



Audit Committee

Date **Monday 30 September 2024**

Time **9.30 am**

Venue **Committee Room 1A , County Hall, Durham**

Business

Part A

Items which are open to the Public and Press

1. Apologies for absence
2. Minutes of the meeting held on 28 June 2024 (Pages 5 - 14)
3. Declarations of interest, if any
4. Company Governance Arrangements - Presentation by the Director of Legal and Democratic Services (Pages 15 - 24)
5. Annual Health, Safety and Wellbeing Performance report 2023/24 - Joint report of the Corporate Director, Regeneration, Economy and Growth and the Corporate Director of Resources (Pages 25 - 70)
6. Quarter one 2024/25 Health, Safety and Wellbeing Performance Report - Joint report of the Corporate Director, Regeneration, Economy and Growth and the Corporate Director of Resources (Pages 71 - 96)
7. Strategic Risk Management Progress Report for 2024/25 Review 1: 1 January 2024 – 31 May 2024 - Report of the Corporate Director of Resources (Pages 97 - 146)
8. 2023/24 Final Outturn for the General Fund and Collection Fund - Report of the Corporate Director of Resources (Pages 147 - 218)
9. Addressing the Local Audit Backlog in England - Update - Report of the Corporate Director of Resources (Pages 219 - 226)

10. External Audit Progress Update 2023/2024 - Durham County Council - Report of the External Auditor
The above report will be published on a supplemental agenda in accordance with the provisions of the Local Government (Access to Information) Act 1985.
11. External Audit Progress Update 2023/2024 - Durham County Council Pension Fund - Report of the External Auditor
The above report will be published on a supplemental agenda in accordance with the provisions of the Local Government (Access to Information) Act 1985.
12. Report of the Audit Committee for the Period September 2023 to August 2024 - Report of the Chair of the Audit Committee (Pages 227 - 264)
13. Internal Audit Progress Update Report Period Ended 30 June 2024 - Report of the Corporate Director of Resources (Pages 265 - 280)
14. Such other business as in the opinion of the Chairman of the meeting is of sufficient urgency to warrant consideration
15. Any resolution relating to the exclusion of the public during the discussion of items containing exempt information

Part B

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

16. Internal Audit Progress Report Period Ended 30 June 2024 - Report of the Corporate Director of Resources (Pages 281 - 284)
17. Such other business as in the opinion of the Chairman of the meeting is of sufficient urgency to warrant consideration

Helen Bradley

Director of Legal and Democratic Services

County Hall
Durham
20 September 2024

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

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

Councillors P Heaviside, A Jackson, B Kellett, D Oliver,
R Ormerod and T Smith

Co-opted Members:

Mr F Barnish, Mr C Robinson and Mr I Rudd

Contact: Amanda Stephenson Tel: 03000 269703

This page is intentionally left blank

DURHAM COUNTY COUNCIL

At a Meeting of **Audit Committee** held in **Council Chamber, County Hall, Durham** on **Friday 28 June 2024 at 9.30 am**

Present:

Councillor A Watson (Chair)

Members of the Committee:

Councillors L Fenwick (Vice-Chair), P Heaviside and B Kellett

Co-opted Members:

Mr F Barnish and Mr I Rudd

1 Apologies for absence

Apologies for absence were received from Councillor A Hanson, Councillor D Oliver, Councillor R Ormerod, Councillor T Smith and Mr C Robinson.

2 Minutes

The minutes of the meeting held on 20 May 2024 were agreed as a correct record and signed by the Chair.

3 Declarations of interest

There were no declarations of interest.

4 Annual Review of the System of Internal Audit 2023/24

The Committee received a report of the Corporate Director of Resources which presented the annual review of the system of Internal Audit for consideration and comment. The report set out the outcome of the annual review of the effectiveness of the internal audit service (for copy see file of Minutes).

Councillor A Watson reiterated T Henderson's thanks to the team for all their hard work throughout 2023/24.

Mr I Rudd remarked that it had been a busy year. He noted in the report that there were several employees within the team who had more than ten years experience and queried if there would eventually be a recruitment crisis if staff retired or left.

T Henderson explained that following her appointment she introduced a Workforce Development Plan and made changes to the staffing structure which has created career pathways and generated opportunities to recruit and retain staff. At present there was only one member of staff that would soon be 55 years of age and therefore she did not envision a recruitment crisis in the near future. She acknowledged that service delivery continued to be challenging as everyone was extremely busy, however the more experienced staff continued to share their knowledge and skills with junior members of staff to broaden their knowledge base. She also advised that staff were provided training on a regular basis.

Resolved:

That the findings and conclusions of the 2023/24 review of the effectiveness of the system of Internal Audit contained within the report be noted.

5 Annual Internal Audit Opinion and Internal Audit Report 2023/24

The Committee received a report of the Corporate Director of Resources which presented the Chief Internal Auditor and Corporate Fraud Manager's assurance opinion on the adequacy and effectiveness of the Council's internal control environment, risk management and corporate governance arrangements in place during the year. The report included the Annual Internal Audit Report for 2023/24 (for copy see file of Minutes).

Mr I Rudd referred to the comprehensive table in appendix two of the report that presented positive work from 2017-18 which had reduced the 'limited' assurances from 22 to 3 over the years. He understood why the assurance opinion was moderate but asked if the Council would ever see the day when the assurance opinion was accelerated to the next level up.

T Henderson responded saying that it would be excellent to be able to provide the next level up assurance opinion. However as the Council was a multibillion-pound business then providing a substantial assurance opinion would mean that there was no control weakness across all activities which was unrealistic for a large and complex authority.

Resolved:

- i) That the contents of the Annual Internal Audit Report for 2023/2024 at Appendix 2 be noted.

- ii) That the overall 'moderate' opinion provided on the adequacy and effectiveness of the Council's governance, risk management and internal control environment for 2023/2024 be noted.

6 Protecting the Public Purse Annual Report 2023/24

The Committee received a report of the Corporate Director of Resources which presented the Annual Protecting the Public Purse Report that provided information on the work that had been carried out by the Corporate Fraud Team during the period 1 April 2023 to 31 March 2024 (for copy see file of Minutes).

Councillor B Kellett asked if residential properties were investigated for council tax fraud if it was apparent there was more than one person living in the property over the age of 18 and the household claimed single occupancy.

P Gibbon agreed to investigate the issue if Councillor B Kellett provided him the specific details of the enquiry outside of the meeting.

Mr I Rudd referred to paragraph 31 of the report regarding the Northeast Regional Fraud Hub pilot and queried if there were plans to continue this work.

P Gibbon replied that the Northeast Regional Fraud Hub pilot had been established to enable data sharing between Durham County Council, Gateshead Council and Newcastle City Council. The pilot had been very successful which had used new software to analyse data. There were intentions to roll this out with other local authorities which included Northumberland County Council over the next 12-18 months.

Mr I Rudd asked if the new North East Mayor for the region would help to assist in the scheme.

P Gibbon thought the new Mayor would help assist the scheme as there was a great deal of appetite to continue with this work.

Resolved:

That the contents of the Annual Protecting the Public Purse Report 2023/24 that included the work carried out by the Corporate Fraud Team over the last year, the fraud types and estimated values identified in 2023/24 (Appendix 3) and the Corporate Fraud Team Operational Plan 2024/25 (Appendix 4) be noted.

7 Treasury Management Outturn Report 2023/24

The Committee received a report of the Corporate Director of Resources that provided information on the Treasury Management outturn position for 2023/24 to aid the responsibility of Audit to ensure the independent and effective assurance over the adequacy of the council's Treasury Management strategy, policies and practices. Following consideration of the 2023/24 Treasury Management Outturn an assurance statement provided by the Committee (highlighting any areas of concerns, where applicable) would be included within the report to full Council on 17 July 2024 (for copy see file of Minutes).

Councillor B Kellett asked for further explanation of paragraph 19 of the report which highlighted the Council's debt that had increased but it was unclear on the net investment and whether this was a good rate of return.

R Davisworth acknowledged that Councillor B Kellett had raised a valid question. He explained that the Council had taken debt out of £412 million over a number of previous years, which currently sat on the council's balance sheet, and tended to be locked in at fixed rates, for which the terms and conditions made refinancing of this debt prohibitively expensive. Investment income was based on short-term cash balances that had been deposited to manage the Council's liquidity needs. The Council was currently deferring the need to physically borrow from public funds or other lenders. While interest rates were high the council could run down cash balances then borrow once the borrowing rates dropped and the lower rates of interest could then be locked in for current and future planned borrowing needs.

Mr F Barnish referred to paragraph 43 of the report and asked if this was written correctly as the report was deemed to be concluded before the Audit meeting had been held.

R Davisworth advised that the role of the Audit Committee was to proactively scrutinize the Treasury Management arrangements. The report was to be submitted to full council on 4 July 2024 which had received assurances that Audit had considered the treasury management performance hence the way it had been written.

Mr I Rudd noted that the Treasury Management indicators compiled were positive in every case. He referred to table 39a that gave the upper limited on fixed interest rate exposure and asked who set the limits.

R Davisworth replied that the levels were set by the Council's finance department who worked closely with the Asset Management and Treasury Management team. The team drew upon advice from Link Asset Management, who acted as the Council's Treasury Management advisers and provided support to the Council to follow best practice. The Council used Prudential Indicators as part of the annual Treasury and Capital Strategy, to ensure borrowing arrangements were prudent and affordable.

Mr I Rudd queried if approval was made by full council.

R Davisworth confirmed that approval was made by full council. The Medium-Term Financial Plan would be refreshed and the Audit would be briefed in January/February and asked to scrutinise and challenge the targets and strategy that was reflected in the full report.

Mr I Rudd referred to paragraph 41d of the report that related to gross debt and the capital financing requirement. He queried if the estimated final figures included the next two financial years or did it look back at 2023/24 plus the year before for 2022/22 plus two years after.

R Davisworth acknowledged that the outturn was positive for the last financial year as the Treasury Management Strategy provided the medium-term outlook that stated where the council was, what the finances looked like at the end of the financial year and what levels of influence there had been in that year, what finance was required for the capital programme and the level of debt that was held. This would determine what borrowing the council could take out over the next few years and when to maintain cash liquidity that was set out in the projections. The report reflected what the position was at the end of March that may be similar for future years.

Mr I Rudd asked at looking two years forward what would the debt spend likely to be.

R Davisworth stated it was a dynamic process and once the MTFP was refreshed and the capital programme to top it up as required for repair/replacement schemes known it would create the need for additional borrowing to fund cyclical capital spend and new capital initiatives. The position would be commented on by the end of year to see what would be approved for 2025. This would be how to create a more medium-term picture report that would not compromise on the decision-making process for the future capital programme.

Resolved:

That the contents of 2023/24 Treasury Management Outturn Report to provide assurance on the treasury management activity during 2023/24 be considered.

8 Consideration of 'Going Concern Status' for the Statement of Accounts for the year ended 31 March 2024

The Committee received a report of the Corporate Director of Resources that provided a summarised financial performance assessment of the council's ability to continue to be treated as a 'going concern' organisation and whether the council's annual accounts should be prepared on that basis (for copy see file of Minutes).

Resolved:

- i) That the council's status as a going concern be approved.
- ii) That the statement of accounts had been prepared on this basis be noted.

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

The Committee received a report of the Chair of the Audit Committee that provided the proposed response to the External Auditor's International Standards for Auditing request to support and inform their continuous planning prior to the final stage of Durham County Council's (including Pension Fund) 2023/24 Accounts. The report responded to specific questions, under International Standards for Auditing (ISA), in respect of preventing fraud in the annual accounts (ISA240), compliance with laws and regulations (ISA250), litigation and claims (ISA501) and going concern (ISA570) (for copy see file of Minutes).

Resolved:

- i) That the External Auditor's request for evidence as attached at Appendix 2 and agree the proposed response, as set out at Appendix 3 be considered.
- ii) That the Chair of the Audit Committee be authorised to formally respond on behalf of the Committee.

10 Annual Governance Statement for the year April 2023 – March 2024

The Committee received a report of the Corporate Director of Resources that sought approval of the Annual Governance Statement (AGS) for 2023/24, attached in appendix 2. The Accounts and Audit (England) Regulations 2015 required the Council to prepare an AGS, which must accompany the Statement of Accounts (for copy see file of Minutes).

Resolved:

That the draft Annual Governance Statement as attached at appendix 2 be approved.

11 Statement of Accounts for the year ended 31 March 2024

The Committee received a report of the Corporate Director of Resources that presented the draft (unaudited) statement of accounts for the year ended 31 March 2024 and raise (where applicable) any significant points arising from the accounts. The unaudited statement of accounts for Durham County Council for the financial year ended 31 March 2024 was authorised by the Responsible Finance Officer (the Corporate Director of Resources) on 31 May 2024 in accordance with statutory deadlines. The statement of accounts was published on the council's website the same day (for copy see file of Minutes).

Councillor A Watson thanked Officers for providing an excellent report that showed the council in a stable position.

R Davisworth stated that the Council had a large and significant asset-base for land and buildings, which was in part due to the fact many County Durham schools had continued to be under the control of the local education authority rather than convert to academies. Reserves were held to provide a level of financial sustainability for the Council, but the level of reserves had dropped in recent years. Arrangements were in place to benchmark the Council's financial balance sheet strength compared to other local authorities. There was a lot of work incorporated to produce the accounts, working to challenging deadlines to produce draft accounts by 31 May 2024.

Mr I Rudd was interested in the different community developments that the council had entered that was noted under contingency liabilities within the report. He gave Milburngate development as an example and wanted to know what the liabilities were for the council. He also mentioned the similar site at Aykley Heads and whether Council Hall would be raised to the ground in 3-4 years time and a new building built and what material risks or liabilities there could be for the council's pot.

R Davisworth outlined the legal issues, completion challenges and timescales for the Milburngate development. A contingent liability had been reflected as an event before the end of financial year. A report had gone to Cabinet that was confidential to agree the next steps to potentially delegate to officers to work with stakeholders for a solution which would need to be value for money and legally sound. A report was due back to Cabinet in the autumn with a liability update to reflect the position.

Mr I Rudd asked about if practical completion was made would there be any liability on the council.

R Davisworth responded that it was necessary for structural deficiencies with the building to be rectified by the developer. The council could take legal action to force through practical completion but they were not at that position.

Re. Aykley Heads: The report presented in September 2023 sought to work as a joint venture with partners to procure a suitable developed masterplan, infrastructure and vision for the site in various plots. This was to be part of the Durham Innovation district. The procurement process was still ongoing. Dialogue would take place with bidders this year to take this forward and would be presented to Cabinet in Quarter 4 2024/25. Approval had been provided from Cabinet to identify a partner for a joint venture to share the risks and the rewards equally – this process was part of the ongoing procurement process.

Councillor A Watson asked if Milburngate would create a financial liability to the council.

R Davisworth replied that there would be no financial liability relating to the building costs for the Council until practical completion was agreed. There was a need for a significant amount of money to be spent by the developer to get the building back to an acceptable standard. It was unclear how this would be taken forward and funded as the Council was not obligated to contribute towards these costs.

Councillor A Watson asked if there were any time limits for the practical completion to be concluded.

