Hawley, P Heaviside, T Henderson, S Henig, J Higgins, C Hood, A Hopgood, L Hovvels, D Howarth, J Howey, C Hunt, G Hutchinson, A Jackson, M Johnson, N Jones, P Jopling, C Kay, B Kellett, C Lines, L Maddison, R Manchester, C Marshall, C Martin, E Mavin, L Mavin, B McAloon, S McDonnell, M McGaun, D McKenna, M McKeon, I McLean, S McMahan, J Miller, P Molloy, D Nicholls, J Nicholson (Vice-Chair), D Oliver, R Ormerod, E Peeke, R Potts, P Pringle, J Purvis, J Quinn, S Quinn, A Reed, G Richardson, J Rowlandson, A Savory, E Scott, K Shaw, A Shield, J Shuttleworth, M Simmons, A Simpson, T Smith, M Stead, W Stelling, A Sterling, D Stoker, T Stubbs, A Surtees, D Sutton-Lloyd, P Taylor, S Townsend, C Varty, E Waldock, M Walton, A Watson, M Wilkes, M Wilson, S Wilson, D Wood and R Yorke

Apologies for absence were received from Councillors R Charlton-Lainé, J Charlton, C Hampson, D Mulholland, S Robinson, K Robson, K Rooney, F Tinsley and S Zair

1 Presentation to Honorary Alderman Kevin Thompson

The Chair presented the title of Honorary Alderman to Kevin Thompson.

2 Minutes

The minutes of the ordinary and extraordinary meetings held on 20 July 2022 were confirmed by the Council as a correct record and signed by the Chair.

3 Declarations of interest

There were no declarations of interest in relation to any items of business on the agenda.

4 Chair's Announcements

The Chair had no announcements to make.

5 Leader's Report

Councillor A Hopgood, Leader of the Council said that we had all been deeply saddened by the passing of Her Majesty Queen Elizabeth II, a sentiment she said that was shared by residents across our county.

The Leader said that as Britain's longest serving monarch, The Queen had demonstrated remarkable commitment to her country. The mood of the nation and our communities here in County Durham during the period of mourning had clearly reflected the influence she had on all of our lives. The Council had played a key role during recent events. This had included supporting the proclamation of the new King by the High Sheriff for County Durham in Durham Market Place and arranging a local proclamation in the Council Chamber. The Council had also invited people to gather in Durham Market Place in marking the national Moment of Reflection. Our teams had supported residents wishing to pay their respects by providing books of condolence and dedicated locations for the laying of floral tributes.

The Leader passed on her thanks to all of those staff involved in this work.

The Leader would save her message of condolence for the motion later in the agenda but reminded members aware that the book of condolence in the Durham Room would remain open until the end of the day on 21 September 2022.

6 Petitions

There were no petitions for consideration.

7 Report from the Cabinet

The Council noted a report from the Cabinet which provided information on issues considered at its meetings held on 15 June and 13 July 2022 (for copy see file of Minutes).

8 Local Government Boundary Commission Review

The Council considered a report of the Corporate Director of Resources that sought agreement on the Council's draft submission to the Local Government Boundary Commission England (LGBCE) in respect of Council Size (for copy see file of Minutes).

The Head of Legal and Democratic Services explained the purpose of the review and highlighted paragraph 10 of the report which advised of the variances. She pointed out an error in the LGBCE guide for Councillors on page 17 which referred to the number of councillors being 63 rather than 126. A member officer working group had been established to oversee the preparation of the Council's initial submission on Council Size and the data requirements around housing and electoral forecasts, the deadline of which was 4 October 2022.

With regards to housing forecast data the Head of Legal and Democratic Services informed Council that up to date figures would be presented to LGBCE up to

August 2022, rather than April 2022, giving a more accurate reflection of the projected number of houses to be built.

In moving the report Councillor A Hopgood, Leader of the Council said that the Local Government Boundary Commission Review presented an opportunity for the Council to reflect on how it operated currently and consider how it should operate in the future. It had been ten years since the Boundary Commission last conducted a review of Council size and therefore this review, which primarily sought to address the electoral imbalance across 20 out of the 63 electoral divisions, was timely. It was understood that Durham was one of a number of Councils in the north-east currently being reviewed.

The Leader reported that the Member Working Group were aware of the demands on Councillors time under the current arrangements. Those who responded to the Member survey all commented that the hours worked were well in excess of 16 hours a week. It could therefore be argued that the number of Councillors across County Durham should at least stay the same, if not increase. However, the Group acknowledged that maintaining the status quo or increasing the number of Councillors was likely to be unacceptable to the Boundary Commission. As had been explained, the Council was now an outlier in terms of the number of Councillors and recent reviews of similar authorities had resulted in recommendations on council size in the region of 100 Councillors.

The Group considered that it was better for the Council to seek to influence and shape the proposals in respect of County Durham rather than have arrangements simply imposed. The draft proposal therefore represented a pragmatic approach, which sought to balance the aims of the review against the needs of the residents of County Durham.

In seeking to agree a consensus, the Group had to compromise and therefore, the Leader encouraged individual political groups and/or Councillors to engage with the process and submit their own proposals to the Commission.

The Group would continue to work with Officers to finalise the response as outlined by the Head of Legal and Democratic Services. Once the response had been submitted to the Boundary Commission, the Group would begin working on the second phase of the review relating to warding patterns. Again, the Leader would encourage all Councillors to engage in that process at the appropriate time.

The Leader thanked all of the Officers who have been involved in preparing the Council's submission and supported the Member Working Group and moved the recommendations.

In seconding the report, Councillor R Bell, Deputy leader and Portfolio Holder for Finance said that he supported the approach taken by the Member Working Group in seeking to agree a pragmatic response to the review. In preparing the response, the Group did consider the approaches taken by other Councils, which in some cases had relied heavily on significant delegation to Officers in order to achieve a reduction in Council size. Whilst some delegation to Officers was undoubtedly

necessary and appropriate, the Group was keen to ensure that any proposals in Council size did not inadvertently create a democratic deficit.

Councillor R Bell noted the rationale for including housing projection data up to 30 April 2022 but considered it preferable that data up to 31 August 2022 was submitted. Whilst the projections may not change significantly, it was important that Members had confidence that the most up to date data was submitted.

He advised that the working group would be meeting shortly to agree the approach in relation to warding patterns. Once the Boundary Commission had made their recommendation in relation to Council Size in November, the Council would then be in a position to engage with all Members on warding patterns. Throughout the process to date, many of the questions that had been asked, related to the current stage of the review. Councillor Bell would therefore encourage all Members to take the time to understand, engage and help shape the process.

Councillor R Bell added his thanks to the Officers and all those involved in preparing the response and seconded the recommendations.

Resolved:

That the recommendations in the report be approved.

9 Treasury Management Outturn Report 2021/22

The Council noted a report of the Corporate Director of Resources which provided information on the treasury management outturn position for 2021/22 (for copy see file of Minutes).

Councillor R Bell, Deputy Leader and Portfolio Holder for Finance thanked officers for the comprehensive update on the treasury management outturn position as at 31 March 2022. He asked members to note that the Council had fully complied with all of the requirements around the treasury management policy and strategies, carefully managing cash flow, external borrowing and investment, whilst maintaining compliance with the code of practice in line with the Council's framework.

Resolved:

That the report be noted.

