



## **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 18 October 2023** at **10.00 am** to transact the following business:-

1. To confirm the minutes of the meeting held on 20 September 2023 (Pages 5 - 12)
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 13 - 16)
8. Local Council Tax Reduction Scheme proposal for 2024/25 (Pages 17 - 34)
9. Report of the Audit Committee for the period September 2022 to August 2023 (Pages 35 - 50)
10. Request for Dispensation Under Section 85 (1) of the Local Government Act 1972 - Report of Corporate Director of Resources (Pages 51 - 54)
11. Motions on Notice

## **Councillor C Martin to Move**

Council notes that many people who experience long-term homelessness and transient housing may have multiple and complex needs, including mental health difficulties, family breakdown, trauma, past criminal offending, and substance dependency. Homelessness (in particular street homelessness) has serious adverse effects on mental and physical health.

Council supports the production of a revitalised homelessness strategy and believes that access to good quality housing is a human right.

Council believes that a key part of the strategy should include a 'Housing First' approach, so that those with multiple and complex needs are supported to prevent and relieve homelessness, in line with Housing Link's principles of Housing First. Providing this intense support to people with multiple and complex needs provides good value to the tax payer, as it is proven to be effective in reducing longer term demands on healthcare, policing, and other public services.

Therefore, Council would welcome a long-term commitment to commissioning of Housing First provision as the effective and efficient homelessness reduction strategy for multiple and complex needs in any new homelessness strategy brought for Council for approval.

Council requests that the portfolio holder and council officers, working with stakeholders, write to local MPs and the Secretary of State to support additional funding to deliver a joined-up policy of increasing Housing First provision across all councils in the UK.

## **Councillor S Deinali to Move**

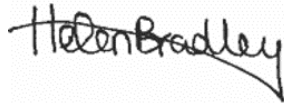
This Council condemns the Conservative Governments decisions since 2010 to cut capital spending on school improvements and its failure to adequately fund schools across County Durham.

The Council will write to the Secretary of State for Education outlining these views.

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 10th day of October 2023

A handwritten signature in black ink that reads "Helen Bradley". The signature is written in a cursive style with a long, sweeping underline.

Helen Bradley  
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 20 September 2023** at **10.00 am**

**Present:**

### **Councillor J Nicholson in the Chair**

Councillors M Abley, E Adam, R Adcock-Forster, V Andrews, J Atkinson, P Atkinson, A Batey, R Bell, C Bihari, G Binney, J Blakey, D Brown, B Coult, R Crute, M Currah, T Duffy, K Earley, J Elmer, K Fantarrow, L Fenwick, C Fletcher, D Freeman, J Griffiths, O Gunn, C Hampson, D Haney, A Hanson, P Heaviside, T Henderson, L A Holmes, C Hood, A Hopgood, L Hovvets, J Howey, C Hunt, G Hutchinson, A Jackson, M Johnson, N Jones, P Jopling, C Kay, C Lines, L Maddison, R Manchester, C Marshall, C Martin, E Mavin, L Mavin, B McAloon, S McDonnell, D McKenna, M McKeon, I McLean, S McMahan, J Miller, P Molloy, D Mulholland, D Oliver, R Ormerod, E Peeke, R Potts, P Pringle, J Purvis, J Quinn, A Reed, G Richardson, I Roberts, S Robinson, K Robson, K Rooney, J Rowlandson, A Savory, E Scott, J Scurfield, P Sexton, K Shaw, A Shield, J Shuttleworth, A Simpson, G Smith, T Smith, M Stead, W Stelling, A Sterling, D Stoker, T Stubbs, A Surtees, D Sutton-Lloyd, P Taylor, F Tinsley, S Townsend, C Varty, E Waldock, M Walton, A Watson, M Wilkes, M Wilson, S Wilson, D Wood and S Zair

Apologies for absence were received from Councillors A Bell, C Bell, D Boyes, L Brown, J Chaplow, J Charlton, I Cochrane, S Deinali, D Hall, K Hawley, S Henig, J Higgins, D Howarth, B Kellett, M McGaun, D Nicholls, S Quinn, M Simmons and R Yorke

Prior to the commencement of the meeting the Chair announced with great sadness the passing of Councillor Leanne Kennedy. Leanne was one of the Councillors representing the Dawdon Division on the Council and was elected in 2017. She said that it was hard to comprehend that someone so young who carried out so much hard work in her local community was no longer with us. Leanne was a truly dedicated and passionate Councillor for her area and represented her community in the only way she knew. She was bright and bubbly and approached everything with an abundance of enthusiasm of wanting to do her very best for the many people, groups and community organisations she was involved with. Leanne was an inspiration to many and spent countless hours fundraising and supporting local facilities in her area. She was a huge advocate and supporter for children and young people and was integral to delivering and improving youth provision in

Dawdon. Leanne leaves a young family behind which makes this announcement even more tragic. Heartfelt sympathies were sent to Leanne's family, her friends and her colleagues, at this terribly sad time.

Leaders of all of the political groups paid tribute to Leanne and their thoughts were with Leanne's family, friends and colleagues.

The Chair also formally reported the deaths of two former colleagues, David Marshall and Tommy Taylor. David served as a County Councillor from 2001 to 2013 and had also served on the former Chester le Street Urban District Council, Chester le Street District Council and Stanley Town Council. Tommy served as a County Councillor for two terms from 1977 to 1985 and again from 2008-2013. He had also served on Wear Valley District Council between 2003-2009. Both David and Tommy were made Honorary Alderman in 2013.

Councillor Kay paid tribute to Honorary Alderman Tommy Taylor.

The Council then stood for a moments reflection in remembering Leanne, David and Tommy.

## **1 Minutes**

The minutes of the meeting held on 19 July 2023 were confirmed by the Council as a correct record and signed by the Chair.

Councillor Zair asked that his attendance at the last meeting be recorded.

## **2 Declarations of interest**

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

## **3 Chair's Announcements**

Given the sad circumstances referred to the Chair's announcements would respectfully be deferred to a later date.

## **4 Leader's Report**

The Chair announced that the Leader would also defer her report to a later date.

## **5 Questions from the Public**

There were no questions from the public.

## 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 12 and 26 July and 29 August 2023 (for copy see file of Minutes).

The Chair informed Council that no questions had been received on the report from Cabinet.

## 8 Review of Hackney Carriage and Private Licensing Policy

The Council considered a report of the Corporate Director of Neighbourhoods and Climate Change which sought approval of the revised Durham County Council's Hackney Carriage and Private Hire Licensing Policy, referred to as the "taxi policy" (for copy see file of Minutes).

The Corporate Director of Neighbourhoods and Climate Change Extensive informed Council that consultation had taken place in 2020 and again in 2022 and the General Licensing and Registration Committee agreed to recommend the revised taxi policy to Council on 7 December 2022. At full Council the report was deferred, and a motion passed that the Cabinet Portfolio Holder would meet with representatives of Durham Taxi and Private Hire Association (DTPHA). This meeting took place on 5 January 2023. Following the meeting with trade representatives, a further report was presented to GLRC on 6 March 2023 which included the option for Committee to extend the deadline for the licensing of Euro 5 vehicles. Members agreed to the continued licensing of Euro 5 vehicles until March 2026. The final version of the taxi policy, attached in Appendix 3, was considered, and agreed by GLRC on 5 June 2023. The revised policy reflected the amendments agreed by GLRC on 6 March 2023 and 17 November 2022.