R Davisworth replied that there were no time limits for this to be agreed which was a risk in itself.

In response to a comment from Mr I Rudd, R Davisworth agreed that a presentation could be added as a future agenda item on assurances on the government structure that was in place and how the group committees were managed that included the Share Holders Working Group that comprised of the portfolio holders, Leader and Deputy Leader that looked at investment and assets. It would also give a review of the Directors, Strategic Officers and the 151 Officer who met three times per year to discuss issues as part the structure.

T Henderson confirmed that she attended Company Governance meetings which considered the effectiveness of the governance arrangements in place. She confirmed that during 2023/24 improvements continued to be made and that this was referenced within the annual assurance opinion report which was presented to the Committee earlier in the meeting.

R Davisworth noted that key risks provided assurance to the Audit Committee to make sure officers had legal advice from independent advisors as to what could be taken on as there may be potential for a conflict of interest. Advice was given to Officers of the Council when decision making if objectives became blurred.

Resolved:

That the statement of accounts of the council for the financial year ended 31 March 2024 which have been published on the council's website in line with statutory guidance and deadlines be considered.

12 Exclusion of the Public

Resolved:

That under section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraph 1 of Part 1 of Schedule 12A of the Act.

13 Protecting the Public Purse - Annual Report 2023/24 - Report of Corporate Director of Resources

The Committee received a report of the Corporate Director of Resources that presented the Annual Protecting the Public Purse Report which provided information of the work that had been carried out by the Corporate Fraud Team during the period 1 April 2023 to 31 March 2024(for copy see file of Minutes).

Resolved:

That Appendix 2 being a summary of cases of potential internal corporate fraud reported and ongoing investigations in Appendix 4 be noted.



Company Governance Arrangements

Audit Committee – 30 September 2024



Briefing Overview

DCC Companies

Oversight of Company Governance Arrangements

Historic Arrangements

Roles & Responsibilities

DCC Companies

Wholly owned companies	
Chapter Homes Durham Limited	Development of houses for sale on open market. 4 Directors
Service Direct (Newco) Limited	General public administration activities – Tier 1 telecoms provider Small investment holding in Low Copelaw LLP 3 Directors (1 vacancy)

DCC Companies

Joint Venture Companies	
Forrest Park (Newton Aycliffe) Limited	Buying & selling of real estate to facilitate regeneration within Newton Aycliffe DCC 51% shareholding Forrest Family 49% shareholding 6 Directors, 4 appointed by DCC
Durham Villages Regeneration Limited	Construction of domestic buildings DCC 51% shareholding Keepmoat 49% shareholding 6 Directors, 2 appointed by DCC
Seaham Harbour Community Interest Company	Operation of warehouse & storage facilities for water transport activities. DCC 50% Shareholding 50% shareholding 3 Directors, 1 appointed by DCC

DCC Companies

Joint Venture Companies (continued)	
Low Copelaw Limited Liability Partnership	To facilitate housing development at Low Copelaw, Newton Aycliffe. DCC 99.9% shareholding Service Direct (Newco) Limited 0.1% shareholding. 2 Members, 1 appointed by DCC

Oversight of Company Governance

- **Annual Governance Statement** must reference the governance arrangements in place for Council companies
- **Best Value Performance Standards for Local Government 2024** – effective company governance arrangements in place, reviewed in accordance with Local Partnerships Local Authority Company Review Guidance.

Historic Arrangements

Review of Company Governance Arrangements in 2020 identified:

- Mix of Officer and Member appointments
- Previously Portfolio holders but most recently non-Cabinet Members
- Not reflective of best practice
- Irreconcilable tension between statutory duty on Councillors to act in best interests of Council and duty as Director
- Corporate Directors have delegated powers to take decisions in respect of Companies but big decisions referred to Cabinet
- Lack of Cabinet/Portfolio Holder oversight/awareness of company activity

Roles & Responsibilities

Shareholder Working Group

- Membership: Leader, Deputy Leader, Portfolio Holders for Resources, Investment & Assets, Economy & Partnerships, Corporate Director of Resources, Corporate Director of Regeneration, Economy & Growth, the Director of Legal & Democratic Services and the Head of Finance.
- Receives company annual reports
- Consideration of business plans; any proposals which require shareholder consent
- Consideration of any proposals for new companies
- Briefings in respect of particular issues
- Option for portfolio holders to attend Company Board meetings to observe
- Decision Making Cabinet/Corporate Directors but informed by SWG

Roles & Responsibilities

Company Governance Review Group

- Membership: Monitoring Officer (Chair), Deputy Monitoring Officer, Head of Finance & Deputy Section 151 Officer, Chief Internal Auditor, Head of Corporate Property & Land (REG representative and Strategic Leads (as required)).
- Protocol for establishing new companies
- Oversight of proposals relating to existing companies/new companies including business plans
- Ensuring clarity of roles and responsibilities
- Register of Companies
- Training

Roles & Responsibilities

Strategic Leads (Shareholder Representative)

- Acts as liaison between the Company & the Executive
- Maintains oversight of Company operations, management, performance
- Assists the Executive in holding Company Director's to account
- Ensures performance against the Business Plan
- May attend, observe, speak, question and challenge at Board meetings (but doesn't have a vote)
- Is the guardian of the Council's investment in the Company
- Makes recommendations in relation to Shareholder decisions (subject to appropriate delegations)

Audit Committee

30 September 2024

Annual Health, Safety and Wellbeing Performance report 2023/24



Ordinary Decision

Report of Amy Harhoff, Corporate Director, Regeneration, Economy and Growth and Paul Darby Corporate Director, Resources.

Electoral division(s) affected:

All electoral divisions.

Purpose of the Report

- 1 To provide Audit Committee with the annual report on Health, Safety and Wellbeing (HSW) performance for 2023/24.

Executive Summary

- 2 Health and Safety (H&S) and Occupational Health Services (OHS) continued to play an important role during 2023/24 in supporting achievement of statutory compliance and provision of corporate services aimed at ensuring employees and all others affected by work activities are as safe and healthy as possible.
- 3 The council has continued with a positive approach to employee wellbeing, and this was reflected in the achievement of the better health at work award ambassador status. Throughout the year there have been numerous employee health and wellbeing interventions, with particular focus on mental health awareness.
- 4 It was positive to report that there were more than 500 internal H&S and fire safety audits and inspections of council workplaces and work activities. This presented opportunities for further improvements to HSW standards, processes, and procedures as a result of in excess of 1,600 actions being identified. The majority of which were low or medium priority.
- 5 There were 1,514 accidents and incidents in total for 2023/24. This represented a decrease from the previous year of 9%. Within these figures there is an increase in near miss reporting which is positive. Approximately 95% of all accidents continue to be minor or no injury.

Slips, trips and falls, violence and aggression and work-related stress continue to be the main causes of accident and ill health. There was a slight increase for RIDDOR reportable accidents to 44 in total compared to 41 in the previous year.

- 6 The OHS were successfully re accredited to the SEQOHS (Safe, Effective, Quality Occupational Health Service) by the faculty of occupational medicine. The OHS service have continued to support all service groupings across the council during 2023/24. Amongst the various support services provided were management referrals, statutory health surveillance, physiotherapy sessions, counselling sessions and counselling calls.
- 7 There has been a 7% increase in calls to the employee assistance programme (EAP) although the number of work related psychological ill health cases reduced. Of the 691 calls made only 70 were categorised as work related. The main causes of employees contacting the employee assistance provider remains to be mental health. The outcomes of the employees accessing EAP services remains positive. Work continues to review and improve employee support by utilizing the employee working well survey outcomes.
- 8 In terms of fire safety, there were eight fire related incidents in 2023/24 across a range of Council buildings with no injuries reported as a result. There were again a number of these incidents which were attributed to arson and work was undertaken with neighborhood wardens, neighborhood policing teams and CDDFRS to address associated anti-social behaviour.
- 9 In terms of enforcement body activity there were two notification of contravention notices served by the Health and Safety Executive. Both of these were associated with asbestos management albeit in different environments in terms of a primary school and decommissioning demolition related project. There were however other enforcement body visits which resulted in positive feedback, which were associated with construction, radon gas and asbestos management and policy.
- 10 Whilst the risk profiling of the council has remained the same in the main, there were some emerging risks which required action during 2023/24. These related to changes of government guidance in relation to Reinforced autoclaved aerated concrete (RAAC) and the emergence of radon gas. The council has been able to demonstrate that both of these areas have been successfully assessed and mitigated.

Recommendation

- 11 Audit Committee is recommended to:
 - (a) note and agree the contents of the Annual Health, Safety and Wellbeing performance report for 2023/24.

Health, Safety & Wellbeing 2023/24 in Numbers

1514

Accidents, Incidents and Near Misses

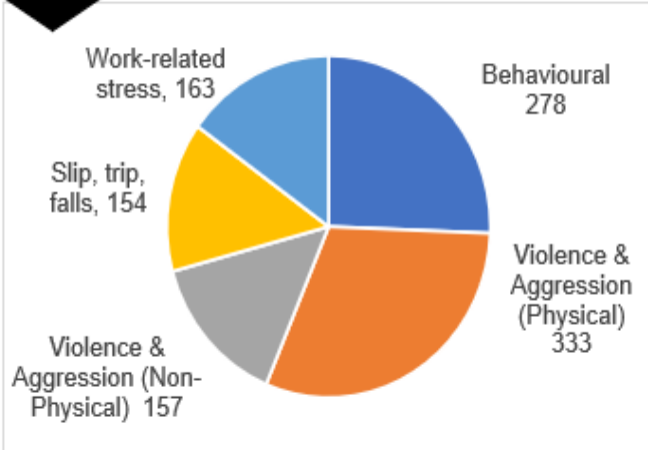
-9.45% decrease in Accidents, incidents and near misses reported (1672 in 2022/23 and 1469 in 2021/22)



95%

Of all reported accidents are either minor injury or no injury

Main Accident/Incident Causes



10 RIDDOR 'specified' injuries, and 34 over 7 days absence RIDDOR injuries (Only 5% of all accidents)

• Better Health at Work Award Ambassador status achieved

2348 accidents involving non-employees (-14% decrease on 2743 in 2022/23)



160 psychological work-related incidents in 2023/24 compared to 164 in 2022/23 and 195 in 2021/22

8 fire related incidents



6 CDDFRS inspections of council premises with compliance standards achieved



New Radon Gas Management Programme launched and completion of corporate property RAAC surveys

4

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



551 H&S/Fire safety audit and inspections.

1,600+ actions identified from audits and inspections.

93.3% compliance score from audits and inspections

83% of actions low or medium priority

Background

- 12 In line with statutory requirements, the council produces an annual Health, Safety and Wellbeing (HSW) and Occupational Health Service report which enables the council to monitor and measure performance and prioritise areas of risk.
- 13 The Health, Safety and Wellbeing Strategic Group (HSWSG), co-chaired by Corporate Directors of Resources and Regeneration, Economy and Growth, continued to meet remotely throughout 2023/24 and ensured that suitable priority is given to the management of HSW within the council. The group monitors the development and implementation of the council H&S Policy to ensure that it is consistently applied throughout the council and that performance standards are achieved, and objectives met.
- 14 This report summarises the council's HSW performance during 2023/24. It highlights the main achievements and outlines the main aims for 2024/25 and beyond. The council's vision continues to be an exemplary employer in all matters relating to HSW and prevent injury and ill health to those at work and those affected by our work-related activities.
- 15 A revised Health, Safety and Wellbeing strategy for 2022-2025 was agreed in 2022. In summary the council's overall strategic aim is to demonstrate continued effective HSW management by focusing on and ensuring high standards of:
- Leadership and culture
 - Engagement and co-operation
 - Communication and consultation
 - Training and competence
 - Compliance and control
 - Wellbeing and support
- 16 The H&S team and Occupational Health Service (OHS) have several service plan objectives which are to:
- (a) ensure the Corporate Health and Safety Policy, supporting guidance and procedures remain reflective of statutory requirements. This will enable the council to control risks and address current and future HSW challenges and any legislative changes;
 - (b) ensure that proactive and reactive audit and inspection programmes are aligned and targeted towards strategic

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

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

Council H&S Policy

- 17 The council's H&S policy remains compliant with statutory requirements and reflective of the organisational structure, responsibilities and arrangements for the management of HSW within the council. This was last revised in February 2024 to reflect organisational and management arrangements in the council. It also describes the links between H&S and the key strategic plans of the council. The policy states the commitment to HSW which has been personally endorsed by the Chief Executive and Leader of the council.

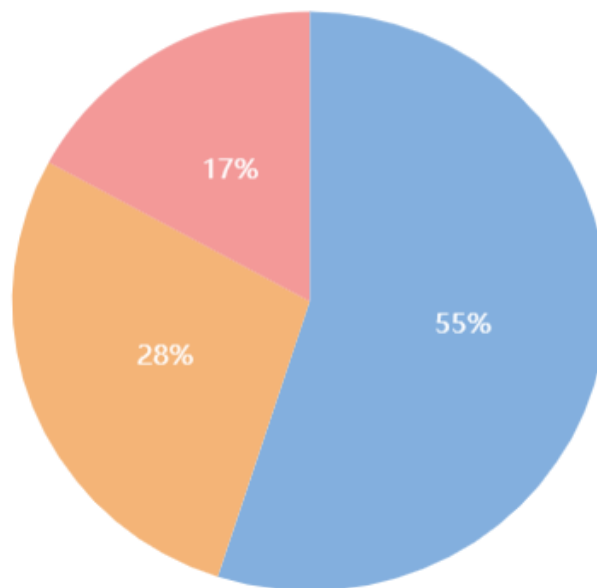
H&S and OHS Service Provision

- 18 [The council H&S service](#) and [Occupational Health Service](#) corporate delivery model continues to provide an efficient and effective professional support service to internal and external stakeholders.
- 19 In relation to H&S, focus remains wherever possible to deliver a proactive risk focused service in terms of H&S and fire safety audit and inspections of Council workplaces and work activities. A summary of audit and inspection activity for the reporting period is as follows:



- 20 From the 551 audit and inspections throughout the reporting period, a total of 1,611 items requiring action were recorded. These were predominantly low. Non-conformities and all those identified have been resolved with auditees. Failed item classification and priority is detailed below.