10 Corporate Parenting Panel Annual Report 2021-22

Councillor M Simmons, Chair of the Corporate Parenting Panel (CPP) presented the Annual Report for information, following endorsement at Cabinet on 14 September 2022.

Councillor Simmons thanked the officers from the Corporate Parenting Panel along with all of the young people who had made the Annual Report possible.

The annual report covered the period April 2021 to March 2022 and covered a wide range of work taking place across the board to support the children and young people in our care, as well as our care leavers.

Councillor Simmons alluded to some of the 2021-22 achievements CPP were particularly proud of, including college bus pass deductions no longer being taken from care experienced young people's bursaries at new College Durham.

In addition, all care experienced young people in County Durham who were in years 12 and 13 had been awarded an 'all time top up bus pass' to use anytime, not just when they were going to college.

Further discussions around transport were continuing into 2022/23, as this continued to be a challenge, particularly for care leavers.

Another achievement was the Art Stops initiative, which had been hugely successful, and had helped to increase positive images and reduce stigma of Care Experience young people with their art work and designs being displayed on bus stops across the County.

Although the recent Ofsted inspection fell outside of the Annual Reports timeframes, the results were certainly an achievement, with us being graded as 'good' overall with the impact of leaders on social work practice being 'outstanding'. In addition, Ofsted noted our Corporate Parenting Strategy being noted as ambitious.

Work was continuing to address the 2022-23 priorities identified in the annual report, which include personalised care, staff in Children's Homes and Foster Carers, and Family Time and Councillor Simmons looked forward to providing a progress update in the next annual report. She added that throughout the year CPP continued to meet with young people from the children in care council, who held us to account on the progress we were making against these priorities, and rightly so. She thanked everyone involved in the work of the Corporate Parenting Panel and introduced Luke, a member of the Children in Care Council, and one of the co-opted members of the Corporate Parenting Panel.

Luke explained to members how young people contributed to, and influenced the work that took place across the service to improve outcomes for young people, like himself who was care experienced.

He said that he loved the quote on the front of the Annual Report 'children are like boats and just need a little bit of guidance to go down the right path' which he found so true, and he added that CPP helped to promote that they were more than 'children in care' that they were young people with a range of skills, abilities and talents. To support this, he explained how service leads now shared proud moments and at each CPP meeting to showcase some of their achievements, no matter how big or small.

Luke went on to explain that one of the key things discussed this year had been the use of language, and the importance of using words and phrases that young people

were familiar with and more importantly, that they understood. Language was personal to each young person, and in response to discussions they had had, their care plans now reflected their own preferences.

He was looking forward to the proposed development of a young people's Scrutiny Panel where young people would ask questions, review services, and make recommendations for improvements and he would encourage young people to get involved in this.

Across the year lots of work had been done, but there was still a lot to do. Luke was confident that young people were being listened to, and their ideas were being actioned.

Luke thanked all of the elected members for being corporate parents and for the opportunity to attend this meeting, and to be involved in this work to make positive changes for other young people.

Councillor Gunn commented that the clear message in the report was that the voice of the young person was crucial, and thanked Luke for speaking at the meeting.

Resolved:

- (a) That the content of the Corporate Parenting Panel Annual Report be noted;
- (b) That the Corporate Parenting Panel Annual Report, which provided oversight of the work undertaken during 2021-22, and the priorities for the year ahead be endorsed.

11 Overview and Scrutiny Annual Report 2021/22

Councillor Martin, Chair of the Corporate Overview and Scrutiny Management Board presented the Scrutiny Annual Report for 2021/22, setting out some of the work undertaken in the past year.

Councillor Martin said that it had been his privilege to steer the work of the scrutiny function and that he had encouraged an open and transparent approach, continuing to develop our input into policy development. He wanted all overview and scrutiny members to be involved to ensure scrutiny was effective.

Councillor Martin would continue to implement the scrutiny process in accordance with the four principles of effective scrutiny:

- To provide a constructive critical friend challenge
- To amplify the voices and concerns of the public
- To be led by independent minded people who take responsibility for their role
- To drive improvement in public services

The annual report reflected the four principles which underpinned all of the work undertaken and highlighted some examples of the work covered.

- The Corporate Overview and Scrutiny Management Board scrutinised the Cabinet's MTFP proposals and comments were included in the final budget report to Council. This was a significant role and responsibility for the Board.
- Adults, Wellbeing and Health OSC, chaired by Cllr Patricia Jopling, had continued to oversee the work undertaken by the Council and partners in respect of Covid-19 Pandemic service restoration with particular emphasis on access to GP Services, NHS Dentistry service availability, and winter preparedness. The Committee had also examined the establishment of the Integrated Care System and its role in taking over from Clinical Commissioning Groups as well as continued oversight of the Shotley Bridge Hospital project.
- Children and Young People OSC, chaired by Cllr Chris Hood until recently, had scrutinised Child and Adolescent Mental Health Services and Children and Young People's Mental Health and Emotional Wellbeing and these important issues continued to be a focus of the committee in 2022/2023. The committee had provided comment on the New SEND Strategy and Growing up in County Durham a new children, young people and families strategy.
- Economy and Enterprise OSC, chaired by Cllr Bill Moist had considered the development of the key strategic employment sites across the county and the number and quality of jobs delivered. They had also considered how change was being managed and the Council's pivotal role in shaping planning and development across our Towns and Villages through the Town and Villages Programme and the further development of Masterplans in the county. The committee had also provided comments as part of the Big Conversation to help develop the Inclusive Economic Strategy and would continue to monitor the development and delivery of this strategy as part of its 2022/23 work programme.
- Environment and Sustainable Communities OSC, chaired by Cllr Bev Coult had carried out a review to consider whether DCC should declare an Ecological Emergency. The recommendations of the committee were incorporated into a report to Cabinet in April 2022. The committee had given particular focus to the Climate Emergency Response Plan and this focus continued. The Committee had also provided comments on the Leisure Transformation Programme and the draft physical activity strategic framework.
- Safer and Stronger Communities OSC, chaired by Cllr Joyce Charlton had provided comment on the Safe Durham Partnership Plan and County Durham and Darlington Fire & Rescue Service's Community Risk Management Plan.

Councillor Martin gave thanks to the members of the overview and scrutiny committees, the chairs and vice-chairs, co-optees, and the scrutiny team for their continued hard work throughout the year.

Councillor Crute thanked the scrutiny officers for all of their hard. He referred to the function of scrutiny which was to hold the executive to account and expressed concern when scrutiny were given the opportunity to participate in work that offered up services for cuts. He went on to explain that he had made his position clear at Corporate Overview and Scrutiny Management Board that scrutiny was not there to do the work of Cabinet, as scrutiny were there to scrutinise the decisions made by Cabinet. Councillor Crute had asked the question as to which scrutiny committees would be involved in this process as he was aware that some had decided not to be involved and he believed that there should be a consistent approach. He stressed that it was important to get this right as thought it was a step to turn governance on it's head and a dangerous step forward. He asked for the thoughts of the Chair of Corporate Overview and Scrutiny Management Board on this.