In **Moving** the report Councillor C Hunt, Vice-Chair of the General Licensing and Registration Committee said that it was the Council's responsibility to ensure the safety of the public and the Taxi Licensing Policy set the standard required expected of licence holders. In July 2020 the Government published National Standards to improve public safety and especially for children and vulnerable adults. The new National Standards could not be implemented without adopting the new policy. She referred Members to the extensive consultation that had taken place and the final version of the taxi policy, that had been considered, and agreed by GLRC on 5 June 2023.

Councillor Hunt welcomed further amendments to the policy from the Labour Group and assured members that the policy would remain under review and be amended if necessary:

**Proposed Amendments:**

- i) **Revised Policy Clause 4.2 Renewal applications (Existing Vehicles/Continued Licensing)**  
(page 104 of agenda pack)

“After 1 April ~~2024~~ 2025, we will not accept renewal applications for licensing vehicles meeting Euro 4 or lower”

- ii) **Revised Policy Clause 7 Delegations** (page 105 of the agenda pack)  
All licensing authorities must consider arrangements for dealing with serious matters that may require the immediate revocation of a licence. Under Durham County Council constitutional arrangements, in cases involving serious misconduct and where public safety is imminent jeopardy, this role has been delegated to senior officer and managers with responsibility for the licensing service **where possible in consultation with the Chair or in their absence the Vice Chair of the Licensing Committee.**

- iii) **Revised Policy Clause 19.4 Drivers** (page 115 in the agenda pack)  
The Council expects all drivers to behave in a civil and professional manner. They should be polite, helpful, and respectful to members of the public, the Police, Council employees, other public officials and other licensed drivers, this includes on social media platforms. Failure to do so may result in a referral to the Council’s Licensing Committee. **Officers will consult with the Chair or in their absence the Vice Chair of the Licensing Committee before referring any alleged breaches of this clause to the Licensing Committee.**

- iv) **Revised Policy Appendix 1 Eligibility paragraph (c) Driver Knowledge Tests** (page 119 of agenda pack)

Applicants for hackney carriage driver licences will be required to undertake the Council’s knowledge tests. Applicants for private hire driver licences will also be required to undertake the Council’s knowledge test. Applicants will be required to demonstrate basic oral and written English language skills to pass these tests. The knowledge test will also include a section on basic numeracy. **Applicants for hackney carriage driver licences will also be required to undertake and pass locality testing.** Testing will be carried out in accordance with guidance issued by the Council and may be reviewed from time to time. All applicants claiming dyslexia, or any form of learning difficulty



will be required to provide medical proof of the condition e.g., screening results to enable extra forms of help or assistance to be afforded.

The Head of Legal and Democratic Services advised the Council that they could vote to take account of the amendments received. In moving the recommendation Councillor Hunt indicated that she was willing to alter the recommendations to take account of proposed amendments. The motion could therefore be altered with consent and without discussion.

Councillor J Shuttleworth, Cabinet Portfolio Holder for Rural Communities and Highways **seconded** the report to include the amendments as the Licensing Authority had an obligation to the general public and to ensure that vehicles were safe.

Councillor C Marshall thanked the Council for supporting the amendments and thanked the officers that would ensure the proposals were properly implemented. He welcomed the additional engagement that had taken place as it was recognised how important taxi trade was to the economy and how the operation of the trade had changed since the pandemic.

Councillor M Currah said that there was a lot of good contained in the policy and that he would support it. Referring to Euro 5 vehicles being taken off the road in 2026 he informed Council that there were 384 euro taxis on the road in good order that continued to undertake council tests and an MOT. He believed that it would help the carbon footprint to maintain cars rather than replacing them. Moving on to the reduction in pollution in Durham City Centre, Councillor Currah explained that there was no data available on how much to reduce by. Finally, he said that there was a shortage of taxis in County Durham that affected home to school transport. Taking three tests per year he suggested that taxi drivers made the decision on when to take the vehicle off the road.

Councillor R Crute was fully in support of the policy with amendments and asked that this was kept under constant review working closely with elected members, officers and the taxi association with regards to locality testing to ensure safety of passengers and taxi drivers.

Councillor J Quinn informed Council that there was a working taxi group that met regularly to resolve any issues.

Councillor K Fantarrow understood the need to change but was concerned that instances where a driver received 7 points on their DVLA licence, they would be unable to hold a taxi licence for 9 years. Drivers were spending in excess of £40k and losing their livelihood was not good. When taxi drivers received 9 points they were invited to committee. Councillor Fantarrow asked

if this could be given consideration and asked for the amendment to go to the vote.

The Corporate Director of Neighbourhoods and Climate Change advised that the suggestions made would be taken on board in future discussions with the GLRC and as the policy was reviewed.

In response, Councillor Hunt said that any issues would go back to GLRC and the Taxi Working Group.

Upon a vote being taken, the amendment was carried.

**Resolved:**

- (a) That the Council adopt the revised taxi policy as contained in Appendix 3, with the following amendments:

**Revised Policy Clause 4.2 Renewal applications (Existing Vehicles/Continued Licensing)**  
(page 104 of agenda pack)

“After 1 April ~~2024~~ 2025, we will not accept renewal applications for licensing vehicles meeting Euro 4 or lower”

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- (b) That the Head of Legal and Democratic Services be authorised to amend the Officer scheme of delegation to delegate authority to the Head of Community Protection to deal with serious matters by the immediate revocation of hackney carriage and private hire driver licences; and to sanction the introduction of a fast-track re-application process for re-instatement where appropriate be updated.

## **9 Motions on Notice**

The Chair announced that all motions would be deferred to the meeting in October 2023.

## **10 Questions from Members**

There were no questions from Members.

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**Electoral division(s) affected:**

All

**Purpose of the Report**

To provide information to the Council on issues considered by the Cabinet at its meeting held on 13 September 2023 to enable Members to ask related questions by no later than midday 3 working days before the day of the meeting

**Contents**

Item 1 – Forecast of Revenue and Capital Outturn 2023/24 – Period to 30 June 2023 and Update on Progress towards achieving MTFP(13) savings

Item 2 -Health and Wellbeing Board Annual Report 2022/23

Item 3 - Durham Innovation District Aykley Heads Strategic Employment Site – Outline Business Case and Procurement of a Joint Venture Partner

**1 Forecast of Revenue and Capital Outturn 2023/24 – Period to 30 June 2023 and Update on Progress towards achieving MTFP (13) savings – Councillor Richard Bell, Deputy Leader and Cabinet Portfolio Holder for Finance**

We considered a report of the Corporate Director of Resources which provided the forecast revenue and capital outturn for 2023/24, based on the position to 30 June 2023, an update on the dedicated schools grants and forecast schools' outturn as at 31 March 2024, based upon the position to 30 June 2023, the forecast for the council tax and business rates collection fund outturn at 31 March 2024, based on the position to 30 June 2023 and details of the updated forecast use of and contributions to earmarked, cash limit and general reserves in 2023/24 and the estimated balances that would be held at 31 March 2024.

The report also sought approval of the revised 2023/24 capital programme, other budget adjustments and proposed sums treated as outside of the cash limit in year and provided an update on progress towards achieving MTFP (13) savings in 2023/24.