Low Medium High

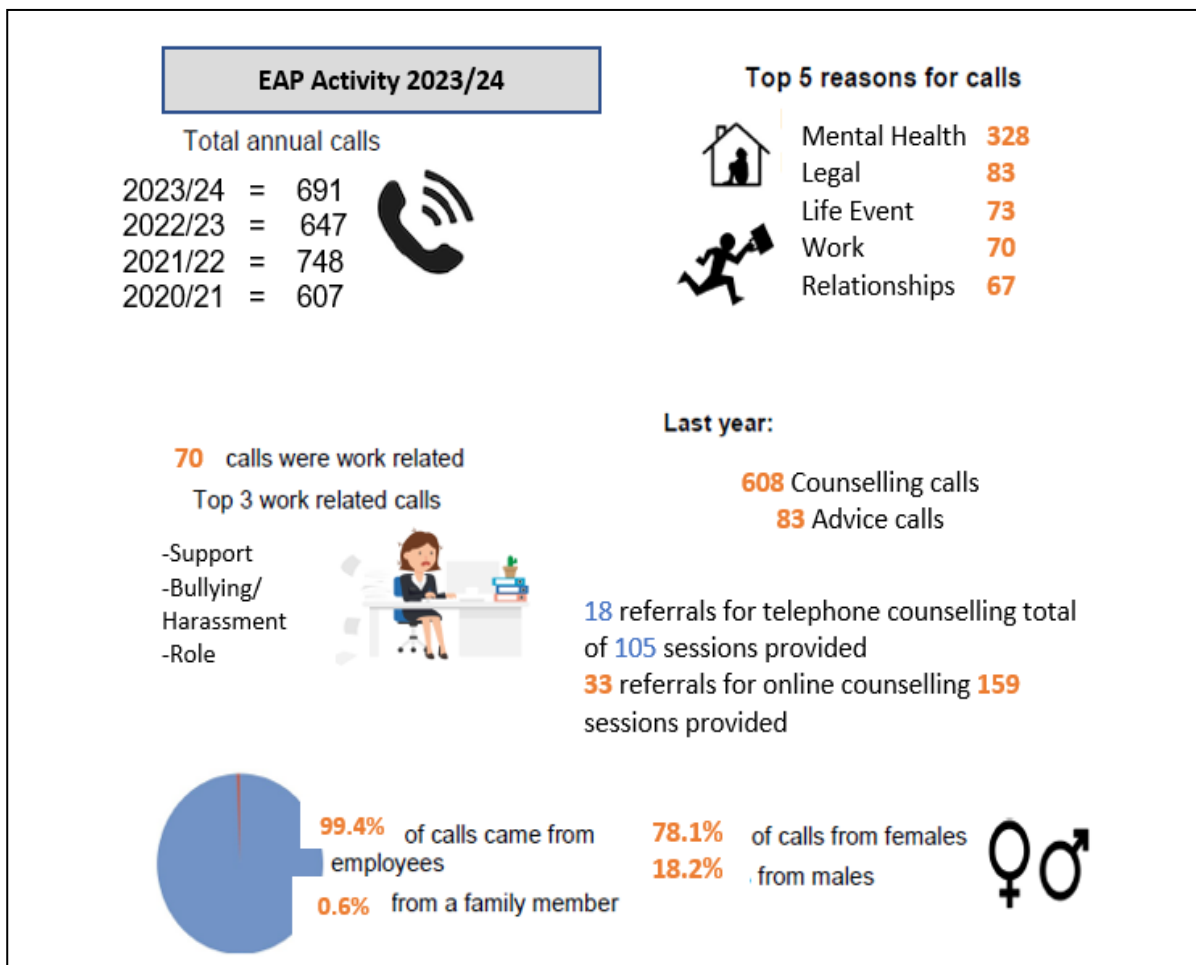


- 21 The H&S service have continued to support council plan themes and objectives and those strategic aims and objectives of the Safe Durham Partnership relating to reducing harm in relation to public safety and open water safety both from a city centre and county wide perspective.
- 22 H&S committees and consultative forums continued to be held during the reporting period. This collaborative working helps to ensure a consistent approach to HSW is applied and trade union colleagues appreciate the standards and expectation being placed upon their members.
- 23 The H&S service has continued to retain the majority of service level agreement (SLA) buy back from academy schools and has also established various SLA's with parish and town Councils, community associations and schools within neighbouring authorities.
- 24 The OHS achieved the annual SEQOHS (Safe, Effective, Quality Occupational Health Service) reaccreditation. SEQOHS is a set of standards and formal recognition that an occupational health service provider has demonstrated that it has the competence to deliver services. The scheme is managed by the Royal College of Physicians of London on behalf of the Faculty of Occupational Medicine.
- 25 OHS produce a specific annual report (Appendix 3) which indicates the contribution to supporting employees and their managers in addressing health issues that affect work. The data demonstrates the breadth of

activity of the OHS and demonstrates the commitment of the OHS to pre-empt and pro-actively engage with health and work issues at an early intervention stage. The usage of the employee assistance programme, which is provided via Health Assured, has again shown increased levels of access by employees following a range of promotional activities.

- 26 An overview of EAP activity for 2023/24, obtained via EAP provider annual report (Appendix 2) is as follows:

EAP Activity Summary 2023/24



Fire Safety

- 27 Fire Safety advisers within the H&S team continue to assess and baseline the council's compliance with the Regulatory Reform (Fire Safety) Order (RRFSO) and the council's own fire safety procedures.
- 28 During 2023/24 there has been eight fire related incidents which have occurred within council premises and have been investigated by the fire

safety advisers within the H&S team. These incidents occurred at the following premises:

- Southfield Lodge Crook
- Louisa Centre Stanley
- Elemore Hall school
- Addison Park bowls pavilion
- Meadowfield Depot workshop
- New Lea House Residential Childrens Home
- Thornley Waste transfer station
- Chester view extra care scheme

29 Whilst it is positive to report that there were no injuries to employees or others associated with any of the incidents, there was some property and vehicle related damage sustained as a result of some of the incidents. Deliberate starting of fires was again a main cause along with inappropriate discarding of household waste such as batteries and charging devices. Fire safety advisers and managers from the respective premises following the incidents to ensure all corrective actions were identified and implemented. Where appropriate improvements have been made to internal procedures and liaison with County Durham and Darlington Fire and Rescue Service (CDDFRS) and local policing teams police has been undertaken where there has been criminal activity and enforcement agency support was required.

30 During the reporting period, 77 priority fire risk audits were undertaken in children's homes, waste transfer stations, depots and crematorium. These inspections resulted in a 94.83% compliance rate and the following outcomes:



31 Over 100 actions were identified via fire safety auditing and fire risk assessments were also undertaken or reviewed across council premises and were particularly focused on council vacant premises. Internal fire safety audits were completed in a range of Council premises which provide a variety of services, new or revised service provision and activities.

- 32 In addition to the internal fire safety audits, CDDFRS safety officers have also undertaken six inspections of higher risk Council premises throughout the year. These inspections were at:
- Net Park
 - Howletch Lane Primary School
 - Education Development Centre Spennymoor
 - Stanley Education Centre
 - Comeleon House
 - Bishop Auckland Town Hall
- 33 The outcome of the inspections was that at Net Park, Howletch Lane Primary School, Stanley Education Centre and Comeleon House the premises were deemed to be broadly compliant with fire safety legislation.
- 34 A deficiencies letter was issued for the Spennymoor Education Development Centre, with concerns raised about the means of escape from the first floor via the two protected staircases, the location of the evacuation chair and the issue of staff not signing in or out of the building. The senior H&S (fire) advisor has visited the premises and looked at the areas of concern raised following the fire service inspection. The senior H&S (fire) advisor challenged these findings and disputed the contents of the letter and is awaiting a response back from the inspecting crew who carried out the inspection.
- 35 In terms of Bishop Auckland Town Hall, the premises were identified as having deficiencies of fire safety legislation relating to fire safety training being insufficiently recorded. This was resolved accordingly via managers on site.

Open Water Safety

- 36 There remain two multiagency open water safety groups within County Durham. In terms of governance, both water safety groups report into the Safe Durham Partnership (SDP) and meet on a quarterly basis.
- 37 The Durham City Safety Group (DCSG) was chaired throughout 2023/24 by the council's Director of Neighbourhoods and Climate Change and continued to have representation from the council, emergency services and riparian landowners such as Durham University and Cathedral. Durham University student union also remains a key member of the CSG.

- 38 From a County wide perspective, the open water safety group (OWSG) has a remit of reviewing the councils internal open water safety policy and focusing on safety relating to areas of open water e.g., lakes, rivers, reservoirs) other than in Durham city centre.
- 39 Table 1 below indicates the number of non-fatal and fatal water related incidents in County Durham since 2013/14. This data has been validated using the national water accident & incident database (WAID), emergency services and Council incident reporting data. There were two fatal incidents relating to water in separate areas of the county on land not belonging to the council, with no trends identified and currently subject to HM coroner inquests.

Table 1- Open Water Incident Statistics 2013/14 – 2023/24

Year	Durham City Centre			County Durham (Exc. Durham City centre)		
	Near miss	Injury	Fatality	Near miss	Injury	Fatality
2013/14	13	1	1	3	1	2
2014/15	5	1	4	5	2	3
2015/16	3	1	0	8	5	2
2016/17	2	1	0	1	2	1
2017/18	2	3	0	3	5	0
2018/19	3	6	1	1	1	2
2019/20	2	4	0	6	3	1
2020/21	2	0	0	8	3	2
2021/22	9	4	0	7	1	1
2022/23	2	0	1	7	5	3
2023/24	6	1	0	5	1	2

- 40 Throughout 2023/24 the DCSG has been continuing to monitor the progress of riverside development projects to ensure that any public safety issues and impacts were identified with the developers. A monthly cycle of inspection and monitoring continues in relation to the completion of all physical safety infrastructure works across the city centre river corridor. This provides the DCSG with assurance that the control measures implemented previously in response to HM coroner concerns remain effectively in situ and assists in proactively identification of any further actions required.
- 41 Although there were no significant incidents reported and reviewed, there continued to be a number of incidents within the city centre, primarily near various bridges, associated with mental health and

emergency services being called out to assist individuals in mental health crisis requiring support which was provided.

- 42 Following a series of incidents in the city in and around the river and several bridges, a request was made by city hub team members for water safety awareness and rescue training to be provided along with the provision of throw line rescue equipment. As a result, two sessions were held during quarter one and attendees included hub staff, police, neighbourhood wardens and licensed premises management. The training was hosted by CDDFRS and incorporated general water safety awareness, rescue methods and deployment of throw lines for river rescue scenarios. Throw lines were then provided to attendees for use in emergency situations and first responder scenarios.
- 43 A multi-agency group was convened again to review student activity during student induction week. This was to ensure so far as reasonably practicable that appropriate control measures were put in place to manage nighttime economy related activities and any associated risks such as the river corridor. The group worked with university representatives to understand the volume of students during each particular day of the week and key factors such as the capacity of licensed premises, security and queue management arrangements in place. Guardianship and safeguarding arrangements were also reviewed to ensure safety controls were in place
- 44 There was a social media launch of the Royal Life Saving Society's national Don't Drink and Drown water safety campaign during December 2023. The campaign which was supported by the city safety group members and promoted directly by the council, encourages smart decision-making whilst being drunk or under the influence of alcohol in and around water. It is aimed at targeting individuals to be responsible for their friends if they have had too much to drink; helping them to return home safely.
- 45 CDDFRS and partners promoted various national water safety campaigns in the form of world drowning prevention day, drowning prevention week and drowning prevention day. The councils communications team linked with counterparts at the Police and CDDFRS communications teams around these. The council, via its schools aquatic manager, has also been involved in a national group in developing the information for water safety to be added into the school's curriculum. The 'dying to be cool' cold water shock safety campaign was also launched ahead of the summer holiday period through a variation of social media, posters and alerts at high footfall open water sites across the county.

- 46 The OWSG continues to manage and monitor county wide open water safety risks. A schedule of monitoring and reassessment of priority risk locations identified in the initial county wide assessment process continues to be applied in order to provide assurance. As in previous years, reassessments of priority open water locations prior to the summer holiday periods were completed to ensure that safety controls remain in situ.

Employee Health and Wellbeing

- 47 The employee better health at work group, chaired by Corporate Director Adult and Health Services, continued to convene during 2023/24 and identified ongoing proactive interventions and communications in relation to employee health and wellbeing.
- 48 The council has continued with the accreditation to the maintaining excellence standard for Better Health at Work award and is now being assessed for ambassador status.
- 49 The results from the employee working well survey were presented to service grouping senior management teams during quarter one of 2023/24. Each Head of Service were also provided with specific employee survey results for their own respective service area. Also, following cascading of this survey information, further progress was made towards the development of a corporate action plan in response to some of the key survey findings.
- 50 The better health at work group also supported the achievement of White Ribbon accreditation for the Council. Violence against women, whether it occurs within the workplace, or outside of an organisation, is a serious, prevalent and preventable issue. Gaining White Ribbon Accreditation helps the council make a difference in workplaces and communities to reduce violence against women.
- 51 The employee better health at work group were responsible for a range of employee education and awareness activities again throughout 2023/24. These included various intranet news items and articles promoting health and wellbeing and incorporated local public health key themes and national campaigns such as time to talk day, mental health awareness week and world mental health day.

Health, Safety and Wellbeing Training and Development

- 52 In accordance with legislative requirements and key strategic objectives, the council continues to identify and provide HSW information, instruction and training to ensure that employees have the

knowledge, skills, ability and confidence to take ownership and manage HSW issues. HSW related training continues to be identified by various means such as job descriptions, appraisals, and risk assessments and via proactive and reactive monitoring. The responsibility for the identification, organising and recording of HSW training rests with the both the corporate training and employing service grouping in accordance with the councils H&S policy.

Risk Profiling

- 53 The council has continued to provide a wide range of essential front-line service throughout the reporting period and there has been a continued statutory requirement to identify, control and manage significant H&S related risks. If not managed appropriately, these risks can compromise the councils HSW performance and the ability to meet its statutory obligations.
- 54 A range of repeated significant risk areas and activities continued to be a priority for the council in line with national and regional sector intelligence. There were however some new and emerging risks* that required specific action and mitigation, as highlighted below:
- Construction, Design & Management
 - Asbestos Management
 - Legionella Management
 - Fire Safety
 - Manual/Moving & Handling
 - Workplace Transport
 - Work Relates Stress
 - Work at Height
 - Refuse & Recycling
 - Violence and Aggression
 - Radon Gas*
 - Reinforced Autoclaved Aerated Concrete (RAAC)*
- 55 It remains crucial that the council focuses on intelligence sources such as HSE's serious injury and ill health sector statistics as this emphasises the importance of continued focus on the above risk factors.
- 56 From a national perspective, the three most common causes of fatal injuries for workers were falls from height, being struck by a moving object, and being struck by a moving vehicle. Therefore, greater consideration should be given to these issues especially the

segregation of pedestrians from traffic where possible in Council transport and waste operations.

- 57 Nationally, the highest number of deaths occurred in construction. This remains to be a priority area for the council in terms of risk management, mitigation, monitoring and control. However, when considering the fatal injury rate in terms of the number of fatalities per 100,000 workers employed, agriculture, forestry and fishing comes out worst, but the next worst is waste and recycling with a rate 10 times higher than the average across all sectors. The council refuse and recycling service therefore also remains a priority in terms of risk focus and control.
- 58 Key causes of work-related injuries nationally are similar to those within the council. These include slips, trip and falls, handling lifting and carrying, being struck by moving objects, falls from height and acts of violence. Causes of work related ill health include work related stress/anxiety and depression, musculoskeletal disorders and occupational lung diseases.
- 59 The council's potentially violent persons register (PVPR) remains a key mechanism for employee and elected members to access in order to view potential risks associated with their working activities. Where appropriate the council has demonstrated that robust action will be taken to control risk and work with police to ensure safeguards are in place. The H&S team continue to manage the PVPR and ensure that all risk related information remains current and accurate in order to manage and mitigate risks so far as reasonably practicable.
- 60 The strategic risks are reviewed every quarter by HSWSG, in line with the council's risk management strategy. A number of these risks may have an impact on HSW if they occur, the council's Risk and Governance Manager provides a quarterly update on these risks to the HSWSG. Service specific HSW risks are monitored and managed via service H&S committee's/steering groups. Table 2 indicates the Corporate Risks that may have an impact on HSW as of July 2024.
- 61 The council has agreed and implemented a new tree management policy following a detailed internal review. This followed on from the prosecution of Newcastle City Council being relating to a collapsed willow tree at Gosforth Park First School which tragically killed a six-year-old girl.
- 62 Following the review of Radon gas management across corporate property the delivery programme progressed during the year against schedule. A systematic approach to assessment of buildings was agreed

and the initial programme of assessments commenced from October 2023.