In response, Councillor Martin said that he wanted to have an open process which empowered the voice of members and was part of the development of policy. He said that scrutiny played an important function to be a critical friend and holding the executive to account. With regards to accountability Councillor Martin said that all members were responsible for the budget as Cabinet put it together to present to full Council where all members have a vote. Councillor Martin was keen to change the way in which scrutiny were involved and that members could have a say in what they wanted to see in the budget. He referred to the four fundamental principles of scrutiny and wanted each committee to take control of their own destiny as he was not a dictator of scrutiny. He advised that Councillor Crute had been sent a report by e-mail which outlined which scrutiny committees were involved in this process.

Councillor Marshall enquired as to which Cabinet members would participate in this process and attend the scrutiny meetings to have meaningful discussions.

Councillor Martin replied that he did not have that information to hand but that each scrutiny committee would be working with the Cabinet portfolio holders in the best way they saw fit.

Resolved:

That the report be received.

12 Annual Report of the Standards Committee 2021/22

Councillor Nicholson, Chair of the Standards Committee presented the annual report of the Standards Committee for the period 2021/22.

Councillor Nicholson said that the report set out the Membership of the committee, including the two new independent persons Alan Fletcher and Kayleigh Louise Wilkinson who were appointed by Council from 22 September 2022 for a two year term. Both Alan and Kayleigh had completed their induction training and had been supporting the Monitoring Officer with standards issues from the outset.

She went on to advise of the Committee's Work Programme, which was consistent with the terms of reference set out in the report at paragraph 13, and attached at Appendix 2 to the report. The Committee had continued to monitor standards and

governance issues nationally. This had included an update on the Government's long-awaited response to the Committee in Standards in Public Life's report on local government ethical standards. The Government had indicated that it would be consulting the sector in relation to some of the recommendations arising out of the CSPL report and the Committee looked forward to responding to such consultations at the appropriate time.

In respect of complaints the position was relatively consistent when compared with the previous year. In 2021/22 there were 49 complaints compared to 48 in 2020/21. There had been a slight increase in the number of complaints referred to local resolution with 20 being referred in 2021/22 (compared with 16 in the previous year). Local resolution may include training, mediation, provision of guidance and where appropriate a requirement for members to apologise. During the period, there was one Standards Hearing Panel in November 2021 which considered complaints against a Town Councillor. The Panel concluded that there had been a breach of the code of conduct and required the Member to provide a written apology to the Complainants and complete training.

Councillor Nicholson informed Council that with the Committee's agreement, an online version of the complaint form was launched in April 2022. This would make it easier and accessible for people to submit complaints. The form was still available to complete by hand and in large print to ensure it was accessible to all. Looking ahead the Committee had agreed a work programme for 2022/23 which included the standing agenda items as well as a review of the arrangements for the local determination procedure. The work programme would continue to be a living document, which would be updated to reflect any developments within the Committee's remit throughout the year.

Finally, Councillor Nicholson thanked the Monitoring Officer and her team for their continuing work with the Committee in assisting to ensure that high standards were achieved by all locally elected members, and she asked the Council to note the report.

Resolved:

That the report be noted.

13 Motions on Notice

The Chair informed Council that there was one Motion for consideration.

This Council expressed its deepest regret and grief at the death of Her Majesty the Queen; conveyed its sincere condolences to His Majesty The King and other members of the Royal Family in their bereavement; affirmed the great affection and esteem in which Her Majesty was held, and expressed gratitude of her life of exceptional public service.

The motion was **moved** by the Chair and **seconded** by Councillor Nicholson.

The Leader, Deputy Leader and the remaining Group Leaders and Councillors S Henig, P Jopling, C Varty, D Sutton-Lloyd and W Stelling all paid tribute to Her

Majesty the Queen, sharing memories and stories of when they had been fortunate to meet her.

The motion was **carried**.

Electoral division(s) affected:

All

Purpose of the Report

- 1 To provide information to the Council on issues considered by the Cabinet at its meeting held on 14 September 2022 to enable Members to ask related questions by no later than midday 3 working days before the day of the meeting

Contents

Item 1 - Providing a sustainable solution for Durham Community Business College, part of the former Durham Federation

Item 2 - Forecast of Revenue and Capital Outturn 2022/23 – Period to 30 June 2022 and Update on Progress towards achieving MTFP(12) savings

Item 3 – Corporate Parenting Panel Annual Report 2021-22

Item 4 - Health & Care Integration

Item 5 - County Durham Pound Project Update

Item 6 - Maintained Schools Budget Plans and Permission to Set Deficit Budgets 2022/23

**1. Providing a sustainable solution for Durham Community Business College, part of the former Durham Federation
Cabinet Portfolio Holders – Councillor Ted Henderson and
Councillor Richard Bell**

We considered a joint report of the Corporate Director of Children and Young People's services and Corporate Director of Resources which outlined a course of action that could be taken by the council to ensure the provision of a sustainable education offer for pupils attending Durham Community Business College (DCBC), avoiding closure of the school and the significant pressure this would place upon the Durham Central planning area. The report also recommended that Cabinet write off the deficit budget of Durham Community Business College (DCBC), in order that the school joined a strong and established Multi-Academy Trust. This solution was needed to secure the

school's sustainability, improve educational outcomes and ensure the sufficiency of pupil places within the Durham Central planning area.

Decision

We:

- (a) agreed to write off the accumulated deficit budget of Durham Community Business College (DCBC) at the point of conversion, in order that the school joins a strong and established MultiAcademy Trust. This would deliver a financially viable solution for the school's future and improve the quality of education for the communities affected;
- (b) agreed to the cost of writing off the deficit being met from the School's earmarked reserves;
- (c) agreed that the Corporate Director of Resources be granted the delegated authority to determine the final amount of deficit to be written off. This would continue to be closely monitored through quarterly budgetary control reports.

2. Forecast of Revenue and Capital Outturn 2022/23 – Period to 30 June 2022 and Update on Progress towards achieving MTFP(12) savings

Cabinet Portfolio Holder – Councillor Richard Bell

We considered a report of the Corporate Director of Resources which provided:

- (a) the initial forecast revenue and capital outturn for 2022/23, based on the position to June 2022;
- (b) the forecast for the council tax and business rates collection fund position at 31 March 2023, based on the position to 30 June 2022; and
- (c) details of the forecast use of and contributions to earmarked, cash limit and general reserves in 2022/23 and the estimated balances that will held at 31 March 2023.

The report sought approval of the revised capital programme 2022/23, other budget adjustments and proposed sums treated as outside of the cash limit in year and provided an update on progress towards achieving MTFP(12) savings in 2022/23.

Decision

We

- (a) noted the council's overall forecast financial position for 2022/23 and the continuing uncertainty associated with the outturn forecast resulting from the significant inflationary cost pressures and ongoing covid-19 impacts on income as set out in the report;
- (b) agreed the proposed 'sums outside the cash limit' for approval as set out in the report;
- (c) agreed the revenue and capital budget adjustments outlined in the report;
- (d) noted the forecast use of earmarked reserves in year;
- (e) noted the forecast end of year position for the cash limit and general reserves;
- (f) noted the inflationary pressures which were forecast to be managed from the Budget Support Reserve and from the General Reserve;
- (g) noted the position on the capital programme and the Collection Funds in respect of Council Tax and Business Rates; and
- (h) noted the amount of savings delivered to 30 June 2022 against the 2022/23 targets and the total savings that will have been delivered since 2011.

3. Corporate Parenting Panel Annual Report 2021-22 Cabinet Portfolio Holder – Councillor Ted Henderson

We considered a report which presented the Corporate Parenting Panel Annual Report April 2021 – March 2022 for endorsement. The Annual Report 2021-22 was agreed by the Corporate Parenting Panel at its meeting on 19 July 2022.