**Decision:**

We:

- (a) noted the council's overall forecast financial position for 2023/24 and the continuing uncertainty associated with the outturn forecast resulting from the significant inflationary and demand led cost pressures;
- (b) agreed the proposed 'sums outside the cash limit' and transfers to and from general contingencies as set out in the report;
- (c) agreed the revenue and capital budget adjustments outlined in the report; (d) noted performance against the various prudential indicators agreed by Council in February 2023;
- (e) noted the forecast use of earmarked reserves in year;
- (f) noted the forecast 2023/24 cash limit overspend of £0.580 million alongside the forecast contribution of £0.017 million to General Reserves resulting in a forecast net council overspend in 2023/24 of £0.563 million;
- (g) noted the net unavoidable inflationary pressures which are forecast to be managed from the General Reserve;
- (h) noted the Dedicated Schools Grant and Schools forecast outturn position; (i) noted the position on the capital programme and the Collection Funds in respect of Council Tax and Business Rates; and
- (j) noted the amount of savings delivered to 30 June 2023 against the 2023/24 targets and the total savings that will have been delivered since 2011.

**2. Health and Wellbeing Board Annual Report - Councillor Chris Hood, Cabinet Portfolio Holder for Adult and Health Services and Councillor Elizabeth Scott, Cabinet Portfolio Holder for Economy and Partnerships**

We considered a joint report of the Corporate Director of Adult and Health Services, Corporate Director of Neighbourhoods and Climate Change and Director of Public Health which presented the Health and Wellbeing Board Annual Report 2022/23 for endorsement.

**Decision:**

We:

- (a) noted the work that has taken place in 2022/23 by the Health and Wellbeing Board; and
- (b) endorsed the Health and Wellbeing Board Annual Report 2022/23.

**3. Durham Innovation District Aykley Heads Strategic Employment Site – Outline Business Case & Procurement of a Joint Venture Partner - Councillor James Rowlandson, Cabinet Portfolio Holder for Resources, Investments and Assets, Councillor Richard Bell, Cabinet Portfolio Holder for Finance and Councillor Elizabeth Scott, Councillor Portfolio Holder for Economy and Partnerships**

We considered a joint report of the Corporate Director of Regeneration, Economy and Growth and Corporate Director of Resources which set out and sought approval of, the Outline Business Case(OBC) for the development of the Aykley Heads site, and approval to proceed with the procurement of a Joint Venture partner to develop the site. The procurement process would result in the preparation of a Full Business Case (FBC) that would be brought back to Cabinet for approval before the council entered into any formal Joint Venture Partnership Agreement.

**Decision:**

We

- (a) endorsed and approve the OBC;
- (b) granted approval to progress the preparation of a FBC.
- (c) agreed to develop Aykley Heads as part of a wider Durham Innovation District;
- (d) agreed to commence procurement for a Joint Venture partner to form a Joint Venture Partnership, to develop Aykley Heads as part of the Durham Innovation District;
- (e) agreed to the principle of the council owned land at Aykley Heads being invested as equity into a future Joint Venture Partnership;
- (f) noted that there may be further public investment needed to deliver the development at Aykley Heads, with any forecast future capital investment requirements being factored into the FBC to inform future Medium Term Financial Plan (MTFP) capital bidding rounds;
- (g) agreed to establish a budget to support the client-side development of the FBC, and thereafter to support the ongoing revenue costs associated with the council's role in the Joint Venture Partnership;
- (h) noted the structured engagement with Durham University through the adopted MoU to shape the delivery strategy for the Durham Innovation District; and
- (i) noted that on completion of the FBC, and the conclusion of the procurement of a Joint Venture partner, a further report will be brought to Cabinet for approval, which will provide full details of the proposals

**Background Papers**

Cabinet Agenda and Reports

[Cabinet Agenda and Papers - 13 September 2023](#)

Councillor A Hopgood,  
Leader of the Council  
10 October 2023

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**County Council**

**18 October 2023**

**Local Council Tax Reduction Scheme  
Proposal for 2024/25**



**Report of Corporate Management Team**

**Paul Darby, Corporate Director of Resources**

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

**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 2024/25, 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 These proposals were considered by Cabinet at their meeting on 12 July 2023 and it was resolved to recommend to Council the continuation of the scheme into 2024/25.

**Executive summary**

- 3 Durham is now the only local authority in the North East to have retained entitlement levels for Council Tax support within the Local Council Tax Reduction Scheme (LCTRS) in line with that which applied under the national Council Tax Benefit regime prior to 2013/14.
- 4 This policy has protected vulnerable residents at a time when welfare reform changes, and more recently the pressure on household incomes from cost-of-living increases have had a significant adverse impact. This report recommends that the current LCTRS is again retained and remains unaltered, in the main, for a further year into 2024/25. Should this be agreed, the Council will need to formally adopt this policy at Full Council prior to 11 March 2024.

- 5 Nationally, many Local Authorities have made changes to their schemes since their inception in 2013, with the most common one being a cap on the amount of support an individual can receive. This has meant that each working age claimant has had a minimum Council Tax payment still to make. 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 54,100 LCTR applicants in County Durham, of which 20,600 (38%) are of pension age and 33,500 (62%) are of working age. Almost 80% of working age claimants currently receive 100% LCTRS discount, with LCTRS support forecast to be circa £63.5m in 2023/24.
- 7 The rollout of Universal Credit (UC) has been delayed and is now due to be complete no earlier than 2028. Managed migration has started for tax credits only claimants in 2023 and it will continue for those who claim housing benefits, Jobseekers allowance and/or income support during 2024. Employment and Support Allowance claimants will not migrate to Universal Credit until 2028. There are circa 20,616 LCTR claimants who receive UC, over 61% of the working age LCTR caseload.
- 8 The Transactional and Customer Services team expect to process over 213,000 LCTR changes in the current financial year 2023/24. The majority of these are changes to a Universal Credit entitlement, due to UC being a real time benefit, and therefore re-calculated by the DWP on a monthly basis. This results in multiple reworking and changes to an individual's LCTRS entitlement throughout the year and multiple bills being issued to individual households. This can delay direct debits being taken and can result 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 and can impact on the amount of council tax we collect.
- 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 and is put forward at a time low-income households across the county are continuing to face issues related to the current cost of living crisis.

- 11 The scheme will continue as it is, with one procedural change for the additional earnings disregard for those Working Age claimants receiving Universal Credit. This will see them qualifying for an additional income disregard they have previously not received. This will increase the cost of the scheme by £115k and provide this additional level of support to over 600 claimants, maintaining the scheme in line with the spirit of the national Council Tax Benefit system.
- 12 Consideration of whether to extend the current scheme into 2024/25 needs to take account of several 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 (14) projections reported to Cabinet on 12 July 2023.

### **Recommendation(s)**

- 13 Council is recommended to:
  - (a) continue the current Local Council Tax Reduction Scheme into 2024/25, 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) approve the change to the additional earnings disregard rule for those Working Age Customers in receipt of Universal Credit;
  - (c) 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 2025/26 to be considered by Cabinet in summer 2024 and Full Council by March 2025.