- 63 The councils building compliance team have managed and arranged placement of monitors in 803 buildings in total. Of those building compliance team have received in excess of 45% returns at the end of 2023/24, three of which have readings in excess of the thresholds for radon. Remedial actions have already been completed in buildings with higher radon readings in the form of pumps being fitted in floor areas to reduce the radon levels directly at source.
- 64 Following incidents in other parts of the UK, the Local Government Association (LGA) and the Department for Education (DfE) issued updated guidance regarding RAAC in September 2023.
- 65 The councils Corporate Property and Land service continued with the assessment of remaining council buildings and identification of any RAAC presence. As in previous quarters it remains the case that no RAAC has been identified in any council buildings to date. All council maintained schools have been assessed and there remains only four buildings left to survey which have access related issues.
- 66 The council has continued to support County Durham academy schools affected by RAAC in their buildings. There has been a transfer of additional pupils from St Benet's primary academy school to Stanley education centre with further building adjustments being made to accommodate the additional pupils and teaching staff.

Corporate risks that may have an impact on Health and Safety

- 67 The below tables detail the corporate risk that may have an impact on Health and Safety at the end of 2023/24.

Table 2 – Health and Safety Related Strategic Risks

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

3	AHS	Failure to protect a vulnerable adult from death or serious harm (where service failure is a factor or issue).	Treat
4	NCC	Breach of duty under Civil Contingencies Act by failing to prepare for, respond to and recover from a major incident , leading to a civil emergency.	Treat
5	RES	Serious breach of Health and Safety Legislation	The current controls are considered adequate.
6	REG	Potential serious injury or loss of life due to the council failing to meet its statutory, regulatory and best practice responsibilities for property and land .	Treat
7	RES	Potential violence and aggression towards members and employees from members of the public	The current controls are considered adequate.
8	NCC	Demand pressures on the Community Protection inspections and interventions arising from the UK exit from the EU may lead to an adverse impact on public health and safety in Co Durham.	Treat
9	NCC	Potential impacts of the spread of Ash Dieback Disease on the environment, public safety, and council finances.	Treat
10	NCC	Risk that the council is unable to meet its responsibilities under the Terrorism (Protection of Premises) Bill when enacted, which sets to improve protective security and organisational preparedness at publicly accessible locations.	The current controls are considered adequate.

Statistical Information and Performance Indicators

- 68 The council continues to reactively record, monitor and review work related accidents, near miss, ill health data via internal reporting procedures by means of the new H&S Accident Recording Database (HASARD). Quarterly statistical reports are provided to the HSWSG and service specific H&S committee's/steering groups for consideration and action where appropriate.
- 69 Other than the above data, a range of other performance indicators have been used in this annual report to measure, monitor and manage the councils H&S performance. These are:
- Proactive and reactive H&S Auditing (Internal & External)
 - Enforcement Actions (HSE/CDDFRS Improvement/Prohibition notices and Fees for Intervention)
 - Employer Liability Claims
 - Occupational Health Service data
 - Employee engagement surveys
 - H&S Training provision
 - Health Surveillance and Management referrals
 - Corporate Property and Land surveys
 - Building compliance activities
- 70 A summary of the top-level HSW performance data for 2023/24 is shown in the following tables with the 2022/23 data as a comparison. The council employed an average total of 13,936 employees throughout 2023/24 that equated to 11,366 full time equivalents (FTE).

Table 3- Employee work related accidents/near misses

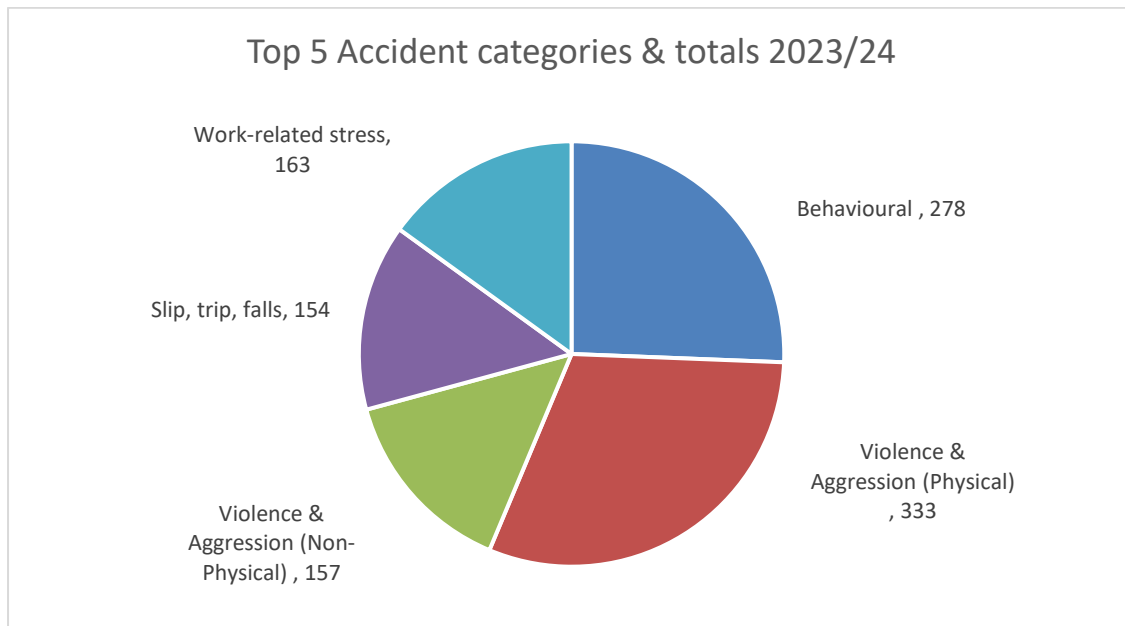
Employee work related accidents and near miss reports.	2022/23	2023/24	+/-% Difference
Number of FTE employees	11,850	11,366	-4.08
Fatalities	0	0	0
RIDDOR reportable 'specified' injuries	9	10	+11.11
RIDDOR reportable accidents (more than 7-day injury).	32	34	+6.25
RIDDOR reportable dangerous occurrences	0	1	-
Non RIDDOR reportable accidents	1,120	1,026	-8.39
Near miss reports	511	443	-13.31
Total accidents and near misses	1,672	1,514	-9.45
Rates per 1000 FTE employees.	2022/23	2023/24	+/-% Difference
RIDDOR reportable - 'specified' injuries	0.76	0.71	-6.58
RIDDOR reportable accidents- over 7-day absence	2.70	2.83	+4.81
All accidents	141.11	101.79	-27.86

- 71 The number of RIDDOR reportable accidents and incidents remained relatively static in comparison to the previous year. Non RIDDOR reportable accidents and incidents decreased by over 8% and it was positive that there was an increase in near miss/no injury reporting by over 13%. Taking into account the reduction in employee numbers the rates for all accidents and RIDDOR specified reportable accidents decreased.
- 72 In relation to all employee accidents the majority of reports, 62% of total reported, emanate from CYPS Service grouping. This is down slightly from 69% in the previous year. REG and NACC account for the majority of the remaining council wide accidents and incidents with 28% between them.
- 73 In terms of severity of accidents reflected within the HSE RIDDOR reportable section CYPS account for 64% of these followed by NACC with 27%.

Table 4 – Employee Accidents by Severity and Service Grouping 2020/21 to 2023/24

Section 1, Table 1 Accidents / Incidents to Employees - Severity								
					HSE RIDDOR Reportable			Total
Service	Year	Minor Injury	No Injury	Injury with 7 day or less absence	Over 7 Day injury	Specified Injury	Dangerous Occurrences	Total
Neighbourhoods & Climate Change	2021/22	79	57	1	16	0	0	153
	2022/23	113	77	0	7	2	0	199
	2023/24	105	100	1	10	2	0	218
Children & Young People's Services	2021/22	834	143	11	20	6	0	1014
	2022/23	868	233	20	20	6	0	1147
	2023/24	751	129	31	21	7	0	939
Adult and Health Services	2021/22	55	33	1	1	0	0	90
	2022/23	36	21	0	2	0	0	59
	2023/24	43	26	2	1	0	0	72
Regeneration, Economy & Growth	2021/22	73	113	1	4	0	0	191
	2022/23	71	145	1	3	1	0	221
	2023/24	77	129	2	2	1	1	212
Resources	2021/22	5	15	0	0	0	0	21
	2022/23	11	35	0	0	0	0	46
	2023/24	13	59	0	0	0	0	72
Corporate Affairs *	2023/24	1	0	0	0	0	0	1
DCC Totals	2021/22	1046	362	14	41	6	0	1469
	2022/23	1099	511	21	32	9	0	1672
	2023/24	990	443	36	34	10	1	1514

Chart 1– Top 5 Accident Causations 2023/24



74 Accident and Incidents statistics indicate that in 2023/24 the main causes of employee reporting were in relation to, behavioural (service users and pupils), violence and aggression incidents (physical and non-physical), slips, trips and falls, and work related stress. Accident statistics and causes correlate with HSE statistics for local authority incident data across the UK. This data enables opportunities to refocus on areas of risk and known accident/incident causation within the council.

Table 5 – Employee Work Related Ill Health by Service Grouping 2020/21 to 2023/24

Section 2, Table 1 Cases of Incidents of Ill-health of Employees				
Note: Figures are for 2021/22, 2022/23 and 2023/24				
Service	Year	Physical	Psychological	RIDDOR Reportable Diseases
Neighbourhoods & Climate Change	2021/22	0	13	0
	2022/23	1	9	0
	2023/24	1	6	0
Children and Young People’s Services	2021/22	2	126	0
	2022/23	2	102	0
	2023/24	1	87	0
Adult and Health Services	2021/22	1	12	0
	2022/23	1	10	0
	2023/24	0	12	0
Regeneration, Economy & Growth	2021/22	1	20	0
	2022/23	2	16	0
	2023/24	1	28	0
Resources	2021/22	0	24	0
	2022/23	2	27	0
	2023/24	1	26	0
Corporate Affairs *	2023/24	0	1	0
Total	2021/22	4	195	0
	2022/23	8	164	0
	2023/24	4	160	0
NB: Work-related ill-health Psychological is not RIDDOR reportable				

75 In terms of employee ill health table 5 indicates that both physical and work related psychological ill health incidents have decreased for the second year in succession. As in previous years it is apparent that psychological ill health incidents involving employees remain most prevalent within Children and Young Peoples Services (54% of all reported cases).

Table 6- Non-Employee Accidents/Incidents

Section 3, Table 1 Accidents / Incidents to Non-Employees					
Note: Figures are for 2021/22, 2022/23 and 2023/24					
Service	Year	Minor Injury	No Injury	Taken to Hospital	Total
Neighbourhoods & Climate Change	2021/22	15	7	1	23
	2022/23	16	8	1	25
	2023/24	34	5	2	41
Children and Young People's Services	2021/22	1111	160	6	1277
	2022/23	1268	180	3	1451
	2023/24	1039	164	8	1211
Adult and Health Services	2021/22	234	511	0	745
	2022/23	294	515	0	809
	2023/24	267	526	0	793
Regeneration, Economy & Growth	2021/22	171	111	2	284
	2022/23	282	167	0	449
	2023/24	175	109	1	285
Resources	2021/22	0	6	0	6
	2022/23	1	8	0	9
	2023/24	4	14	0	18
Corporate Affairs	2023/24	0	0	0	0
Total	2021/22	1531	795	9	2335
	2022/23	1861	878	4	2743
	2023/24	1519	818	11	2348

Table 7- Non-Employee Accidents/Incidents

Accidents/incidents/involving Non-employees (Clients, pupils, contractors, members of the public etc.)	2022/23	2023/24	+/-% Difference
Incident (no injury)	878	818	-8.83
Minor Injuries (includes Non RIDDOR reportable incidents)	1861	1519	-18.38
Taken to Hospital (RIDDOR reportable)	4	11	+175.00
TOTAL	2743	2348	-14.40

- 76 In relation to accidents involving non-employees 53% can be attributed to Children and Young Peoples Services and involve pupils in educational settings and activities.

Regulatory Interventions

- 77 There were two notification of contravention (NOC) Health and Safety Executive (HSE) actions issued during 2023/24.
- 78 The first HSE NOC was issued following an incident in August 2022 and referenced the council and two other contractors. This related to material breaches of H&S legislation associated with the removal of a biomass boiler by a council appointed contractor at Shildon Sunnydale site in August 2022. The removal methods used resulted in asbestos containing materials being disturbed in an uncontrolled manner and contamination of plant and materials. Contractors working on site were also put at risk from exposure to asbestos as a result of their unsafe working practices. The appointed contractors also breached Construction Design and Management (CDM) and work at height regulations whilst the council was deemed to have breached CDM regulations in relation to planning, project management, monitoring of works and principal contractor appointment.
- 79 Following the HSE NOC in relation to Shildon Sunnydale school, the councils corporate training and H&S team have worked together to arrange a repeat of CDM duty holder training. The council, by virtue of its activities has CDM duty holders across all services and therefore there is a responsibility to ensure that these duty holders are fully aware and are able to discharge their statutory responsibilities.
- 80 The second NOC followed and HSE inspector visit to Framwellgate Moor primary school on 6 March 2024 which found material breaches of The Control of Asbestos Regulations 2012. These breaches involved schools management of contractor selection, supervision and monitoring on site, staff training, asbestos management plan content and an outstanding action from the asbestos management plan. A response has been prepared for the HSE inspector so that the NOC can be completed and assurances provided. A series of further actions have been identified and communications with all schools will take place regarding roles and responsibilities in relation to asbestos management.
- 81 There were also two deficiency letters issued from CDDFRS following visits to council premises.
- 82 The first deficiencies letter was issued for the Spennymoor education development centre, with concerns raised about the means of escape

from the first floor via the two protected staircases, the location of the evacuation chair and the issue of staff not signing in or out of the building. The senior fire safety officer visited the premises and looked at the areas of concern raised following the CDDFRS inspection. A full fire audit of the premises was arranged for early August 2023 and the fire risk assessment updated accordingly.

- 83 The second deficiencies letter was issued in relation to Bishop Auckland Town Hall, with inspectors identifying that fire safety training was insufficiently recorded in relation to evacuation chair training. This was swiftly rectified and issued identified resolved.
- 84 In terms of context regarding the NOC and deficiencies letters being issued, HSE inspectors and CDDFRS safety inspectors visited several other council workplaces during the reporting period. Other visits were predominantly focused on risk in terms of fire safety, construction, refurbishment and asbestos removal related activities taking place and where the HSE had received notification work in accordance with CDM regulations. All of these other visits produced positive outcomes and evidenced that compliance across a range of statutory areas was being achieved.