Decision

We noted the content of and endorsed the Corporate Parenting Panel Annual Report 2021-22.

4. Health & Care Integration Cabinet Portfolio Holder – Councillor Chris Hood

We considered a report of the Corporate Director of Adult and Health Services which provided an update about potential changes to health and care integration and sought agreement to a preferred option for discussion with health and care partners. The report also sought agreement to present further reports following those discussions with health and care partners.

Decision

We

- (a) noted the potential changes to health and care integration set out in the Health and Care Act 2022 and the Integration White Paper (February 2022);
- (b) agreed the preferred option for future health and care integration is a Joint Committee to be:
 - co-produced with the ICB;
 - operate in 'shadow form' from October 2022;
 - fully operational from April 2023.
- (c) noted that further detailed discussion was needed with health and care partners and, that Government guidance may be published which would have an impact on the preferred option;
- (d) requested further reports be presented following discussions with health and care partners with more detailed proposals for consideration.

5 County Durham Pound Project Update

Cabinet Portfolio Holder – Councillor Susan McDonnell

We considered a report of the Corporate Director of Resources which provided an update on the progress of the County Durham Pound project which was initiated following Cabinet approval of the Social Value and Wealth Building Report on 13 January 2021.

Decision

We

- (a) noted the progress made to date and support ongoing progression of the County Durham Pound project;
- (b) agreed to the signature of the Statement of intent by the Council's Chief Executive; and
- (c) agreed to development of appropriate communications via Communications and Marketing teams across the partners.

6. Maintained Schools Budget Plans and Permission to Set Deficit Budgets 2022/23

Cabinet Portfolio Holders – Councillor Ted Henderson and Councillor Richard Bell

We considered a joint report of the Corporate Director of Children and Young People's Services and Corporate Director of Resources which provided an overview of maintained schools' budget plans for 2022/23, as agreed by the

relevant Governing Bodies and highlighted where the Corporate Director of Resources had exercised his judgement in terms of approving the setting of deficit budgets, in accordance with the Council's constitution and the Scheme of Financing for Schools.

Decision

We

- (a) noted the contents of this report; and
- (b) noted the action taken under delegated powers by the Corporate Director of Resources to approve licensed deficits for two schools in 2022/23.

Background Papers

Cabinet Agenda and Reports – 14 September 2022

[Cabinet - Wednesday 14 September 2022 9.30 am](#)

Councillor A Hopgood,
Leader of the Council
11 October 2022

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19 October 2022

Local Council Tax Reduction Scheme
2023/24



Report of Corporate Management Team

Paul Darby, Corporate Director of Resources

Councillor Richard Bell, Cabinet Portfolio Holder for Finance and
Councillor Alan Shield, Cabinet Portfolio Holder for Equality and
Inclusion

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 To seek Council approval for the continuation of the current Local Council Tax Reduction Scheme (LCTRS) for a further year into 2023/24, which would continue the protection afforded to all claimants in line with what their entitlement would have been under the former Council Tax Benefit system.
- 2 This proposal was considered by Cabinet at their meeting on 13 July 2022 and it was resolved to recommend to Council the continuation of the scheme into 2023/24.

Executive summary

- 3 Durham is one of a small minority of councils to continue to offer the same level of support to all claimants as was available under the former Council Tax Benefit scheme. In 2018/19, when national data was last collected, only 36 local authorities in England, and no other councils in the North East, offered all residents this level of assistance. Meaning no LCTRS claimants in our area have been worse off in the last ten years than they would have been under the previous national scheme.
- 4 Nationally the most common change made to LCTRS is the introduction of minimum payments. Over 70% of Local Authorities have introduced these; making all residents liable, regardless of their income, and responsible for paying a percentage of their council tax. These minimum payments range from 5% to 50% of the property's full council tax liability.

- 5 National research confirms that there is a clear correlation between higher minimum payments in LCTRS and lower council tax collection rates.
- 6 There are currently 54,700 LCTR applicants in County Durham, of which 20,800 (38%) are of pension age and 33,900 (62%) are of working age. Almost 80% of working age claimants currently receive 100% LCTRS discount, with LCTRS support forecast to be circa £60m in 2022/23.
- 7 The rollout of Universal Credit (UC) is scheduled to be completed in 2024 and is already in payment to a significant number of people in Durham. There are circa 19,900 LCTR claimants receiving UC, over 59% of the working age LCTR caseload.
- 8 UC changes result in multiple reworking and changes to LCTRS entitlement throughout the year and multiple bills being issued to individual households resulting in numerous changes to their net liability and instalment plans for any council tax balance they are responsible for. This results in residents not being able to easily track their council tax liability, leading to difficulties for households when managing their finances and personal budgeting.
- 9 The Council will need to keep track of the impact of the continuing roll out of UC. After many years of continued improvement, our in-year council tax collection rate is almost one and a half percentage points below the 2017/18 rate, in part reflecting the ongoing impact of the expanding UC rollout on LCTRS and council tax collection.
- 10 The proposal set out in this report is to continue the current scheme. The proposal is put forward at a time low-income households across the county are facing issues related to the current cost of living crisis
- 11 Consideration of whether to extend the current scheme into 2023/24 needs to take account of a number of key factors and changing the scheme at this stage means additional council tax revenues (or pressures) would need to be built into the medium-term financial plan (MTFP) projections. No changes to the scheme were factored into the MTFP (13) projections reported to Cabinet on 12 October 2022.

Recommendations

- 12 Council is recommended to:
 - (a) Continue the current Local Council Tax Reduction Scheme into 2023/24, which will retain the same level of support to all working age council taxpayers on low incomes as was the case under the previous Council Tax Benefit Scheme;
 - (b) agree that the extension to the Scheme be initially for a further year only and be kept under continuous review with a further decision

on the scheme to apply in 2024/25 to be considered by Cabinet in summer 2023 and Full Council by 11 March 2024.

Background

- 13 Following the abolition of the national Council Tax Benefit (CTB) system on 31 March 2013, Local Authorities have been required to work with their precepting bodies to establish a Local Council Tax Reduction scheme (LCTRS); reviewed on an annual basis. The LCTRS provides a 'discount' against the council tax charge, rather than a cash benefit entitlement.
- 14 A Council Tax Reduction Scheme Grant is paid directly to the council and the major precepting bodies (Police and Fire) and forms part of the council's formula funding arrangements.
- 15 As this Government grant was a fixed amount, when there is growth in the numbers of council taxpayers becoming eligible for support with their council tax, there is a resulting risk to the Local Authority; this was seen in the early months of the Covid-19 pandemic in April/May 2020.
- 16 The council's formula grant includes an element relating to Town and Parish Councils and whilst the council has previously passed the notional amount of LCTRS grant it receives to the Town and Parish Councils, there is no statutory requirement to do so, with most other Councils not doing so now.
- 17 Following discussions via the Town and Parish Councils' Working Group, and in the spirit of partnership working, recognising the important role Town and Parish Councils play in providing local services to communities, the Council again passed on the Town and Parish element of the formula grant in 2022/23. It is proposed that this continues for 2023/24, with the Town and Parish grant forecast to be £1.5 million.