## **Background**

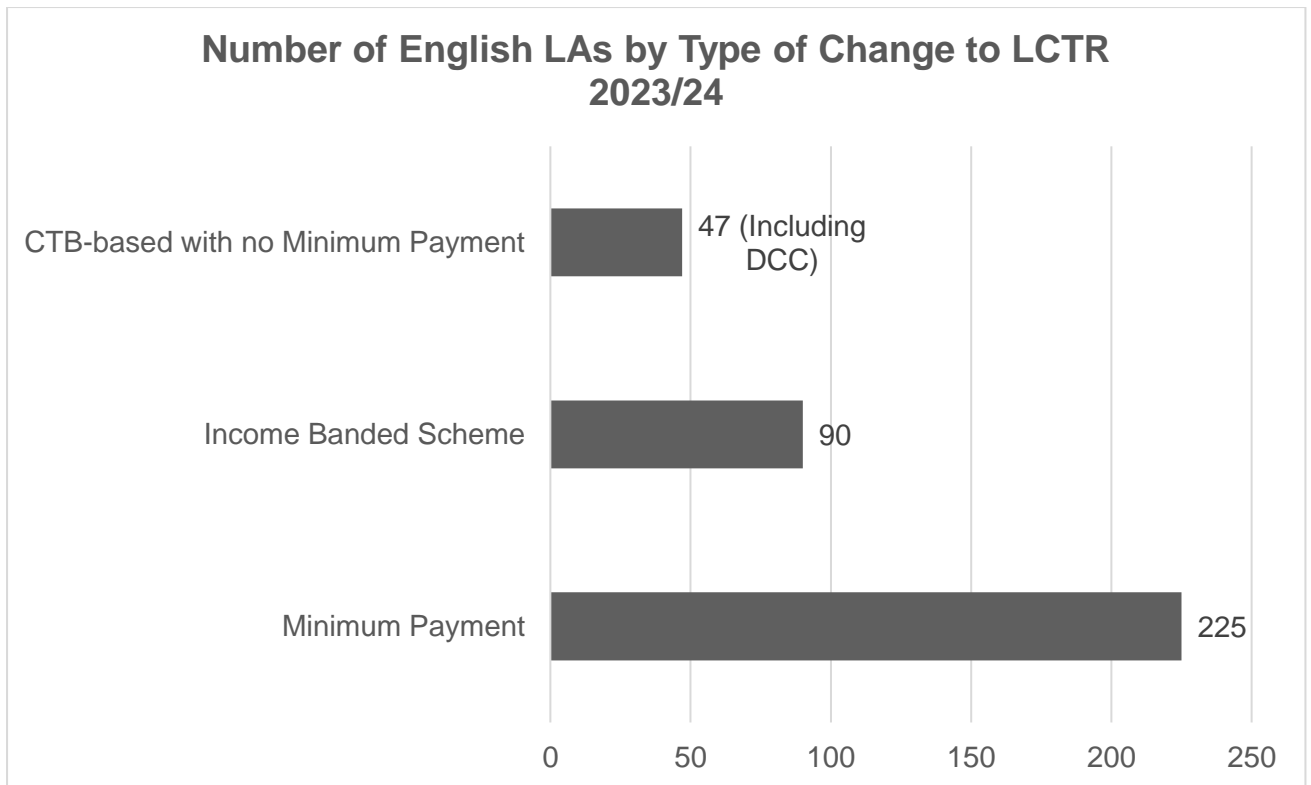
- 14 Following the abolition of the national Council Tax Benefit (CTB) system on 31 March 2013, Local Authorities have been required to work with their precepting bodies to establish a Local Council Tax Reduction scheme (LCTRS); reviewed on an annual basis. The LCTRS provides a 'discount' against the council tax charge, rather than a benefit entitlement.
- 15 The 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.
- 16 As this Government grant is 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 pandemic in April/May 2020.
- 17 The council's formula grant includes an element relating to Town and Parish (T&P) Councils and whilst the council has previously passed the notional LCTRS grant on to the Town and Parish Councils, there is no statutory requirement to do so, with most other councils not doing so now.
- 18 LCTR provides a 'discount' against the council tax charge, rather than crediting the account with a benefit payment and as such impacts on the council tax base and therefore the tax raising capacity of the council and its precepting bodies.
- 19 All local authorities are required to follow a national LCTR scheme for pension age applicants, which protects their entitlement at the same level as under the former national CTB regime. The pension age scheme can only be altered locally in ways which make it more generous to applicants.
- 20 There are no such restrictions on the level of support that can be given via working age LCTR schemes.

## **Review of the Local Council Tax Reduction Scheme for 2024/25**

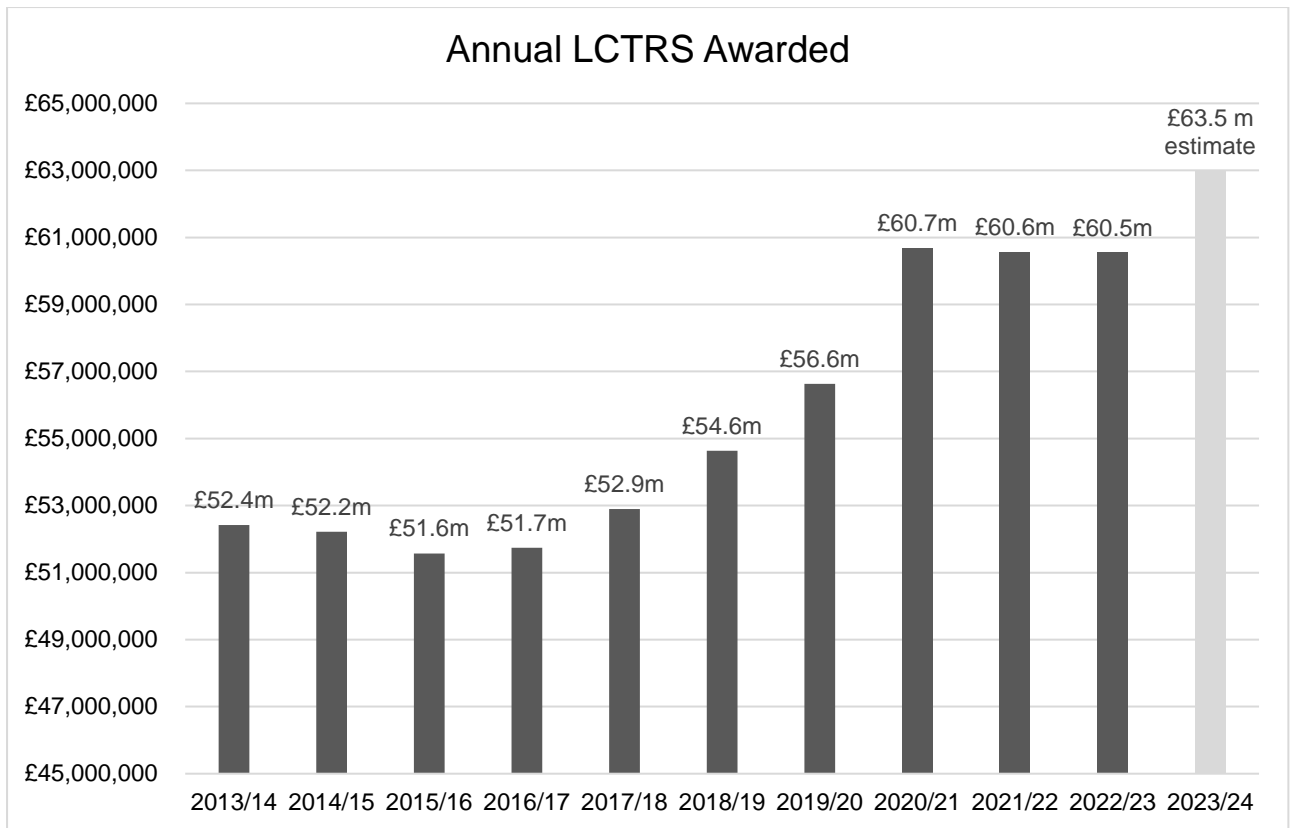
- 21 In the North East region, Durham is now the only authority whose scheme continues to mirror entitlement under the former CTB system for all claimants. The other eleven councils have schemes which offer an overall lower level of support to working age claimants.
- 22 The majority of councils who made changes to their schemes in the first few years of LCTR, did so to cap the overall amount that could be

paid to working age households and the overall cost of the scheme to the Local Authority.