Partnership Working

- 85 The council continues to actively engage with a wide range of partners in a diverse range of H&S activities. Partnership approaches to addressing operational and community related risks play a pivotal role in harm reduction and risk control.
- 86 During the period 2023/24 several formal and informal partnerships focused on key H&S issues, examples include:
- (a) Working with public health/UKHSA regional and national representatives to ensure that workplace guidance for respiratory disease related control measures were proportionate and aligning to best practice
 - (b) In relation to the City Safety and County wide open water safety groups, the H&S team have worked closely with all emergency services, regional and national local authorities, utilities companies, environmental organisations and recreational groups to address public safety issues. Work has also continued to be undertaken where required with industry experts in water safety such as The Royal Society for the Prevention of Accidents, The Royal Life Saving Society and Royal LSS and The Royal National Lifeboat Institution.

- (c) Working closely with County Durham and Darlington Fire and Rescue Service to ensure fire safety standards are maintained and the outcomes of audit and inspection activities are implemented and monitored
- (d) Working with Durham Constabulary regarding violence and aggression related risks in relation to elected members and Council officers
- (e) Work with wellbeing for life in the design and delivery workplace wellbeing initiatives and interventions
- (f) Working in partnership with the Coal Authority in relation to coal mining legacy inspection outcomes and following incidents where old mining workings have collapsed or where construction work is required to secure and make safe structures on Council owned land

Joint Consultation

- 87 The council recognises the importance of effective arrangements for consultation and as a result appropriate structures have been established. Statutory consultation with employees takes place through trade union attended safety committees at both corporate and service grouping levels. There are many other methods of consultation including through employee groups such as focus and working groups, use of Council publications, intranet and email.
- 88 The HSWSG, which is jointly chaired by Corporate Director of Resources and Regeneration, Economy and Growth, continues to monitor the development, implementation and review of the revised H&S Policy to ensure that it is consistently applied throughout the County Council and that performance standards are achieved.
- 89 HSWSG continues to meet on a quarterly basis and the core membership of the group continues to be made up of representatives from all Services Groupings, Trade Unions and specialist advisors i.e., H&S, Fire Safety, Occupational Health service and Public Health.
- 90 Each Service Grouping also has established H&S Committee /Steering Groups based on the HSWSG model and all met at least four times in 2023/24.
- 91 Trade Union representatives actively participate in H&S service specific and corporate group meetings. There remains an ongoing commitment

to continue with joint H&S and TU safety representative audit and inspections in 2023/24.

Monitoring H&S performance

- 92 Throughout 2023/24, periodic monitoring of the H&S performance within the council included several tiers of monitoring which were integrated into the management of H&S both corporately and across services.
- 93 Specific monitoring and reporting arrangements included:
- (a) Corporate and Service specific annual H&S performance reports presented to relevant management teams providing an overview of H&S management within DCC compared to the previous year, highlighting successes and areas for improvement.
 - (b) The HSWSG and Service H&S Committees/Steering Groups, chaired by Directors or Heads of Service met remotely on a quarterly basis and monitored performance which included progress against strategic objectives and significant risks, emerging H&S issues, incident statistics, development, investigation & audit findings and areas requiring improvement.
 - (c) Quarterly HSW reports presented to the overview and scrutiny and audit committees respectively.
 - (d) H&S Advisers and Trade Union Safety Representatives undertook planned joint inspections and audits of Council workplaces.
- 94 In addition to the above further monitoring of performance was undertaken and included accidents/incidents recorded on the councils new reporting system (HASARD) being reviewed by the H&S team; this included 1,676 to employees and 2,765 to non-employees.
- 95 A total of 481 audit and inspections were undertaken by the H&S service throughout the reporting period, a total of 1,242 actions were recorded. These were predominantly low. Non-conformities and all those identified have or are in the process of being resolved with auditees.
- 96 Continued monitoring activities of open water safety related assessments and control measures are being undertaken to ensure that they remain as safe as necessary.
- 97 H&S team supported Legal Services in the investigation of employer's liability claims made against the council. Reviews of public liability and

employee liability claims are undertaken on a quarterly basis to ensure that preventative risk measures and controls are identified and implemented.

- 98 A planned series of fire safety audits across a number of higher risk council occupied premises were undertaken along with fire risk assessments to ensure compliance with fire safety legislation.
- 99 The Occupational Health service continued to play a lead clinical role in managing risks, supporting control measures, maintaining a healthy workforce, keeping people at work and assisting those who were absent, to return to work. This service continues to offer employees and managers advice and guidance on matters relating to the effects of health on work and work on health.

Main implications

Legal

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

Finance

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

Staffing

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

Conclusions and Looking Forward

- 103 A continued focus on historic and emerging organisational risk priorities has continued in 2023/24. The council continues to deliver services which statistically present potential significant risk and therefore it remains imperative that HSW remains and is treated as an everyday business priority for all employees and managers in particular. Emerging risks that the council has proactively and positively addressed during this period include radon gas and RAAC.
- 104 The delivery of the new programmes for radon gas and the completion of the RAAC survey programme demonstrate that the council is proactively managing and mitigating risks and meeting its statutory obligations. It is now important in 2024/25 that the progress is maintained any other merging risks are met with the same focus and priority to managed and mitigate them.
- 105 Although there was a reduction in accidents, incidents and near misses, there was still in excess of 1,500 reports by employees across the council. Whilst these remain predominantly minor by nature there are still serious physical and psychological impacts of work on health. The delivery of in excess of 500 H&S and fire safety audit and inspections enables a continuation of a proactive approach, identifying issues before they become more serious and working to ensure that HSW remains a priority for all employees as part of everyday business.
- 106 There has again been a focus on employee wellbeing via the employee better health at work group. Employee communications regarding health and wellbeing support available were also constant throughout the year and this paid dividends in terms of continued access to the employee assistance programme provider (EAP). As well as the EAP service a wide range of other services and activities were promoted which ensures that employees remain well supported and are able to access advice where required. A review of workplace advocates which has led to additional officers taking up these important roles has also enhanced the health and wellbeing offer to employees.
- 107 A continuation of the Better Health at Work Maintaining Excellence award status and progression to ambassador status provides a clear statement of intent as to the importance placed on this area by the council and its senior leaders. The achievement of white ribbon accreditation associated with tackling domestic abuse also demonstrates this. Coupled with positive environmental changes to workplaces and the provision of hybrid working there remain a wide range of positive interventions to make working at the council a positive and supportive experience. There are a range of indicators such as reduction of

number of work related psychological reported cases which would indicate that this is having a positive impact.

- 108 It was disappointing to receive regulatory interventions, albeit lower level on the scale of intervention options available to enforcement authorities. There were further enforcement visits that also took place throughout the year across a range of higher risk service provision such as construction, refuse and recycling, radon gas and asbestos which resulted in positive feedback being provided. It can be taken that whilst the councils policy and processes remain effective, a focus must remain on management and adherence to this at local levels and therefore assurance monitoring from the corporate centre remains critical.
- 109 In terms of governance, there has been continued standards overall for HSW during 2023/24 and effective reporting and consultation from a service grouping and corporate perspective. Members of CMT and EMT continued to chair and lead remote consultative forums and demonstrate HSW as being a significant issue for the council and ensuring actions are taken to reduce injury and ill health where required.
- 110 Although there have been no significant issues for consecutive years in relation to open water safety there remains a continuous level of assurance and proactive programme of interventions. City centre and county wide open water safety related risks continue to be risk assessed and monitored and this is enhanced by a range of education and awareness activities were undertaken to inform and educate the public regarding open water related risks, particularly in and around periods of hot weather and key risk periods during the year.
- 111 The number of proactive health and safety audits undertaken throughout the year indicate a continued commitment to the improvement of standards of health and safety management and risk control. In excess of 550 audits and inspections have produced more than 1,600 improvement opportunities across a range of activities and workplaces.

Other useful documents

- Occupational Annual Report 2023/24.
- Health, Safety and Wellbeing statistical reports 2023/24.

Author(s)

Kevin Lough

Tel: 03000 263381

Appendix 1: Implications

Legal Implications

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

Finance

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

Consultation

Service Grouping health and wellbeing forums and trade union safety representatives have been consulted in the preparation of this report.

Equality and Diversity / Public Sector Equality Duty

Equality Act compliance ensures consistency in what the council and its employees need to do to make their workplaces a fair environment and workplace reasonable adjustments are required.

Climate Change

None.

Human Rights

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

Crime and Disorder

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

Staffing

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

Accommodation

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

Risk

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

Procurement

None

Appendix 2 – Health Assured Employee Assistance Programme Annual Report 2022/23

h a Employee Assistance Programme:
Durham County Council - Parent
Report period:
1 April 2022 - 31 March 2023



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

Company Confidential



The annualised utilisation for Durham County Council - Parent is 4.5%, calculated as counselling and advice calls against employee headcount of 14,464.

A total of 647 calls have been logged within the current reporting period.

566 of these were counselling calls.

Counselling calls account for 87.5% of all calls, sitting above our benchmark of 74.0% by 13.5%

Anxiety was the most common reason, accounting for 21.4% of overall counselling engagement. This was followed by Bereavement 13.6% and Low Mood 13.1%.

81 of these were advice calls.

Advice calls account for 12.5% of all calls, sitting below our benchmark of 26.0% by 13.5%

Divorce & Separation (Legal) was the most common reason, accounting for 34.6% of overall advice engagement. This was followed by Employment 23.5% and Childcare 13.6%.

In terms of formal counselling engagement there has been:

- 0 referrals for face-to-face counselling, with a total of 0 sessions being delivered
- 36 referrals for structured telephone counselling, with a total of 189 sessions being delivered
- 31 referrals for online counselling, with a total of 149 sessions being delivered
- 4 referrals for online CBT counselling, with a total of 6 sessions being delivered

The online portal has received a total of 1,914 hits within the current reporting period.

After engaging in structured therapy, the Generalised Anxiety Disorder (GAD-7) average score reduced from 1.8 to 0.7 and the average Patient Health Questionnaire (PHQ-9) score reduced from 1.5 to 0.5.

The Workplace Outcomes Suite (WOS) demonstrates the value of the EAP and the positive impact that the service is having on employees. At the start of therapy 25.7% of employees were out of work, after engaging in therapy this reduced to 17.1% with 33.0% of employees returning to work.



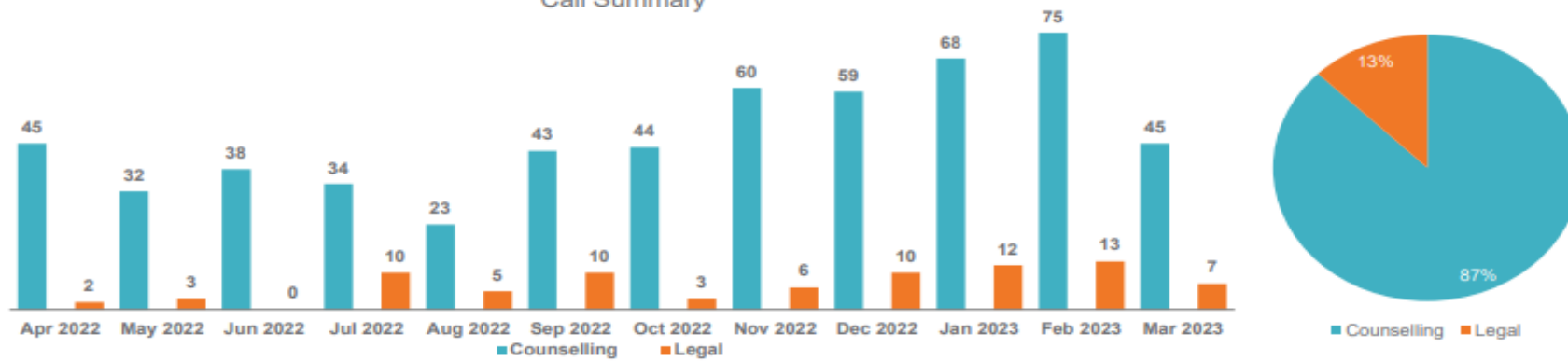
Call Summary

Employee Assistance Programme:
Durham County Council - Parent

1 April 2022 - 31 March 2023

	Apr 2022	May 2022	Jun 2022	Jul 2022	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022	Jan 2023	Feb 2023	Mar 2023	Total	Total
Counselling	45	32	38	34	23	43	44	60	59	68	75	45	566	87%
Legal	2	3	0	10	5	10	3	6	10	12	13	7	81	13%
Overall	47	35	38	44	28	53	47	66	69	80	88	52	647	100%

Call Summary





Utilisation Summary

Employee Assistance Programme:
Durham County Council - Parent

1 April 2022 - 31 March 2023

	Apr 2022	May 2022	Jun 2022	Jul 2022	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022	Jan 2023	Feb 2023	Mar 2023	Total
Counselling calls	45	32	38	34	23	43	44	60	59	68	75	45	566
Legal calls	2	3	0	10	5	10	3	6	10	12	13	7	81
Face to face counselling cases	0	0	0	0	0	0	0	0	0	0	0	0	0
Face to face counselling sessions	0	0	0	0	0	0	0	0	0	0	0	0	0
Telephone counselling cases	5	2	3	3	3	2	1	7	1	5	3	1	36
Telephone counselling sessions	12	15	15	17	14	9	9	13	15	26	24	20	189
Online CBT cases	1	0	0	0	1	1	0	0	1	0	0	0	4
Online CBT sessions	0	0	0	0	0	0	1	5	0	0	0	0	6
Online counselling cases	1	1	3	1	0	2	2	1	3	6	8	3	31
Online counselling sessions	6	17	11	4	6	7	14	7	7	12	21	37	149
Management referral cases	1	1	1	0	0	0	0	0	0	0	1	1	5
Monitored cases	0	0	0	0	0	0	0	0	0	0	0	0	0
Online hits	133	278	114	76	124	109	192	200	104	182	194	208	1,914