Review of the Local Council Tax Support Scheme

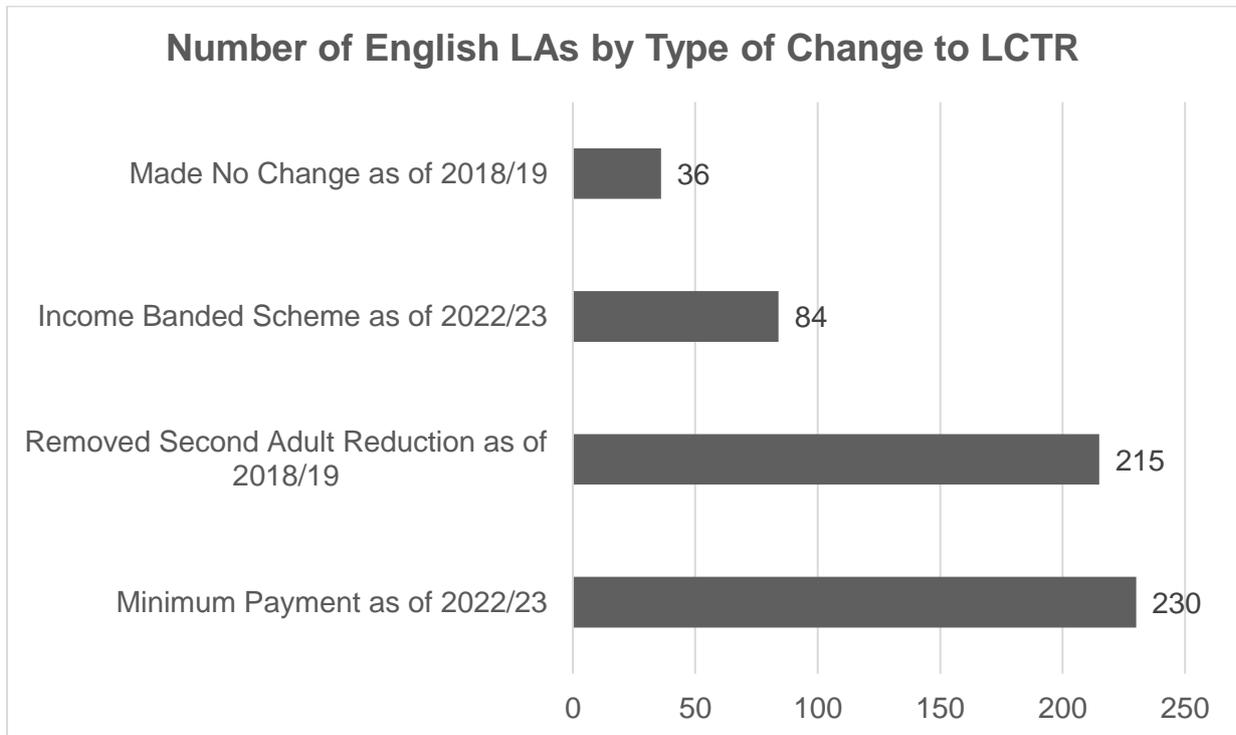
- 18 On 20 October 2021 County Council agreed the current LCTRS for 2022/23, which mirrors the previous scheme that operated under the national Council Tax Benefit System for all claimants, and which was abolished in April 2013. No council tax support claimants have therefore been worse off in the last ten years than they would have been under the previous national scheme.
- 19 In the North East region, Durham is now the only authority whose scheme continues to mirror entitlement under the former CTB system. The other 11 councils have schemes which offer an overall lower level of support to residents, though in Newcastle and Stockton, some residents can now still access up to 100% support in certain circumstances.
- 20 The regional picture in terms of the schemes currently in operation and comparison of in-year collection rates with that which existed pre LCTRS is shown below for the position to 31 March 2022. It is notable that until April 2022, Durham was the only authority which did not require a

minimum payment from all working age LCTR applicants, and it is alone in having improved its in year collection rate since the council tax support scheme was localised:

Local Authority	Basis of Scheme	Minimum Payment	Second Adult Reduction Offered?	Change in in-year council tax collection rate between 2012/13 and 2021/22
Durham	CTB	No	Yes	+0.46%points
Darlington	CTB	20%	No	-1.03%points
Gateshead	CTB	8.5%	No	-2.08%points
Hartlepool	CTB	12%	No	-5.39%points
Middlesbrough	Income Banded – since 2022/23	10%	No	-4.58%points
Newcastle	Income Banded – since 2018/19	No (was 15% but removed for 2022/23)	No	-0.34%points
North Tyneside	CTB	15%	No	-2.10%points
Northumberland	CTB	8%	Yes	-0.29%points
Redcar and Cleveland	CTB	17.5%	No	Not Available
South Tyneside	CTB	30% or 15% if vulnerable	Yes	-4.15%points
Stockton	Income Banded – since 2022/23	No (was 20% but removed for 2022/23)	No	-3.77%points
Sunderland	CTB	8.5%	No	-4.95%points

- 21 Nationally, over 80% of councils have made at least one significant change to their scheme since 2013/14. Different councils have set their schemes at very different levels across the country. Combined with different choices about other aspects of scheme design, this means that similar households are treated very differently according to where they live.

22 More recently, local authorities have started to focus on making changes to simplify administration and reduce the number of award changes for in-work UC customers, while maintaining a cap on the total amount that an applicant can receive. In England, 230 of 309 local authorities (74%) do not offer 100% reductions in liability to any working age residents and require a minimum payment instead.



23 In some local authorities, like Durham, the lowest-income households continue to be exempt from paying council tax whilst in others they are required to pay between 5% and 50% of their bill. There is a wide disparity of support available across the country.

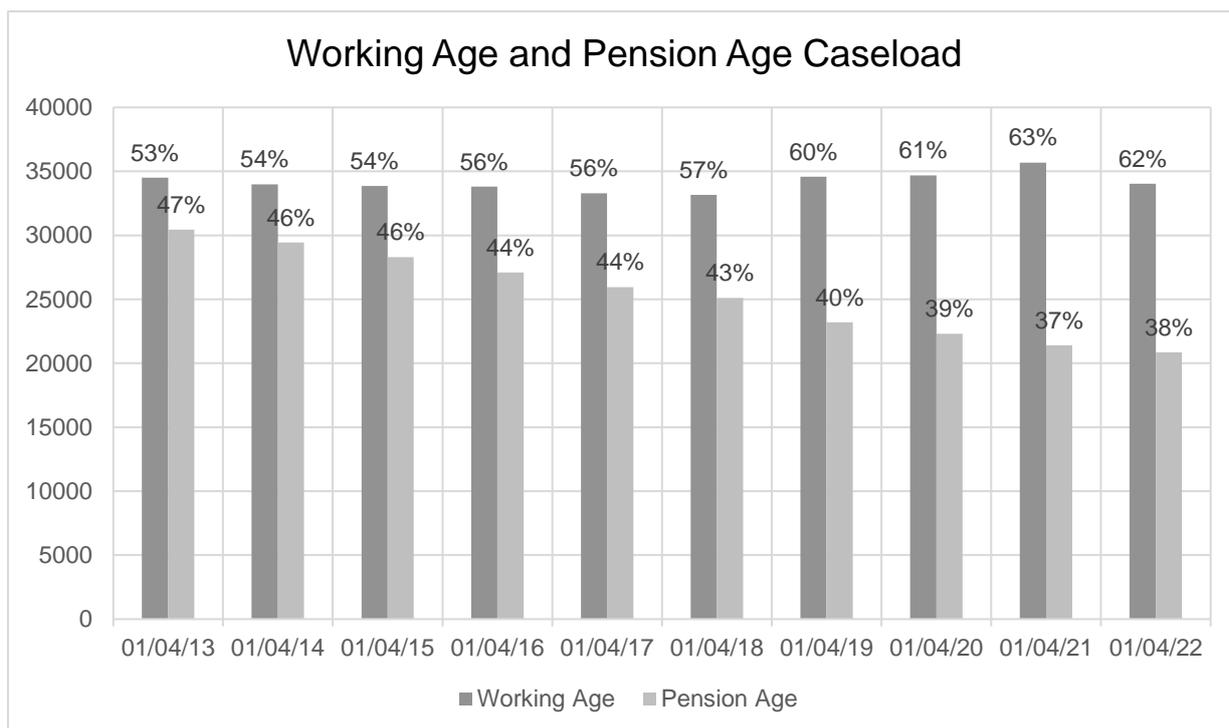
24 The roll-out of Universal Credit is currently scheduled to be completed by the end of 2024. As of 1 September 2022, there were circa 19,900 LCTR applicants in county Durham receiving UC, around 59% of the current working age LCTR caseload.