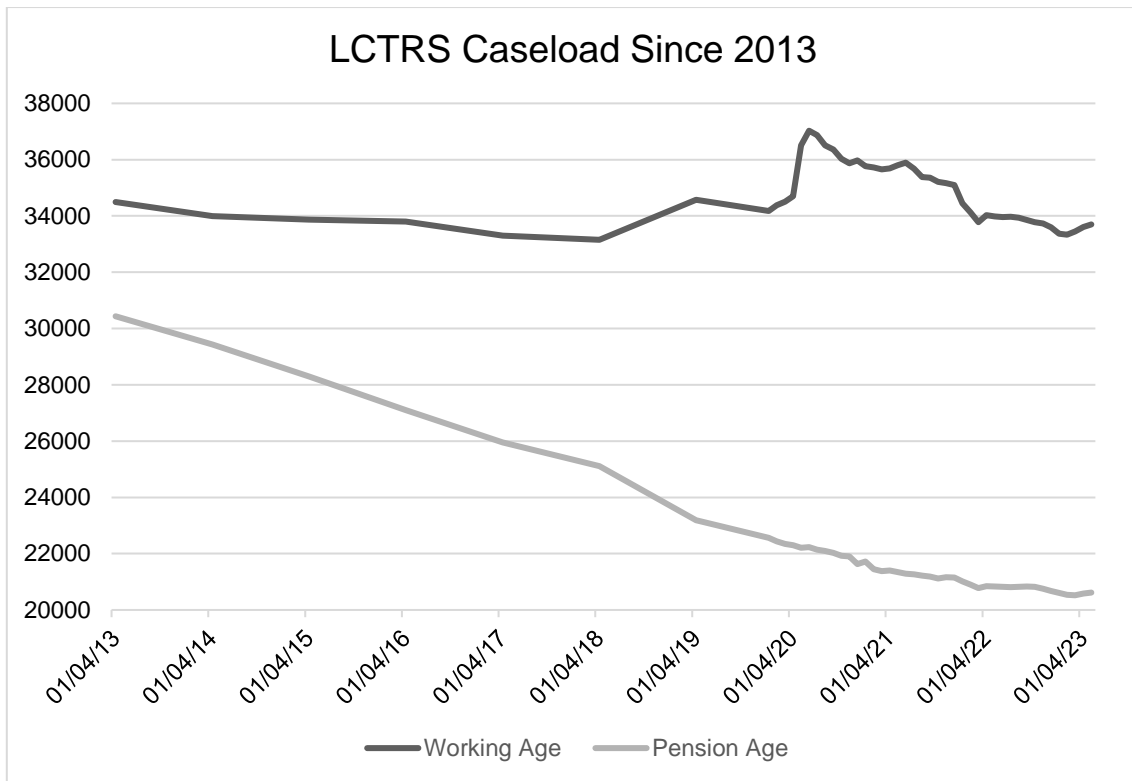
- 23 The most recent comprehensive national data was published in 2018/19 by the Joseph Rowntree Foundation, although some basic national data was recently published by Entitled To concerning 2023/24 schemes.
- 24 Over 80% of councils have made at least one significant change to their scheme since the original schemes were adopted in 2013/14.
- 25 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.
- 26 More recently, local authorities have started to focus on making changes to simplify administration and reduce the number of award changes for in-work Universal Credit (UC) claimants, while maintaining a cap on the total amount that an applicant can receive.
- 27 The council will continue to track the impact of UC and consider how LCTR can best support residents who claim the benefit. Analysis of cases in Durham show that, on average, in-work households receiving UC and LCTR receive up to twelve council tax bills each year, as their UC is continually reassessed and LCTR revised in response. This results in delayed direct debits, reminders not being issued, and residents delaying payments as they are unsure what to pay. Evidence suggests approximately only 35% of in-work UC households receiving LCTR manage to pay all of their council tax in-year.
- 28 The cost-of-living crisis has prompted some local authorities to restore higher levels of maximum support for their poorest households. In 2023/24, 29 of 39 councils who changed the way their schemes were calculated increased this maximum level of support.
- 29 In England, 225 of 296 local authorities (76%) do not offer 100% reductions (source <https://www.entitledto.co.uk/blog/2023/may/council-tax-reduction-schemes-in-england-202324/>) in liability to any working age residents and require a minimum payment instead regardless of the personal circumstances of the claimant:



- 30 The roll-out of Universal Credit is currently scheduled to be completed by the end of 2028. There are circa 20,150 LCTR applicants in County Durham receiving UC, around 60% of the current working age LCTR caseload.
- 31 There are currently 54,100 LCTR cases in County Durham, of which 20,600 (38%) are of pension age and 33,500 (62%) are of working age. Just over 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. LCTRS support is forecast to be circa £63.5 million in 2023/24.
- 32 The table below shows the year-on-year differences in LCTR scheme costs over the last ten years. Whilst it is important to note that the council tax charges have increased across this period also, there was a significant increase in both caseload and costs in 2020/21 that continued into 2021/22.



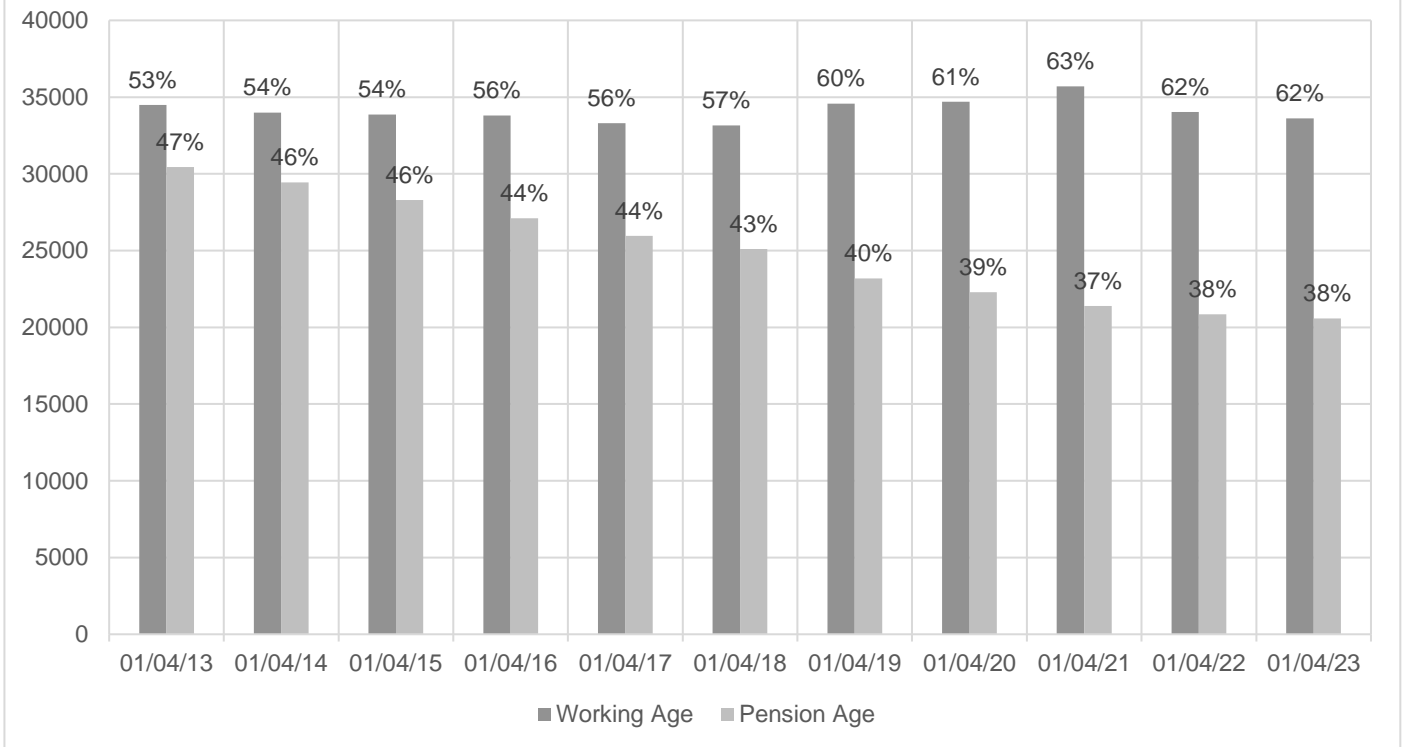
33 The council's LCTR scheme saw a significant increase in demand as a result of the Covid-19 pandemic. The pension age caseload has continued a trend of year-on-year reductions, although this rate of reduction has started to slow. The working age caseload, increased dramatically in the first quarter of 2020/21 as an unprecedented number of new claims were received by customers adversely affected by 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 had returned to pre-pandemic levels and have remained quite stable since:



- 34 In Durham, there are now over 6,100 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 between 2026 and 2028, then to 68 between 2044 and 2046.
- 35 Over the last ten years there has been a nine-percentage point increase in the proportion of working age caseload in County 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 claimants, particularly those on UC, 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.



### Working Age and Pension Age Caseload



36 It is important to consider any impact on the collection rate for council tax, which changes to the LCTRS can have. The Institute for Fiscal Studies (IFS) estimate that a quarter of the additional council tax liability created by cuts to LCTR since 2013 has not being collected in year.

37 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, the councils 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. By 2022/23 the in-year recovery rate had improved to 95.91%, however this is still almost one percentage point 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.

38 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 2023. 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 has improved its collection rate more than any other regional authority since council tax support was localised:

<b>Local Authority</b>	<b>Basis of Scheme</b>	<b>Minimum Payment</b>	<b>Second Adult Reduction Offered?</b>	<b>Change in in-year council tax collection rate between 2012/13 and 2022/23</b>
Durham	CTB	No	Yes	+0.91%points
Darlington	CTB	20%	No	+0.19%points
Gateshead	CTB	8.5%	No	-3.41%points
Hartlepool	CTB	12%	No	-4.86%points
Middlesbrough	Income Banded – since 2022/23	10%	No	-4.48%points
Newcastle	Income Banded – since 2018/19	No (was 15% but removed for 2022/23)	No	-0.02%points
North Tyneside	CTB	15%	No	-2.25%points
Northumberland	CTB	8%	Yes	-0.44%points
Redcar and Cleveland	CTB	17.5%	No	Not Available
South Tyneside	CTB	30% or 15% if vulnerable	Yes	-3.16%points
Stockton	Income Banded – since 2022/23	No (was 20% but removed for 2022/23)	No	-3.77%points
Sunderland	CTB	8.5%	No	-4.76%points

39 Since the introduction of HB and CTB, standard weekly amounts have been disregarded from customers' earned income at the following weekly rates:

- £5.00 for single people
- £10.00 for couples
- £25.00 for lone parents and
- £20.00 for disabled people.

An additional earnings disregard (AED) of £17.10 each week, is allowed where hours worked exceed 30 hours, or 16 hours if the resident is disabled or there are children in the household.

40 In Durham we have retained these earning disregards at the same rates within our LCTR Scheme.

41 If a resident receives Universal Credit (UC), their LCTR is based on the assessment of income and needs already made by the DWP for their UC decision. For residents who are in-work, UC is calculated monthly in arrears based on the earnings their employer has declared to the His Majesty's Revenue and Customs. As most residents find their monthly pay fluctuates, UC and in turn LCTR is recalculated regularly, in some cases 12 times a year.

42 If there is a live LCTR claim the DWP notify the council of changes in UC electronically. In UC there is no additional allowance based on hours worked and so the DWP do not hold or share hours worked information with local authorities. Determining the number of hours worked to assess whether an AED can be awarded, adds an extra layer of complexity and administration for UC cases where recalculations are so frequent.

43 The current LCTR procedure when there is a change in earnings in the UC assessment, is to telephone customers to confirm the average number of weekly hours they work. If contact cannot be made over the telephone, rather than delay recalculating the LCTR award, a decision is made to calculate the LCTR on less than 16 hours to ensure no AED is awarded. Residents are advised on their new award letter to get in touch with the council to confirm how many hours they work, as they may be entitled to some more help.

44 There are around 20,500 households in Durham claiming LCTR based on an UC award, circa 4,000 (19.5%) of which were in-work. Of these in-work households only 258 were receiving an AED. Analysis of our caseload shows that residents are losing out on the AED because of current practices.

- 45 The Civica Open Revenues IT system, which is used to calculate and manage LCTR decisions, has an option to automatically estimate the number of hours worked for residents in receipt of UC based on their pay and the National Living Wage rate. It is estimated that using this method would lead to circa 900 in-work UC households receiving an AED. A significant increase from the 258 currently receiving this help.
- 46 It is proposed therefore that, subject to satisfactory testing on the Civica system, a small clarification is made to the wording of the LCTR scheme regarding UC claimants, to allow for the number of hours worked to be estimated by the local authority based on national minimum wage levels.
- 47 The annual cost of implementing this adjustment to the scheme, to ensure support is awarded in line with the scheme's original intention, is estimated at £115k. Each in-work household that benefits will receive up to £178.33 more help with their council tax each year. This change in procedure would significantly reduce administration for the council allowing UC-based LCTR claims to be processed with less need to contact the customer for additional information. This clarification in the scheme around the calculation of hours worked, is not considered such a significant change as to require a consultation as described in the next paragraph.
- 48 If any changes are to be made to the council's LCTRS 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 Full 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.
- 49 Pensioners must be protected from any changes, with any reductions applied to working age claimants only.
- 50 Eleven years after the government abolished the national CTB system the council continues to have a LCTR scheme which mirrors the previous entitlement under the CTB system for all claimants. No LCTR claimants have therefore been financially worse off in the last eleven years (including the current year) than they would have been under the previous national scheme.
- 51 The council has been mindful of the continuing impacts of the wider welfare reforms and from the 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 low-income 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.

- 52 In approving the scheme for 2023/24, the council gave a commitment to review the scheme on the grounds of medium-term financial plan (MTFP) affordability and on-going austerity causing further MTFP pressures.
- 53 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 85.5% based on current caseloads.
- 54 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 £3.5 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 85.5% with a prudent collection rate of 80%). This would impact circa 33,800 working age households across County Durham, where 6,000 (17.8%) are actually in low paid jobs rather than being unemployed.

## **Conclusion**

- 55 Following careful consideration of the current financial position of the council and in light of the continuing impact of the coronavirus pandemic, welfare reforms including the continued roll out of Universal Credit, which commenced in October 2017 in County Durham; and the cost of living impacts Cabinet are recommending that the current scheme should be extended for a further year into 2024/25 and, therefore, that no additional council tax revenues or pressures are built into the MTFP projections from a review of the LCTRS at this stage.
- 56 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.