Utilisation Summary



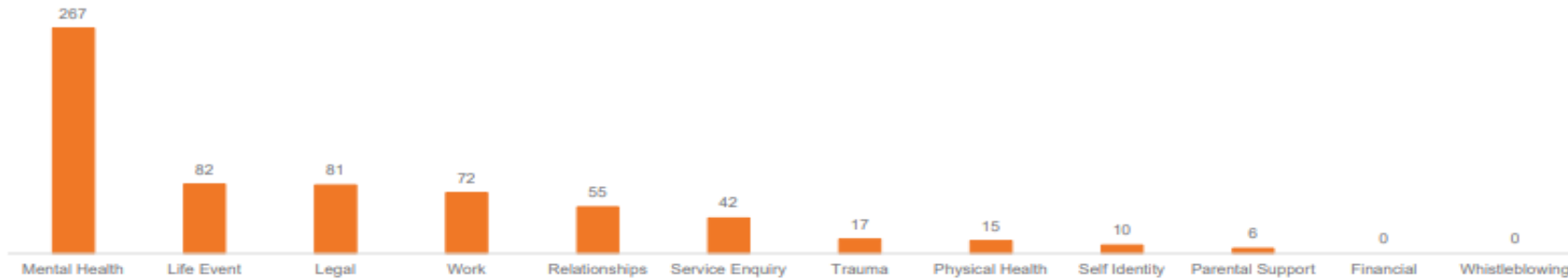


Calls by Category

1 April 2022 - 31 March 2023

	Apr 2022	May 2022	Jun 2022	Jul 2022	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022	Jan 2023	Feb 2023	Mar 2023	Total
Mental Health	17	10	13	19	10	27	18	33	38	29	30	23	267
Life Event	7	8	11	2	2	4	4	9	5	16	7	7	82
Legal	2	3	0	10	5	10	3	6	10	12	13	7	81
Work	11	4	7	1	5	7	6	9	5	0	10	7	72
Relationships	3	2	0	7	0	0	7	4	3	16	12	1	55
Service Enquiry	3	1	3	2	1	0	2	5	4	5	13	3	42
Trauma	0	5	0	3	5	0	0	0	4	0	0	0	17
Physical Health	4	2	4	0	0	2	0	0	0	0	0	3	15
Self Identity	0	0	0	0	0	3	4	0	0	0	3	0	10
Parental Support	0	0	0	0	0	0	3	0	0	2	0	1	6
Financial	0	0	0	0	0	0	0	0	0	0	0	0	0
Whistleblowing	0	0	0	0	0	0	0	0	0	0	0	0	0
Grand Total	47	35	38	44	28	53	47	66	69	80	88	52	647

Calls by Category





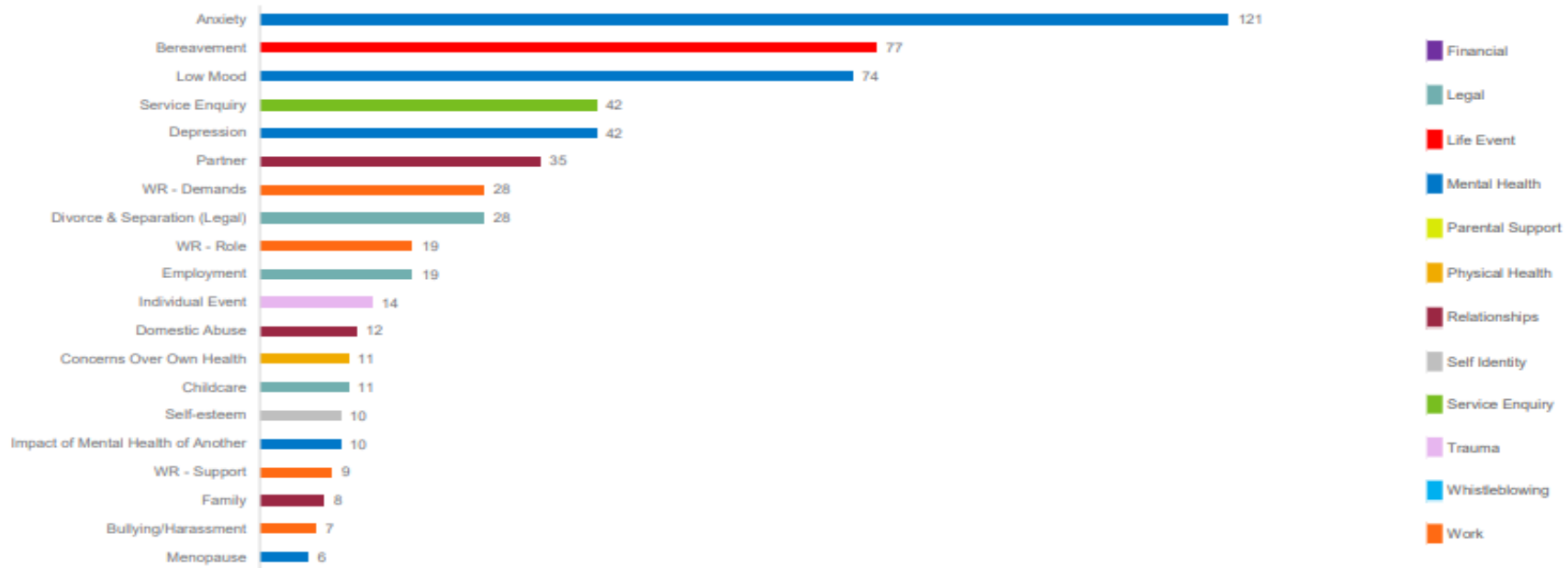
Top 40 Counselling Call Categories

Employee Assistance Programme:
Durham County Council - Parent

1 April 2022 - 31 March 2023

	Apr 2022	May 2022	Jun 2022	Jul 2022	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022	Jan 2023	Feb 2023	Mar 2023	Total
Anxiety	9	5	3	8	5	15	10	12	17	9	17	11	121
Bereavement	7	5	11	0	2	4	4	9	5	16	7	7	77
Low Mood	4	3	1	8	2	5	5	12	3	11	10	10	74
Service Enquiry	3	1	3	2	1	0	2	5	4	5	13	3	42
Depression	0	2	8	3	0	5	1	4	11	5	1	2	42
Partner	2	2	0	6	0	0	5	3	0	16	0	1	35
WR - Demands	1	1	5	0	1	7	3	7	2	0	1	0	28
Divorce & Separation (Legal)	0	0	0	4	3	6	0	2	5	0	6	2	28
WR - Role	7	3	0	0	2	0	3	1	0	0	0	3	19
Employment	2	1	0	4	2	2	1	2	0	0	4	1	19
Individual Event	0	5	0	0	5	0	0	0	4	0	0	0	14
Domestic Abuse	0	0	0	0	0	0	0	0	0	0	12	0	12
Concerns Over Own Health	3	2	1	0	0	2	0	0	0	0	0	3	11
Childcare	0	0	0	0	0	0	0	2	0	8	1	0	11
Self-esteem	0	0	0	0	0	3	4	0	0	0	3	0	10
Impact of Mental Health of Another	1	0	0	0	0	0	2	3	0	2	2	0	10
WR - Support	1	0	0	0	0	0	0	0	0	0	6	2	9
Family	1	0	0	1	0	0	2	1	3	0	0	0	8
Bullying/Harassment	0	0	0	0	2	0	0	0	3	0	0	2	7
Menopause	3	0	0	0	0	0	0	0	3	0	0	0	6
Housing	0	0	0	0	0	2	0	0	0	0	0	4	6
Concerns of family dynamics	0	0	0	0	0	0	3	0	0	2	0	0	5
Addiction	0	0	0	0	0	0	0	2	1	2	0	0	5
Separation/Divorce	0	3	0	2	0	0	0	0	0	0	0	0	5
Concern of Other	1	0	3	0	0	0	0	0	0	0	0	0	4
Healthcare	0	0	0	0	0	0	0	0	2	2	0	0	4
Grievance (Information)	0	2	0	0	0	0	2	0	0	0	0	0	4
WR - Change	1	0	2	0	0	0	0	0	0	0	0	0	3
Historical	0	0	0	3	0	0	0	0	0	0	0	0	3
Self Harm	0	0	0	0	0	0	0	0	3	0	0	0	3
Eating Disorder	0	0	0	0	1	2	0	0	0	0	0	0	3
Anger	0	0	1	0	2	0	0	0	0	0	0	0	3
Civil	0	0	0	0	0	0	0	0	3	0	0	0	3
Other	0	0	0	0	0	0	0	0	0	2	0	1	3
Fitness To Practice	0	0	0	0	0	0	0	0	0	0	2	0	2
Disciplinary	0	0	0	1	0	0	0	1	0	0	0	0	2
Wills & Probate	0	0	0	0	0	0	0	0	0	0	2	0	2
Landlord & Tenant	0	0	0	2	0	0	0	0	0	0	0	0	2
WR - Relationships	1	0	0	0	0	0	0	0	0	0	0	0	1
HR Procedures	0	0	0	0	0	0	0	0	0	0	1	0	1
Grand Total	47	35	38	44	28	53	47	66	69	80	88	52	647

Counselling Call Categories





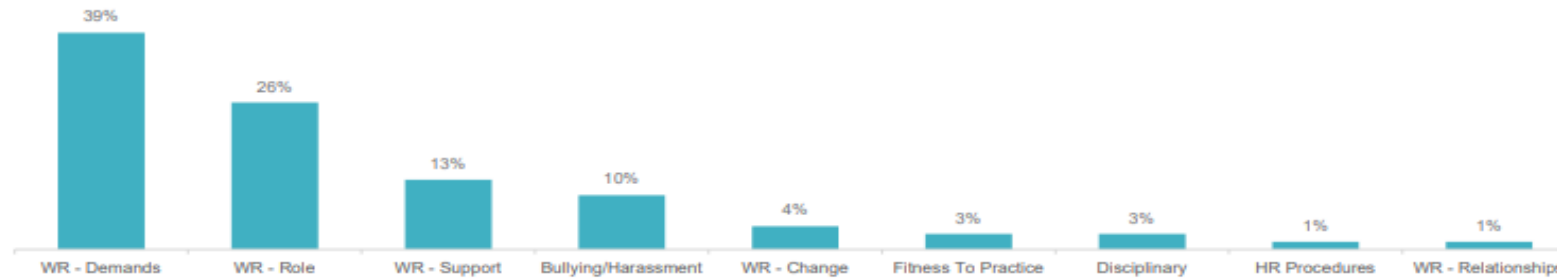
Work Related Calls

Employee Assistance Programme:
Durham County Council - Parent

1 April 2022 - 31 March 2023

	Apr 2022	May 2022	Jun 2022	Jul 2022	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022	Jan 2023	Feb 2023	Mar 2023	Total
WR - Demands	1	1	5	0	1	7	3	7	2	0	1	0	28
WR - Role	7	3	0	0	2	0	3	1	0	0	0	3	19
WR - Support	1	0	0	0	0	0	0	0	0	0	6	2	9
Bullying/Harassment	0	0	0	0	2	0	0	0	3	0	0	2	7
WR - Change	1	0	2	0	0	0	0	0	0	0	0	0	3
Fitness To Practice	0	0	0	0	0	0	0	0	0	0	2	0	2
Disciplinary	0	0	0	1	0	0	0	1	0	0	0	0	2
HR Procedures	0	0	0	0	0	0	0	0	0	0	1	0	1
WR - Relationships	1	0	0	0	0	0	0	0	0	0	0	0	1

Work Related Calls



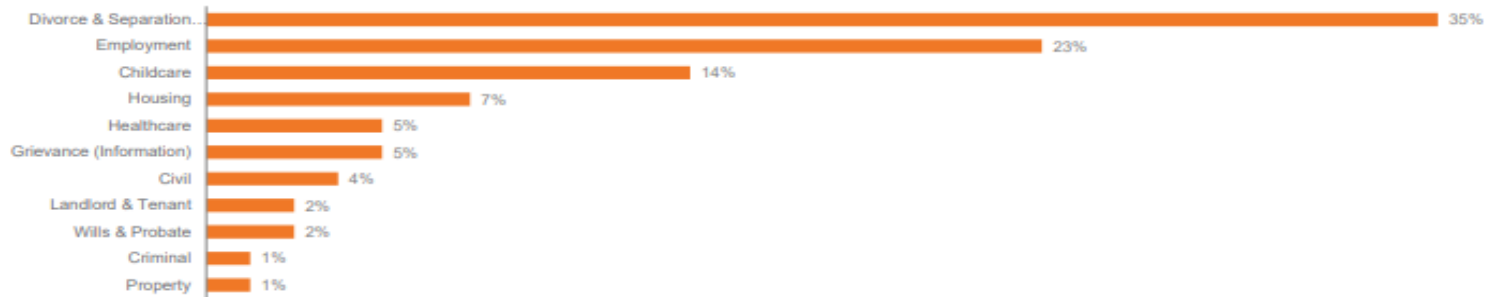


Legal Calls by Category

1 April 2022 - 31 March 2023

	Apr 2022	May 2022	Jun 2022	Jul 2022	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022	Jan 2023	Feb 2023	Mar 2023	Total
Divorce & Separation (Legal)	0	0	0	4	3	6	0	2	5	0	6	2	28
Employment	2	1	0	4	2	2	1	2	0	0	4	1	19
Childcare	0	0	0	0	0	0	0	2	0	8	1	0	11
Housing	0	0	0	0	0	2	0	0	0	0	0	4	6
Healthcare	0	0	0	0	0	0	0	0	2	2	0	0	4
Grievance (Information)	0	2	0	0	0	0	2	0	0	0	0	0	4
Civil	0	0	0	0	0	0	0	0	3	0	0	0	3
Landlord & Tenant	0	0	0	2	0	0	0	0	0	0	0	0	2
Wills & Probate	0	0	0	0	0	0	0	0	0	0	2	0	2
Criminal	0	0	0	0	0	0	0	0	0	1	0	0	1
Property	0	0	0	0	0	0	0	0	0	1	0	0	1
Grand Total	2	3	0	10	5	10	3	6	10	12	13	7	81

Legal Calls





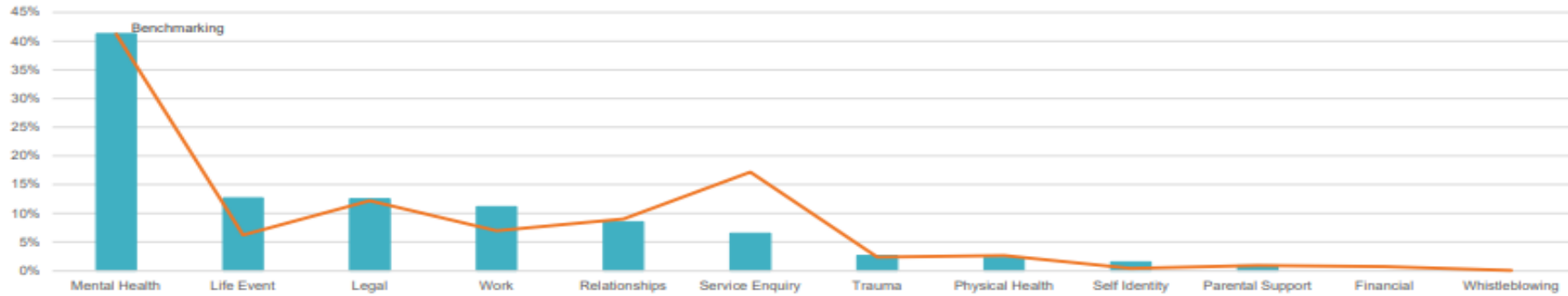
Benchmarking

Employee Assistance Programme:
Durham County Council - Parent

1 April 2022 - 31 March 2023

	Apr 2022	May 2022	Jun 2022	Jul 2022	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022	Jan 2023	Feb 2023	Mar 2023	Total	Split by %	Benchmarking
Mental Health	17	10	13	19	10	27	18	33	38	29	30	23	267	41%	41%
Life Event	7	8	11	2	2	4	4	9	5	16	7	7	82	13%	6%
Legal	2	3	0	10	5	10	3	6	10	12	13	7	81	13%	12%
Work	11	4	7	1	5	7	6	9	5	0	10	7	72	11%	7%
Relationships	3	2	0	7	0	0	7	4	3	16	12	1	55	9%	9%
Service Enquiry	3	1	3	2	1	0	2	5	4	5	13	3	42	6%	17%
Trauma	0	5	0	3	5	0	0	0	4	0	0	0	17	3%	2%
Physical Health	4	2	4	0	0	2	0	0	0	0	0	3	15	2%	3%
Self Identity	0	0	0	0	0	3	4	0	0	0	3	0	10	2%	0%
Parental Support	0	0	0	0	0	0	3	0	0	2	0	1	6	1%	1%
Financial	0	0	0	0	0	0	0	0	0	0	0	0	0	0%	1%
Whistleblowing	0	0	0	0	0	0	0	0	0	0	0	0	0	0%	0%
Grand Total	47	35	38	44	28	53	47	66	69	80	88	52	647	100%	100%