25 There are currently 54,700 LCTR applicants in County Durham, of which 20,800 (38%) are of pension age and 33,900 (62%) are of working age. Almost 80% of all working age applicants currently receive maximum LCTR, leaving them with no council tax to pay. Approximately 85% of working age LCTR applicants live in rented accommodation and 88% occupy Band A properties. Total LCTRS support is forecast to be circa £60 million in 2022/23.

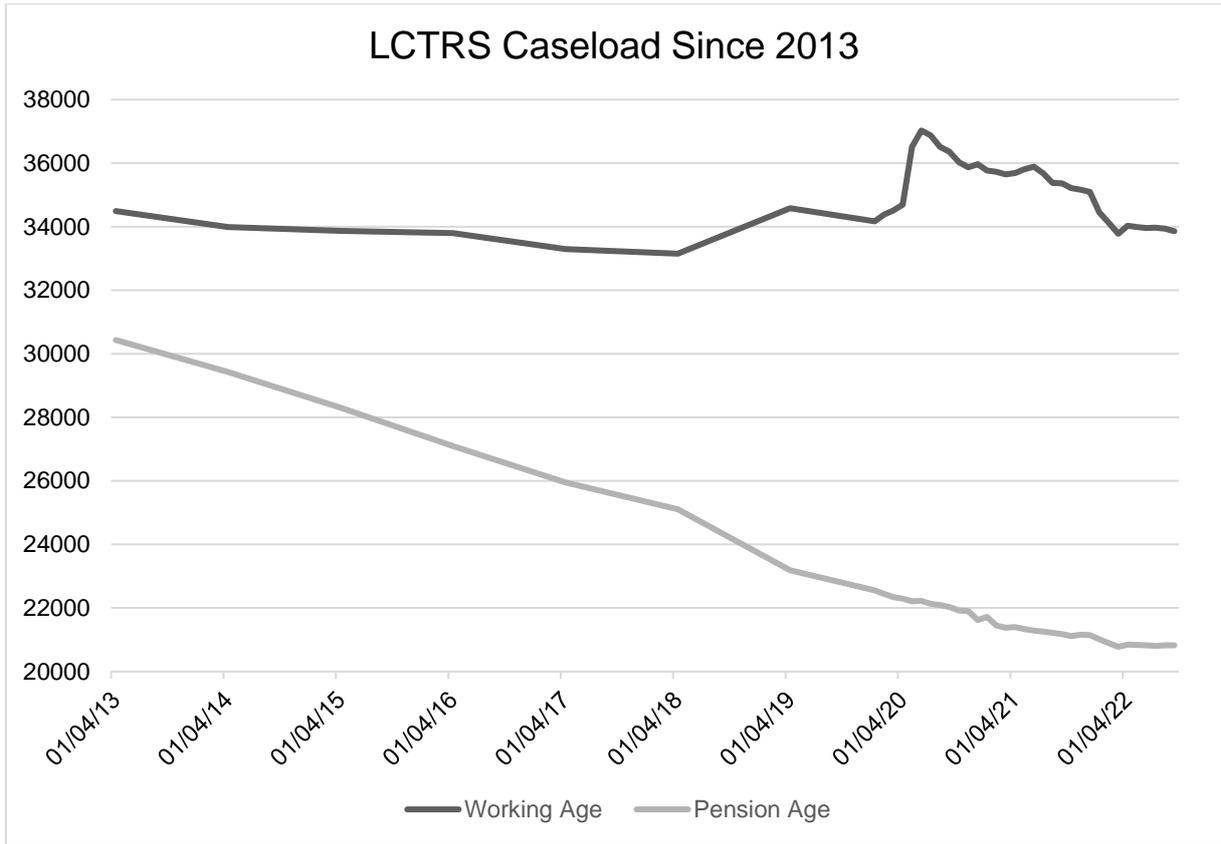
26 In Durham, there are now over 4,100 LCTR claimants currently classed as working age that would have been treated as pensionable age claimants prior to 2010, when the process of moving eligibility to state pension credit age from 60 to 66 began. There will then be a further move

up to 67 years between 2026 and 2028, then to 68 between 2044 and 2046.

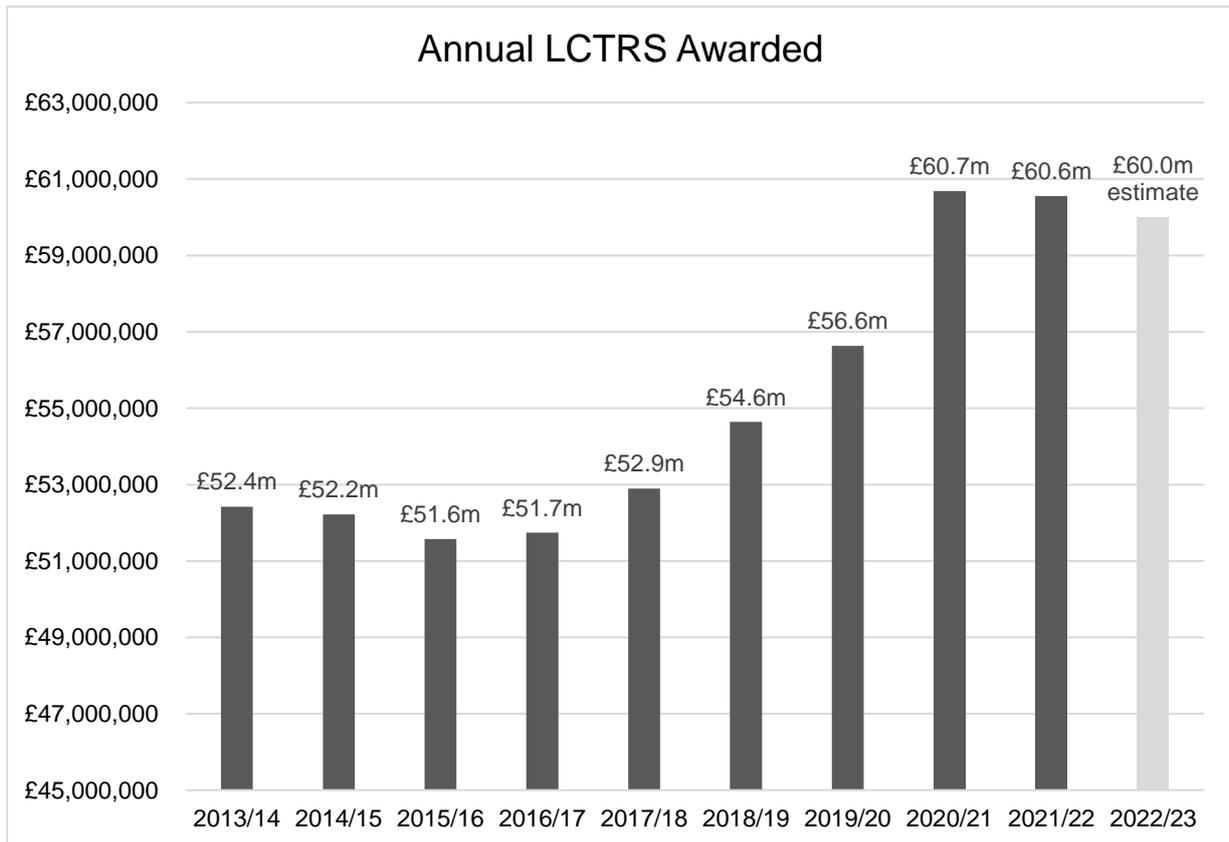
- 27 Over the last ten years there has been a nine percentage point increase in the proportion of working age applicants within Durham. This means a higher proportion of our caseload is coming under the part of the LCTRS scheme that the Council has control over. Working age customers carry a much greater administrative burden as they have more frequent changes in their circumstances that need to be processed, producing multiple bills across the year.