- 57 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.
- 58 The council will also need to keep track of the continuing impact of the roll out of Universal Credit (UC). This presents continuing challenges for the administration of the 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 LCTR claims side by side.
- 59 More significantly however, UC changes results in multiple reworking and changes to LCTR 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.

## Background papers

- None

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	Patrick Hetherington	Tel: 03000 260403

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## **Appendix 1: Implications**

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### **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**

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 £3.5 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 85.5% with a prudent collection rate of 80%). This would impact circa 33,800 working age households across County Durham, where 6,000 (17.8%) are actually in low paid jobs rather than being unemployed.

## **Consultation and Engagement**

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**

Eleven years after the Government abolished the national Council Tax Benefits 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 eleven 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.

## **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**

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. By 2022/23 the in-year recovery rate had improved to 95.91%, however this is still almost one percentage point 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**

**18 October 2023**

**Report of the Audit Committee for the  
Period September 2022 to August 2023**



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**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 2022 to August 2023 and set out details of how the Audit Committee continues to oversee good governance across the Council.
- 2 The report also seeks approval from Council to extend the term of office of the current co-opted Audit Committee Independent Person members until 30 April 2024.

**Executive summary**

- 3 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.
- 4 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.
- 5 The Council's Audit Committee has two co-opted Members. In accordance with the authority granted by Full Council on 31 October 2018, appointment of the current co-opted Members was extended until 30 April 2023.
- 6 As part of the review of the constitution it was not picked up that the tenure of the two co-opted members had expired, with both continuing to attend meetings of the Audit Committee and making positive contributions to the discussions held.
- 7 This report seeks approval from Council to extend the term of office of the current co-opted Audit Committee members until 30 April 2024, with a recruitment exercise to be undertaken prior to that date to secure co-opted members from 1 May 2024 onwards. The existing appointees

would be free to re-apply for these roles in open competition with any other applicants.

### **Recommendation(s)**

- 8 Council is recommended to note the report and the work undertaken by the Audit Committee during the period September 2022 to August 2023.
- 9 Council is recommended to extend the terms of office for the two co-opted Independent Persons to 30 April 2024, subject to a recruitment exercise being concluded in advance of that date to appoint co-opted members for a three-year period from May 2024.

## Background

- 10 The role, membership and terms of reference of the Audit Committee are set out within the Constitution, which is approved by Council.
- 11 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.
- 12 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.

- 13 The membership of the Committee is currently comprised of the following members:

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

- 14 On 10 December 2007 the Audit Committee agreed to appoint two co-opted non-voting members to the Audit Committee for a three-year fixed period. These appointments were in line with CIPFA's "Audit Committees: practical guidance for local authorities".
- 15 Following an advert in the press inviting applications, prospective candidates were interviewed, and two co-opted Members were appointed. Their appointments were due to expire on 28 February 2011, however, the Council agreed extensions to their contracts until 30 April 2016.
- 16 In accordance with the authority granted by full council on 24 February 2016 two new co-opted members to the Audit Committee were subsequently appointed for a three-year term ending on 30 April 2019.
- 17 During this period one of the co-opted members resigned and following a further recruitment exercise a new co-opted member was appointed for the remainder of the term, whose appointment commenced in May 2018.
- 18 Subsequently, the Audit Committee met on 28 September 2018, and agreed to recommend that Council extend the fixed term contracts of the two co-opted members for a four-year period and in accordance with the authority granted by full Council on 31 October 2018, appointment of the current co-opted Members was extended until 30 April 2023.
- 19 As part of the review of the constitution it was not picked up that the tenure of the two co-opted members had expired, with both continuing to attend meetings of the Audit Committee and making positive contributions to the discussions held.

## **Summary of Meetings**

- 20 A summary of Committee business considered at the meetings that have been held during the period is provided at Appendix 2.
- 21 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:
  - a) Striving to help support the Council deliver its objectives and priorities by being both 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.

### **Proposal – Co-opted Independent Members Appointments**

22 It is proposed for a further extension to the appointment of the current co-opted members to the Audit Committee to be made until 30 April 2024.

23 During early 2024 the council will seek new applications and it is suggested that an advert be made in the local press and on the council's website to seek candidates to fill the two positions, and for the appointments to be made by the Corporate Director, Resources in consultation with the Chair and Vice-Chair of the Audit Committee. The



existing appointees would be free to re-apply for these roles in open competition with any other applicants.

24 The proposed recruitment timetable is outlined below:

<b>Recruitment Stage</b>	<b>Timescale</b>
Positions Advertised	Monday 15 January 2024
Deadline for applications	Friday 23 February 2024
Interviews to be held	w/c 18 March 2024
Member Induction	April 2024
Appointments Confirmed by Council	May 2024
Audit Committee	Monday 20 May 2024

25 In accordance with the constitution, Council approval is required to extend the term of office of the current co-opted Audit Committee members. The proposal in this report is to extend the term of office of the two existing co-opted independent members until 30 April 2024, with a recruitment exercise to be undertaken prior to that date to secure co-opted members on a three-year tenure from 1 May 2024 onwards.

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**Contact:** Tracy Henderson

Tel: 03000 269668

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## **Appendix 1: Implications**

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### **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. Consideration of this report allows Full Council to have oversight of the work of the Audit Committee and assurance that the Audit Committee continues to oversee good governance across the Council.

### **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 and Engagement**

Audit Committee (29/09/23) and the Corporate Director of Resources were consulted on the contents of this report.

### **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.

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## **Appendix 2: Summary of Meetings of the Audit Committee**

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### **30 September 2022**

The Committee considered:

- (i) A report of the Corporate Director of Regeneration, Economy and Growth which provided the annual report on health, safety and wellbeing (HSW) performance for 2021/22.
- (ii) A report of the Corporate Director of Regeneration, Economy and Growth which provided an update on health, safety and wellbeing performance during Quarter 1 of 2022/23.
- (iii) A report of the Corporate Director of Resources which highlighted the strategic risks facing the Council and gave an insight into the work carried out by the Corporate Risk Management Group during January 22 to May 2022. Members were informed of new risks, those that had been removed and the status of all current key strategic and other risks.
- (iv) A report of the Corporate Director of Resources which presented the final outturn for the General Fund and the Collection Fund 2021/22.
- (v) A report from the Corporate Director of Resources which provided the Treasury Management Outturn for 2021/22.
- (i) A report of the External Auditor, Mazars presenting the Audit progress report for the Council 2021/22 and updating the Committee on issues and developments that were worthy of attention and noting that the audit of the accounts had been substantially completed at that point and an unqualified opinion was expected.
- (vi) A report of the Corporate Director of Resources which presented the Counter Fraud and Corruption Strategy, setting out the Council's counter fraud response plan for review and approval.
- (vii) A report of the Audit Committee Chair to inform Council of the work of the Audit Committee during the period September 2021 to August 2022 and how the Committee continues to provide good governance across the Council (this report being subsequently considered by Council in October 2022).

- (viii) A report of the Corporate Director of Resources which informed members of work carried out by Internal Audit during April to June 2022 as part of the 2022/23 Internal Audit Plan.
- (ix) A report of the Corporate Director of Resources which set out details of the proposed Six-Month Internal Audit Plan from 1 October 2022 to 31 March 2023 for Members comment and input and approve.