Benchmarking



Category	Regeneration & Economic Growth	Durham County Council - Schools	Durham County Council - Regeneration & Local Services	Durham County Council - Regeneration & Local Services	Durham County Council - Regeneration & Local Services	Durham County Council - Regeneration & Local Services	Durham County Council - Regeneration & Local Services	Durham County Council - Regeneration & Local Services	Durham County Council - Regeneration & Local Services	Durham County Council - Regeneration & Local Services	Total
Mental Health	5	62	43	0	45	14	0	58	40	267	
Work	5	9	0	0	5	1	0	45	7	72	
Service Enquiry	0	16	5	0	3	4	0	9	5	42	
Legal	2	18	5	0	23	5	1	14	13	81	
Relationships	1	17	3	0	6	0	0	16	12	55	
Life Event	0	13	18	0	13	7	0	15	16	82	
Parental Support	0	0	0	0	0	0	3	3	0	6	
Physical Health	0	12	0	0	3	0	0	0	0	15	
Self Identity	3	0	0	0	0	0	0	7	0	10	
Financial	0	0	0	0	0	0	0	0	0	0	
Trauma	0	5	0	0	3	0	0	8	1	17	
Whistleblowing	0	0	0	0	0	0	0	0	0	0	
Grand Total	16	152	74	0	101	31	4	175	94	647	

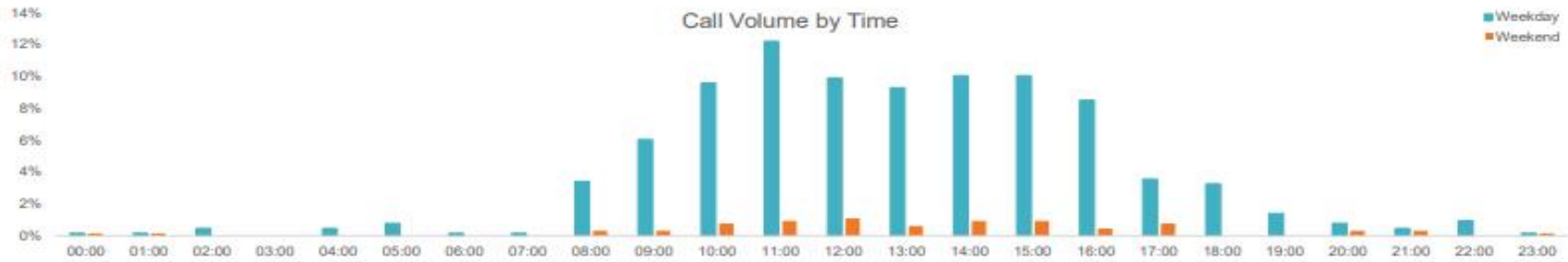
Category	Regeneration & Economic Growth	Durham County Council - Schools	Durham County Council - Regeneration & Local Services	Durham County Council - Regeneration & Local Services	Durham County Council - Regeneration & Local Services	Durham County Council - Regeneration & Local Services	Durham County Council - Regeneration & Local Services	Durham County Council - Regeneration & Local Services	Durham County Council - Regeneration & Local Services	Durham County Council - Regeneration & Local Services	Total
Face to face counselling cases	0	0	0	0	0	0	0	0	0	0	0
Face to face counselling sessions	0	0	0	0	0	0	0	0	0	0	0
Telephone counselling cases	1	12	4	0	5	2	0	6	6	38	
Telephone counselling sessions	11	59	18	0	33	11	0	29	28	189	
Online CBT cases	1	1	0	0	1	0	0	0	1	4	
Online CBT sessions	3	0	0	0	0	0	0	0	3	6	
Online counselling cases	1	7	3	0	3	1	0	14	2	31	
Online counselling sessions	4	29	7	0	29	7	0	66	7	149	
Management referral cases	0	3	0	0	2	0	0	0	0	5	
Monitored cases	0	0	0	0	0	0	0	0	0	0	



Demographics

Employee Assistance Programme:
Durham County Council - Parent

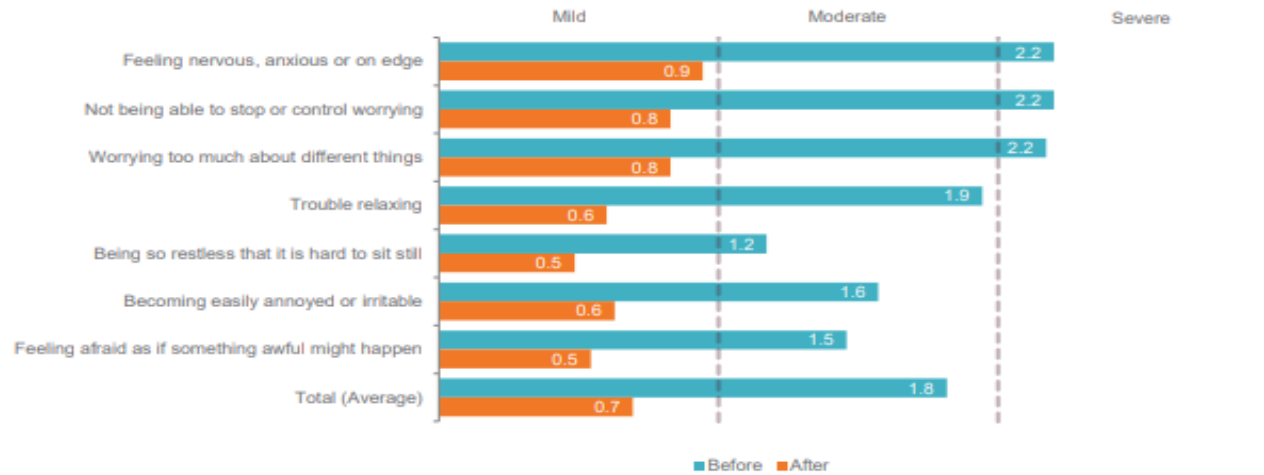
1 April 2022 - 31 March 2023



	Apr 2022	May 2022	Jun 2022	Jul 2022	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022	Jan 2023	Feb 2023	Mar 2023	Total
Monitored cases (YTD)	0	0	0	0	0	0	0	0	0	0	0	0	0
Manager Helpline Referrals	1	1	1	0	0	0	0	0	0	0	1	1	5

	Start of Therapy	End of Therapy
<i>Over the last 2 weeks, how often have you been bothered by the following problems?</i>		
Feeling nervous, anxious or on edge	2.2	0.9
Not being able to stop or control worrying	2.2	0.8
Worrying too much about different things	2.2	0.8
Trouble relaxing	1.9	0.6
Being so restless that it is hard to sit still	1.2	0.5
Becoming easily annoyed or irritable	1.6	0.6
Feeling afraid as if something awful might happen	1.5	0.5
Total (Average)	1.8	0.7

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



Following structured therapy there has been a 61.1% improvement in the GAD-7 scores

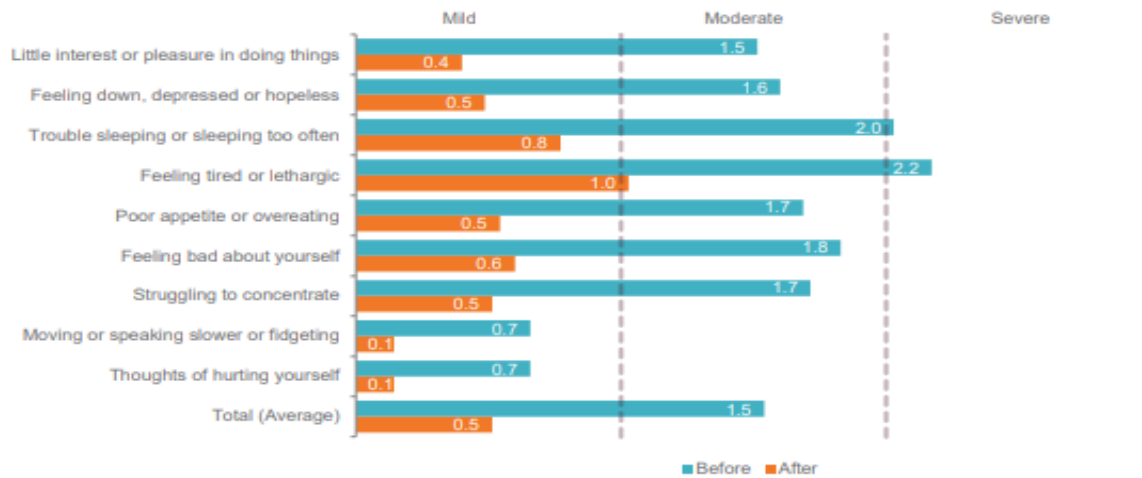


PHQ-9

1 April 2022 - 31 March 2023

	Start of Therapy	End of Therapy
<i>Over the last 2 weeks, how often have you been bothered by the following problems?</i>		
Little interest or pleasure in doing things	1.5	0.4
Feeling down, depressed, or hopeless	1.6	0.5
Trouble sleeping or sleeping too much	2.0	0.8
Feeling tired or having little energy	2.2	1.0
Poor appetite or overeating	1.7	0.5
Feeling bad about yourself	1.8	0.6
Trouble concentrating on things	1.7	0.5
Moving or speaking slowly	0.7	0.1
Thoughts of hurting yourself	0.7	0.1
Total (Average)	1.5	0.5

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



Following structured therapy there has been a 66.7% improvement in the PHQ-9 scores

Audit Committee**30 September 2024****Quarter one 2024/25 Health, Safety
and Wellbeing Performance Report****Report of Amy Harhoff, Corporate Director, Regeneration, Economy
and Growth and Paul Darby Corporate Director, Resources.****Electoral division(s) affected:**

Countywide.

Purpose of the Report

1. To provide an update to Audit Committee on the council's Health, Safety and Wellbeing (HSW) performance for Quarter one 2024/25.

Executive summary

2. There were 383 accidents, incidents and near misses which was a minor increase from the previous quarter but average for the year. There was a low level of more serious incidents with only two RIDDOR specified injuries and eight incidents which caused an over 7 day absence from work for employees.
3. During Quarter one there were six fire related incidents involving council premises and vehicles. Once again, the majority of these involved discarded batteries and it was positive to see that emergency procedures were used appropriately to result in no personal injury or significant property damage, other than a single incident where a loading shovel was completely destroyed.
4. Enforcement related action was taken by County Durham and Darlington Fire and Rescue Service (CDDFRS) at Netpark. This followed concerns being raised regarding a tenant at Discovery 2 by other tenants and Netpark business durham managers. Following a further inspection by corporate H&S a decision was taken to notify CDDFRS given the potential seriousness of the issues and previous poor standards of management and risk control. Further work is still required to meet legislative and enforcement requirements continues in quarter two to address the key issues identified.
5. There were 127 Health and Safety (H&S) and fire safety audits and inspections of council premises and work activities during the quarter

which resulted in an overall compliance rate of 93.76%. Once again, the majority of noncompliance issues were of a low priority and almost 300 opportunities for improvement were identified.

6. Radon gas management programme continues to make progress against schedule. The total number of buildings in scope requiring radon gas assurance testing was 691, 72% of sites have had testing devices installed and 500 results returned via the UK Health Security Agency (UKHSA). Only 5 sites have showed higher readings and engineering controls have or will be installed in the form of ground sump pumps in addition to other management controls.

Recommendation(s)

7. Audit Committee is recommended to:
 - (a) Note and agree the contents of this report

383

Accidents, incidents and near misses reported.
(361 Q4 2023/24, Q3 2023/24, 348 Q2 2023/24,

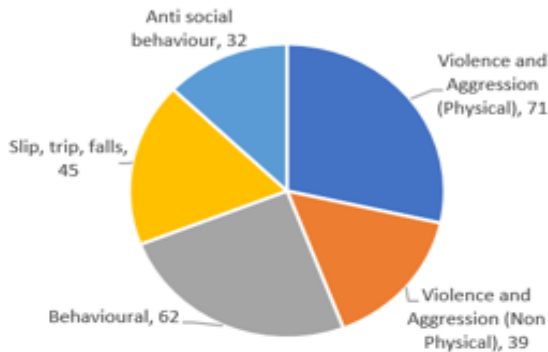


95%

Of all reported accidents are either no injury or near miss



Main Accident/Incident Causes Q1 2024/25



2 RIDDOR 'specified' injury, and 8 over 7 days absence RIDDOR injuries.



Better Health at Work Award

Better Health at Work Maintaining Excellence Status achieved, working towards ambassador status



15 psychological work-related incidents in Q1 2024/25.
(32 in Q4 2023/24, 36 in Q3 2023/24, 39 in Q2 2023/24)

6 fire related incidents



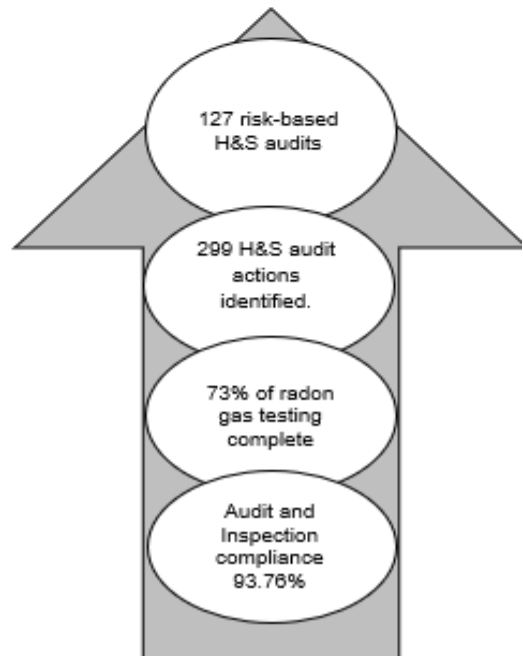
2 CDDFRS inspections of council premises



H&S/Fire Safety management audit action completions rates improved from 40% to 77% in Quarter 1 2024/25

1

Enforcement related action from CDDFRS following inspections and audit activity.



Background

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

Management of Health and Safety Procedures

- 11 Between April and June 2024, reviews of various current H&S procedures have commenced and are in various stages of development. Below is the table of the procedures and status of the review.