- 28 The council’s LCTR scheme saw a significant increase in demand as a result of the coronavirus pandemic. The pension age caseload has continued a trend of year on year reduction. The working age caseload, increased dramatically in the first quarter of 2020/21 when an unprecedented number of new claims were received due to Covid-19. At the peak, in May 2020, the working age LCTRS caseload was almost 3,000 higher than in January of the same year. By March 2022, the number of working age LCTR claims returned to pre-pandemic levels:



29 The table below shows the year on year differences in LCTR scheme costs over the last nine years; this reflects increases to council tax charges as well as the significant increase in both caseload and costs in 2020/21 that continued into 2021/22:



- 30 As Members will be aware, if any changes are made to the scheme, these must be consulted on and be subject to an equality impact assessment. Councils are required to review and approve their schemes annually and have this agreed by a Council meeting before 11 March each year. In reality, decisions are needed much earlier than this given the impact on tax base calculations and the need to firm up the tax base forecasts much earlier in the budget planning cycle.
- 31 Pensioners must be protected from any changes; therefore, any reductions can only be applied to working age claimants.
- 32 Following the abolition of the national Council Tax Benefits System, the council continues to have an LCTRS which mirrors the previous entitlement under the Council Tax Benefit system for all claimants. No council tax support claimants have therefore been financially worse off in the ten years (including the current year) than they would have been under the previous national scheme.
- 33 The council has been mindful of the continuing impacts of the wider welfare reforms and from the recent squeeze on household incomes from cost of living increases which are having a detrimental impact on many low income households. Additional council tax liabilities for working age households could have a significant impact on affected household budgets by around £100 to £350 a year based on a scheme whereby entitlement for working age claimants is set at a maximum of 90% entitlement. This would make collection of council tax more difficult and costly to recover from these low-income households already struggling with rising household bills.
- 34 The reduction in Government Grant support towards maintaining these schemes in the first year (2013/14) was £5.1 million, after which the Local Council Tax Support Grant was subsumed into general formula grant, which was and subject to annual reductions up to 2019/20. To recover the full initial £5.1 million cost by reducing the benefit awarded to working age claimants, and factoring in a prudent collection rate of 80%, would require the maximum entitlement to be reduced from 100% to 84.8% based on current caseloads. This would impact circa 33,900 working age households across County Durham, where 6,200 (18.3%) are in low paid jobs rather than being unemployed.
- 35 Should the Council review its scheme and reduce maximum entitlement to working age claimants, depending on the forecasted council tax collection from affected low income households, there would be scope to increase Council Tax revenues by between £3.4 million (based on a scheme that awarded maximum entitlement to working age households of 90% with a prudent collection rate of 80%) and £5.1 million (based on a scheme that awarded maximum entitlement of 84.9% with a prudent collection rate of 80%). This would impact circa 34,000 working age

households across County Durham, where 6,200 (18.2%) are in low paid jobs rather than being unemployed.

- 36 Following careful consideration of the current financial position of the council and in light of the continuing recovery from the coronavirus pandemic, welfare reforms including the continued roll out of Universal Credit; and the current cost of living impacts, Cabinet are recommending that the current scheme is extended for a further year into 2023/24.
- 37 The reasons for extending the current scheme are due to the current scheme remaining within existing cost parameters for the Council. In addition, whilst the full impacts of the Government's welfare reforms are complex and difficult to track, demand for Discretionary Housing Payments; Social Fund Applications and Rent Arrears statistics in County Durham compared to others across the region, would suggest that the council tax benefit protection afforded to working age claimants, in addition to the wide ranging proactive support that has been put in place, is continuing to have a positive impact on these households.

Conclusion

- 38 There is a statutory requirement for the Council to approve the Local Council Tax Reduction Scheme (LCTRS) to be operated in 2023/24 before 11 March 2023.
- 39 The council will need to continue to review the national situation and track what is happening in local authorities that have introduced LCTRS that have reduced entitlement to their working age claimants in terms of impacts and performance in terms of recovery of the council tax due.
- 40 The council will need to continue to review the national situation and track what is happening in local authorities that have introduced LCTR schemes that have reduced entitlement to their working age claimants in terms of impacts and performance in terms of recovery of the council tax due.
- 41 The council will also need to keep track of the ongoing and increasing impact of the roll out of UC. This presents continuing challenges for the administration of LCTRS as it results in a much higher number of changes in circumstances and removes the administrative economies of scale currently achieved by administering Housing Benefit and LCTRS claims side by side.
- 42 Any proposed changes to the LCTRS for 2024/25 would need to be consulted upon and, should any changes be proposed, a report would need be brought to Cabinet in spring / summer 2023 before embarking on a consultation process thereafter.

Background papers

- Local Government Finance Act 1992 (section 13A)
- Welfare Reform Act 2012
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012
- The Impacts of Localised Council Tax Support Schemes – Institute for Fiscal Studies Report January 2019
- Council Tax Reduction Schemes (GB) – House of Commons Library Briefing Paper Number 6672. 24 August 2020.

Other useful documents

- Cabinet report 9 February 2022: Medium Term Financial Plan 2022/23 to 2025/26 and Revenue and Capital Budget 2022/23
- Cabinet report 13 July 2022: Medium Term Financial Plan(13), 2023/24 – 2026/27 and Review of the Local Council Tax Reduction Scheme

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Appendix 1: Implications

Legal Implications

The Welfare Reform Act 2012 abolished the national council tax benefits system (CTB), paving the way for new Local Council Tax Reduction Schemes (LCTRS) to be introduced under the auspices of the Local Government Finance Act 1992.