## **28 November 2022**

The Committee considered:

- (i) A report of the Corporate Director of Regeneration, Economy and Growth which provided an update on health, safety and wellbeing performance during Quarter 2 of 2022/23
- (ii) A report of the External Auditor, Mazars presenting the Audit completion report for the Council 2021/22 to the Committee which included the overall messages from the audit work that they had completed and provided an unqualified opinion on the accounts and the councils value for money arrangements.
- (iii) A report of the External Auditor, Mazars presenting the Audit completion report for the Pension Fund 2021/22 to the Committee which included the overall messages from the audit work that they had completed and provided an unqualified opinion on the accounts.
- (iv) 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 2021/22.
- (v) A report of the Corporate Director of Resources which presented the Statement of Accounts for the year ended 31 March 2022 for approval.
- (vi) 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 2021 to March 2022.
- (vii) 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 June 22 to September 2022. Members were informed of new risks, those that had been removed and the status of all current key strategic and other risks.

- (viii) A report of the Corporate Director of Resources informing the Committee of the updated Code of Corporate Governance to consider and agree prior to being presented to Council in January 2023.
- (ix) A report of the Corporate Director of Resources informing members of the revised Anti Money Laundering policy which set out details of the internal procedures that must be followed to prevent the use of council services for money laundering.
- (x) A report of the Corporate Director of Resources informing members of the updated Confidential Reporting Code which is promoted and exists to allow Council employees and members of the public to come forward and raise both disclosures and serious allegations of wrongdoing involving the actions of the Council's employees, its Councillors, contractors, or any aspect of the Council's activities.
- (xi) A report of the Corporate Director of Resources informing members of the updated Fraud Response Plan and Corporate Fraud Sanctions policy which defines how the Council will respond to allegations and confirmed cases of fraud and provides guidance for employees, Members, and members of the public on reporting a suspected fraud.
- (xii) A report of the Corporate Director of Resources detailing to members the Counter Fraud work completed during the period April to September 2022 in order to protect the public purse.
- (xiii) A report of the Corporate Director of Resources which informed members of the work carried out by Internal Audit during the period July to September 2022 and the assurance on the internal control environment.

### **28 February 2023**

The Committee considered:

- (i) A report of the Corporate Director of Regeneration, Economy and Growth which provided an update on health, safety and wellbeing performance during Quarter 3 of 2022/23
- (ii) A report of the Corporate Director of Resources which presented Changes to the Code of Practice for Local Authority Accounting in the UK (CIPFA Code) that needed to be reflected in the 2022/23 Statement of Accounts.

- (iii) A report of the Corporate Director of Resources which presented the Accounting Policies that the Council intended to have in place to prepare the 2022/23 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 2022/23, including the key milestones for the completion of the financial statements.
- (v) A report of the External Auditor, Mazars presenting the Audit progress report for the Council 2021/22 and updating the Committee on issues and developments that were worthy of attention, including an update on the Whole of Government Accounts and work in preparation for the 2022/23 External Audit.
- (vi) A report of the Corporate Director of Resources informing the Committee of the key dates for the review of the Council's corporate governance arrangements which informs the Annual Governance Statement within the Statement of Accounts for the year ending 31 March 2023.
- (vii) 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 2022. Members were informed of new risks, those that had been removed and the status of all current key strategic and other risks.
- (viii) A report of the Corporate Director of Resources which contained a revised version of the Risk Management Policy and Strategy for consideration and approval.
- (ix) A report of the Corporate Director of Resources which informed members of the work carried out by Internal Audit during the period October to December 2022 and the assurance on the internal control environment provided.
- (x) A report of the Corporate Director of Resources presenting the emergent Internal Audit Plan for the year 2023/24 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 2023.

## **24 May 2023**

The Committee considered:

- (i) A report of the Corporate Director of Regeneration, Economy and Growth which provided an update on health, safety and wellbeing performance during Quarter 4 of 2022/23
- (ii) A report of the Corporate Director of Resources which informed members of the work carried out by Internal Audit during the period January to March 2023 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 2021 to March 2022.
- (iv) A report of the External Auditor, Mazars summarising the work undertaken for the Council for the year ended 31 March 2022.
- (v) A report of the Corporate Director of Resources which informed members of the work carried out by Internal Audit during the period January to March 2023 and the assurance on the control environment provided.
- (vi) A report of the Chief Internal Auditor and Corporate Fraud Manager which set out the Internal Audit Strategy, Charter and Internal Audit plan for 2023/24. Progress on delivering the plan will be regularly monitored by the Committee.
- (vii) A Presentation delivered by the Head of Corporate Affairs to provide Members with an update on the Council's approach to Transformation and securing Value for Money.

## **30 June 2023**

The Committee considered:

- (i) 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.

- (ii) A report of the Chief Internal Auditor and Corporate Fraud Manager which presented the Annual Internal Audit Report that provided an overall 'moderate' opinion on the adequacy and effectiveness of the Council's control environment for 2022/23 and the reasons for coming to that conclusion.
- (iii) A report of the Chief Internal Auditor and Corporate Fraud Manager detailing to Members, the Counter Fraud work completed over the period April 2022 to March 2023 to protect the public purse.
- (iv) 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 draft un-audited Statement of Accounts 2022/23
- (v) A report of the Corporate Director of Resources which presented the draft un-audited Statement of Accounts for the year ended 31 March 2023, which were published on 31 May 2023 in line with the statutory deadlines.
- (vi) A report of the Corporate Director of Resource which provided information about the Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Management Code and the councils compliance with this. The Financial Management Code is designed to support good practice in financial management and assists local authorities in demonstrating their financial sustainability.
- (vii) A report of the Corporate Director of Resources assessing whether the Council could be considered to be 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.
- (viii) A report of the Audit Committee 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.

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18 October 2023

**Request for Dispensation Under  
Section 85(1) of the Local Government  
Act 1972**



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## **Report of Corporate Management Team**

**Helen Bradley, Head of Legal and Democratic Services and  
Monitoring Officer**

### **Electoral division(s) affected:**

Annfield Plain.

### **Purpose of the Report**

- 1 To request Council approve a dispensation for a Member who is currently unable to attend any Council meetings due to ill-health.

### **Executive summary**

- 2 Section 85 of the Local Government Act 1972 states that where a Member fails throughout a period of six consecutive months from the date of their last attendance to attend any meeting of the authority, then, subject to certain exceptions, he/she ceases to become a Member of the authority unless the failure was due to some reason approved before the expiry of that period. A request for dispensation has been received which is recommended for approval.

### **Recommendation**

- 3 Council is recommended to approve the request for dispensation under section 85(1) of the Local Government Act 1972.



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## **Appendix 1: Implications**

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### **Legal Implications**

A Councillor who fails to attend any meeting of the authority for six months ceases to be a Member unless a dispensation has been granted by the Authority concerned. The dispensation must be agreed before the expiry of the six-month period.

### **Finance**

Failure to agree the dispensation for Councillor Bell would result in a vacancy on the Council. If Councillor Bell did not attend a qualifying meeting by 23 November 2023 this would lead to a by-election being called. The Council would incur costs in respect of administering the by-election.

### **Consultation and Engagement**

None.

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

The Council should have regard to a Members' medical circumstances.

### **Human Rights**

None.

### **Crime and Disorder**

None.

### **Staffing**

None.

### **Accommodation**

None.

### **Risk**

In the event that Councillor Bell is unable to represent her constituents communication should be maintained with Councillor J Nicholson the other Electoral Division Member for Annfield Plain.

### **Procurement**

None.

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