Section 13A of the Local Government Finance Act 1992 (“the 1992 Act”) requires each billing authority in England to make a scheme specifying the reductions which are to apply to amounts of council tax payable by persons, or classes of person, whom the authority considers are in financial need (“a council tax reduction scheme”).

The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 (“the 2012 Regulations”) prescribe matters which must be included in such a scheme in addition to matters set out in paragraph 2 of Schedule 1A to the 1992 Act.

Each year regulations amending the 2012 Regulations are made in November/December. Most of the amendments are to ensure consistency with changes to social security legislation and these are subsequently included in our local scheme.

The LCTRS provides a ‘discount’ against the council tax charge, rather than a benefit entitlement and as such impacts on the council’s tax base.

Regulations made under the Local Government Finance Act 1992 (The Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended) the council to calculate a council tax base for each financial year.

The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 which came into force on 30 November 2012 and applies to the financial years beginning 1 April 2013 onwards contains the rules which require the council to calculate the Council Tax Base.

A key element of the tax base calculation is the council’s policy in terms of its LCTRS.

There is a statutory requirement for the Council to adopt a local council tax support scheme for the ensuing financial year by 11 March each year. Where the council is proposing any changes to its scheme, there is a statutory requirement to consult on these proposals in advance of making any changes. Pensioners must be protected from any changes, with any reductions applied to working age claimants only.

Finance

The funding made available to support the LCTRS in 2013/14 (90% of the previous funding available under the Council Tax Benefit System) now forms part of the council's formula funding arrangements.

The council has continued to pass on the town and parish element of its formula grant over the last ten years but in doing so continue to apply pro-rata reductions in the Council Tax Support Grant paid to town and parish councils. It is recommended that this approach continues for 2023/24, which is forecast to be £1.5 million.

The council is responsible for the costs of any increase in caseload as the level of Government support is fixed within formula grant.

Prudent estimates and provisions were built into the tax base forecasts at budget setting, and whilst the council is subject to greater financial risk now, the current scheme remains within the budget provisions.

Should the council review its scheme and reduce maximum entitlement to working age claimants, depending on the forecasted council tax collection from affected low income households, there would be scope to increase council tax revenues. This would impact circa 33,900 working age households across County Durham, where 6,200 (18.3%) are in low paid jobs rather than being unemployed.

Consultation

Town and parish councils were consulted on the proposals to continue to passport an element of the council's formula grant, equivalent to the town and parish share of the Local Council Tax Reduction Scheme grant funding within formula grant for 2022/23. This coincided with a review of payments made to Town and Parish Councils previously linked to pre-existing and inconsistent arrangements in the former district councils for services that had been devolved to them.

Subject to Cabinet and Council consideration of the proposals outlined in this report, no further consultation will be required. The proposals are to extend and continue the current LCTRS into 2023/24, thereby retaining the same level of support to all working age council taxpayers as the previous Council Tax Benefit Scheme, which was abolished on 1 April 2013.

Equality and Diversity / Public Sector Equality Duty

Nine years after the Government abolished the national Council Tax Benefit System the council continues to have a LCTRS which mirrors the previous entitlement under the Council Tax Benefit System for all claimants. No council tax benefit claimants have therefore been financially worse off in the last nine years than they would have been under the previous national scheme and if the

proposals set out in this report and ultimately agreed by Council in the autumn this will continue to be the case.

The Government EIA on the LCTRS was published in January 2012 and is relatively brief. It considered equality impacts in relation to age and disability, concluding that protection for pensioners would be a positive impact and the effects on disabled people would depend on how each local authority responded to the reduction in council tax support. No impacts were identified in relation to gender or ethnicity and no other protected characteristics were considered and it was left to individual councils to identify full local impacts, based on local implementation.

Given the proposals to extend the current LCTRS into 2023/24 thereby continuing to protect current entitlement, there will be no negative equalities impact, with the financial position of claimants protected in 2023/24.

Should the Council decide against extending the current scheme into 2023/24 and elect instead to pass on reductions to working age claimants, there would be a range of potential negative equalities impacts. These include financial impact for working age claimants and possible additional impacts in relation to health and wellbeing, housing and the consequences of debt or legal action. These impacts are most likely in relation to gender, age, and disability with limited impacts for race and sexual orientation and no evidence of impact on transgender status, religion, or belief.

Climate Change

None.

Human Rights

None.

Crime and Disorder

Any reduction in council tax support, alongside other welfare changes could see an increase in crime if customers seek to increase their income to make up for the benefits lost. The proposals set out in this seek to protect current entitlement in 2023/24 and as such have no implications, though the impact of the wider welfare reforms agenda will need to be kept under constant review.

Staffing

None.

Accommodation

None.

Risk

The report outlines a range of financial risks surrounding the LCTRS. These are being effectively managed at this time. Given that the proposal is to extend the current arrangements into 2023/24 there are no system development issues or risk associated with these proposals.

The council will need to keep track of the impact of the roll out of Universal Credit (UC). This presents new challenges for the administration of LCTRS as it results in a much higher number of changes in circumstances (experience is that the UC earned income element changes frequently as the person moves through the claimant commitment with their Work Coach) and removes the administrative economies of scale currently achieved by administering Housing Benefit and LCTRS claims side by side.

More significantly however, UC changes result in multiple reworking and changes to LCTRS entitlement throughout the year and multiple bills being issued to individual households resulting in numerous changes to their net liability and instalment plans for any council tax balance they are responsible for. After many years of continued improvement, our in-year council tax collection rate reduced slightly in 2018/19 to 96.65%, and further still in 2019/20 to 96.37%. Performance in 2020/21 (93.43%) was impacted significantly by the pandemic with recovery action largely suspended for the whole of the year. In 2021/22 the in-year recovery rate improved to 95.46%, however this is still almost one and a half percentage points below the 2017/18 rate of 96.83%, in part reflecting the ongoing impact of the expanding UC rollout on LCTRS and council tax collection.

Procurement

None.

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County Council

19 October 2022

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



Report of Audit Committee

Councillor Alex Watson, Chair of the Audit Committee

Councillor Louise Fenwick, Vice Chair of the Audit Committee

Electoral division(s) affected:

All

Purpose of the Report

- 1 To inform Council of the work of the Audit Committee during the period September 2021 to August 2022 and set out details of how the Audit Committee continues to oversee good governance across the Council.

Executive summary

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

agreed internal audit recommendations, thereby helping to drive improvements in controls to manage risk effectively;

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

Recommendation(s)

- 4 Council is recommended to note the report and the work undertaken by the Audit Committee during the period September 2021 to August 2022.

Background

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

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

Summary of Meetings

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

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

Contact: Tracy Henderson

Tel: 03000 269668

Appendix 1: Implications

Legal Implications

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

Finance

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

Consultation

Audit Committee and the Corporate Director of Resources.

Equality and Diversity / Public Sector Equality Duty

None.

Climate Change

None.

Human Rights

None.

Crime and Disorder

None.

Staffing

None.

Accommodation

None.

Risk

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

Procurement

None.

Appendix 2: Summary of Meetings of the Audit Committee

30 September 2021

The Committee considered:

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

29 November 2021

The Committee considered:

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

28 February 2022

The Committee considered:

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

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

24 May 2022

The Committee considered:

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

01 July 2022

The Committee considered:

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

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

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