Procedure	Status
Fire Procedure	Under Review
Contractors	Under Review
Asbestos Management	Under Review
Homeworking	Under Review
Radon Gas	Reviewed
Young Employees	Reviewed
Open Water Safety Policy	Reviewed

Consultation/Communication

- 12 Trade Union H&S representatives continue to actively participate in the corporate and service specific H&S meetings. Each service grouping has an established H&S forum that meets on a regular basis. The H&S team continue to undertake, on a priority basis, a range of joint audit and inspection programmes in conjunction with trade union H&S representatives.
- 13 There was one joint visit undertaken between H&S and trade union safety representatives in quarter one. This was for the Clean and Green Arbor team which is based in the East of the county. Two actions were identified on site.

Audits and Inspections

- 14 There were a total of 127 audits and inspections undertaken by the H&S team during quarter one . The audit and inspection activity provided almost 299 opportunities for improving H&S performance.

Chart 1 – Audit and Inspection Activity for Quarter 1.



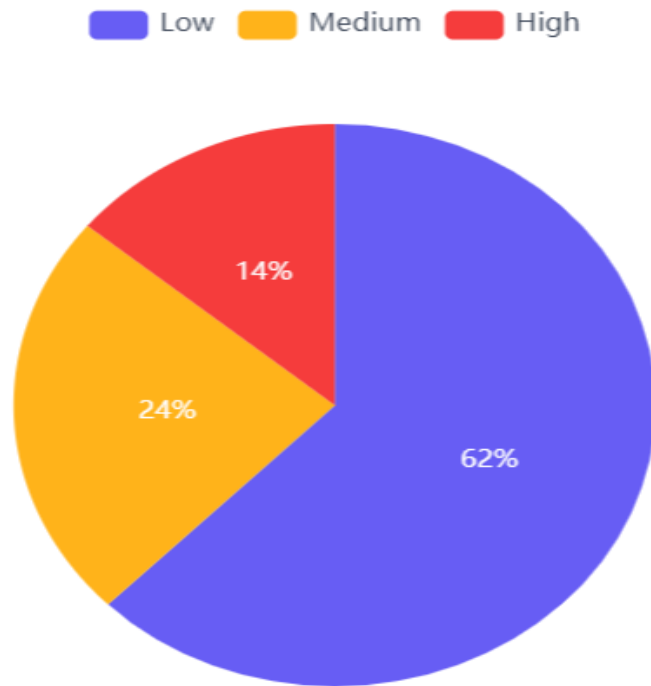
- 15 From the audits undertaken the following headline percentage compliance scores can be determined for each service area where audits took place:

Table 1 Compliance scores

Audit Area	INSPECTIONS	SCORE (%)
	Total	Average
School Audit	34	96.61%
Civil Engineering and Construction Sites	26	82.12%
Fire Safety Audit	18	95.24%
Refuse and Recycling	16	95.05%
Arbor Work	3	94.87%
Clean & Green	3	87.37%
CYPS Audit	4	98.54%

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

Chart 2 Compliance Actions by Priority



Audit High Priority Action Areas

Site	High Priority Actions Allocated
Schools	28
Buildings Construction Site	15
Roofing Works	13
Demolition Works	2

Table 2- Audit Actions completion statistics

Summary	Low		Medium		High		Totals			
	Outstanding	Completed	Outstanding	Completed	Outstanding	Completed	Outstanding	Completed	Overall	Overall %
AHS	1	11	0	0	0	0	1	11	12	92%
CYPS	4	10	0	1	0	1	4	12	16	75%
Maintained Schools	11	42	9	25	8	9	28	76	104	73%
NACC	10	35	6	18	4	0	20	53	73	73%
REG	13	22	10	47	1	30	24	99	123	80%
Resources	0	1	0	0	0	0	0	1	1	100%
Corporate Affairs	0	0	0	0	0	0	0	0	0	N/A
<i>Total</i>	39	121	25	91	13	40	77	252	329	77%

Fire Incidents

- 17 There were six fire related incidents at Durham County Council owned premises or on vehicles during quarter one. They occurred at Chester-le-Street library, Thornley waste transfer station, Heighington waste transfer station and on board two refuse and recycling vehicles.

Chester-le-Street Library

- 18 It was reported that the cleaner came into work and discovered that the premises had been broken into with entry being gained to the first-floor workroom from the roof. The intruders attempted to set fire to books, which fortunately did not ignite.
- 19 The police were called, and crime scene investigators attended and took fingerprints. Buildings and Facilities Management repaired the window and arrangements have been made to have to window that was accessed fitted with metal bars to prevent any further entry to the premises. To date police investigations are ongoing and the preparators have not yet been identified.

Thornley Waste Transfer Station

- 20 It was reported that on 7 May 2024, the loading shovel operator identified that a small fire had occurred in the co-mingle pile of waste. This was immediately extinguished by the operative by stamping on it with his boot. The waste was taken to the hot load bay and doused with

water and left for 24 hours before being taken away. The source of the fire was believed to be from a battery in a vape.

Thornley Waste Transfer Station

- 21 It was reported that on 9 May 2024 a loading shovel was parked outside transfer station after staff had left for the day. The waste station transfer coordinator for the site received a phone call from the fire service stating that they had attended the site and extinguished a fire on the loading shovel vehicle. The call to the fire service was made by staff at the neighbouring household waste recycling centre, who identified large quantities of smoke coming from the waste transfer station and initially thought the premises was on fire. The fire service deemed the cause of the fire to be accidental, however the machine was destroyed by the fire.
- 22 Further investigations were carried out and CCTV was also viewed and it was identified that the fire started in the left axle of the vehicle. It is believed that flammable material became lodged around the axle/bearings and was heated until it caught fire. This melted the seals allowing hydraulic fluid to leak and fuel the fire further. The CCTV footage shows that flames went up the left of the vehicle causing the sight glass of the hydraulic tank to break, spilling the contents and creating a fully developed fire. It was recommended that after every shift the loading shovel driver visually inspect the axle of the vehicle to ensure that no material has wrapped around the axle/bearings.

St Marys Drive West Rainton

- 23 On 14 May 2024 the driver of a refuse and recycling vehicle noticed smoke coming from the refuse hopper of the vehicle. The driver used the portable fire extinguisher from the vehicle to tackle the fire and then travelled to Thornley waste transfer station where the load was tipped into the hot load bay. It was doused in water and monitored as per the hot load procedure before being taken away. It is believed that the cause of the fire was discarded batteries from vapes.

Lingfield Court Bishop Auckland

- 24 On 5 June 2024 the driver of a refuse and recycling vehicle who was working in Bishop Auckland put a recycling bin into the vehicle and noticed smoke and flames in the hopper. The driver tipped part of the load on the street then travelled to Heighington Transfer Station and tipped the rest of the load in the fire bay where it was monitored as per the hot load procedure. Clean and Green services removed the rubbish from the street. It is believed that the fire was started by a discarded battery in the recycling waste.

Heighington Waste Transfer Station

- 25 On 12 June 2024 a refuse and recycling vehicle tipped the recycling materials onto the hall floor of the station and as the material hit the floor, the loading shovel driver noticed something on fire. The driver immediately put out the fire using his foot and then the rest of the load was put into the hot load as per the procedure. It is believed that the fire was started by a lithium battery.

Enforcement Activity and Interventions

- 26 There were two County Durham and Darlington Fire and Rescue Service (CDDFRS) inspections of council premises during quarter one. One of these visits was undertaken at Net Park Discovery Two, as detailed below. This resulted in a major deficiencies letter being issued to the managing director of an organisation. This followed a range of health and safety and fire safety concerns being raised by Net Park Business Durham management regarding fire safety concerns and the manufacturing process and storage of Ethanol. The other inspection took place at Green Lane Offices and the premises were deemed to be broadly compliant with current Fire Safety Legislation.

Netpark Discovery Two

- 27 CDDFRS intervened during the quarter regarding production activities being undertaken by a tenant of Discovery 2 area of Netpark. Initial concerns were raised from Netpark business durham management and neighbouring tenants in relation to safety of production activities, traffic management, storage and large quantities of ethanol based products on site. Following visits from corporate health and safety and fire safety advisers, further advice was sought from CDDFRS hazardous chemical safety advisers. This resulted in formal action being taken regarding fire safety control measures which were required to be put in place in accordance with the Dangerous Substances and Explosive Atmospheres Regulations (DSEAR). A further review is taking place in quarter two to establish if there are alternative premises for this particular business which are more appropriate for their production activities.
- 28 Following HSE enforcement visits across the region, an enforcement notice was issued in May 2024 in relation to breaches of the Plant Protection Products (Sustainable Use) Regulations 2012. Unauthorised chemical products which were found within the Clean and Green Stores at Morrison Busty Depot.

- 29 The requirements of the enforcement notice were met and a response provided to the HSE inspector. The products were disposed of via a licensed waste contractor. There was also a recommendation in the enforcement notice pertaining to inspection of application equipment in line with the national sprayer testing scheme and assurance was also provided on this. Further assurance checks have been undertaken across other council sites to ensure they remain compliant.

Employee Health and Wellbeing

- 30 The employee better health at work group, chaired by Corporate Director Adult and Health Services, convened again during this quarter and identified ongoing interventions and communications which were again aimed at raising awareness of support and interventions available and ensuring employees were able to access this where required.
- 31 As part of the council achieving better health at work ambassador status A health needs assessments survey was launched during quarter one. As part of the Better Health at Work Award the council produces campaigns and events on different health and wellbeing topics. The employees who help organise these campaigns are called "health advocates" and part of their role is to identify health issues which are important to council employees and the ways they would like to receive information or participate in health improvement activities. By completing this survey it helps the council and future health advocates identify and address the health and wellbeing issues that are important to the workforce.
- 32 There was again a wide range of activities and promotions of health and wellbeing related topics during the quarter. These included mental health awareness week, healthy eating week, five ways to wellbeing, carers week and awareness for employees on how to sign up to inductions to become domestic abuse workplace champions.

Open Water Safety

- 33 The City Safety Group met during the quarter and continued to review the city centre related open water safety related risks amongst other key city centre issues. Although there were no significant incidents reported and reviewed, there continued to be a number of incidents within the city centre, primarily near various bridges, associated with mental health and emergency services being called out to assist individuals in mental health crisis requiring support which was provided. There were no other incidents to report on.

- 34 Ahead of the summer period the city centre river corridor continues to undergo monthly public rights of way inspections and also weekly inspections of public rescue equipment provided. During quarter one the regatta event was held and went without any incidents to report.
- 35 The County wide open water safety group also convened during quarter one. The group reviewed incident data and concluded that once again the majority of incidents were city centre related. A review of priority risk assessments at higher risk locations across the county has been completed ahead of the summer holiday period to ensure that control measures remain and in place and are effective.
- 36 In terms of awareness and education activities planned, CDDFRS and partners promoted national water safety week which commenced on 22 April 2024. The councils communications worked with counterparts at the Police and CDDFRS communications teams around this. There are also activities planned for world drowning prevention day on 25 July 2024 and world drowning prevention week in June 2024. The council, via its schools aquatic manager, has been involved in a national group in developing the information for water safety to be added into the school's curriculum. It is anticipated this may be completed prior to the summer school holiday period.

Radon Gas Management

- 37 Following the review of Radon gas management across corporate property the delivery programme progressed during the quarter against schedule. A systematic approach to assessment of buildings was agreed and the initial programme of assessments commenced from October 2023.
- 38 The total number of buildings in scope requiring radon gas assurance testing was 691. Radon monitors have been installed in 636 buildings with 55 remaining due to problems with accessibility. At the end of quarter one, 72% of sites have had testing devices installed and 500 results returned via the UK Health Security Agency (UKHSA).
- 39 There are five sites have been returned with above threshold readings. These are at Cassop Primary school, St Helen Auckland Primary, Ferryhill the Woodlands, Sherburn Hill Hub and Sherburn Hill former Childrens centre. Remedial actions have already been completed in Cassop, Ferryhill and advice provided to St Helens as they are now an academy school. Work to identify required controls in Sherburn sites is also underway following results being obtained at the end of quarter one.

Violence and Aggression – Potentially Violent Persons Register (PVPR)

<p>The total number of live entries at the end of Q1 was 178.</p> <table border="1"> <thead> <tr> <th>Live Entries</th> <th>21-22</th> <th>22-23</th> <th>23-24</th> <th>24-25</th> </tr> </thead> <tbody> <tr> <td>Q1</td> <td>55</td> <td>85</td> <td>137</td> <td>178</td> </tr> <tr> <td>Q2</td> <td>47</td> <td>89</td> <td>173</td> <td></td> </tr> <tr> <td>Q3</td> <td>66</td> <td>100</td> <td>199</td> <td></td> </tr> <tr> <td>Q4</td> <td>75</td> <td>113</td> <td>191</td> <td></td> </tr> </tbody> </table>	Live Entries	21-22	22-23	23-24	24-25	Q1	55	85	137	178	Q2	47	89	173		Q3	66	100	199		Q4	75	113	191		<p>The total number of additions at the end of Q1 was 36.</p> <table border="1"> <thead> <tr> <th>Additions</th> <th>21-22</th> <th>22-23</th> <th>23-24</th> <th>24-25</th> </tr> </thead> <tbody> <tr> <td>Q1</td> <td>12</td> <td>22</td> <td>41</td> <td>36</td> </tr> <tr> <td>Q2</td> <td>8</td> <td>21</td> <td>50</td> <td></td> </tr> <tr> <td>Q3</td> <td>30</td> <td>35</td> <td>50</td> <td></td> </tr> <tr> <td>Q4</td> <td>24</td> <td>38</td> <td>23</td> <td></td> </tr> <tr> <td>Total</td> <td>74</td> <td>116</td> <td>164</td> <td></td> </tr> </tbody> </table>	Additions	21-22	22-23	23-24	24-25	Q1	12	22	41	36	Q2	8	21	50		Q3	30	35	50		Q4	24	38	23		Total	74	116	164						
Live Entries	21-22	22-23	23-24	24-25																																																									
Q1	55	85	137	178																																																									
Q2	47	89	173																																																										
Q3	66	100	199																																																										
Q4	75	113	191																																																										
Additions	21-22	22-23	23-24	24-25																																																									
Q1	12	22	41	36																																																									
Q2	8	21	50																																																										
Q3	30	35	50																																																										
Q4	24	38	23																																																										
Total	74	116	164																																																										
<p>The total number of extensions at the end of Q1 was 21.</p> <table border="1"> <thead> <tr> <th>Extensions</th> <th>21-22</th> <th>22-23</th> <th>23-24</th> <th>24-25</th> </tr> </thead> <tbody> <tr> <td>Q1</td> <td></td> <td></td> <td>10</td> <td>21</td> </tr> <tr> <td>Q2</td> <td></td> <td></td> <td>21</td> <td></td> </tr> <tr> <td>Q3</td> <td></td> <td>9</td> <td>18</td> <td></td> </tr> <tr> <td>Q4</td> <td></td> <td>8</td> <td>7</td> <td></td> </tr> <tr> <td>Total</td> <td></td> <td>17</td> <td>56</td> <td></td> </tr> </tbody> </table> <p><i>*Data was not recorded pre Q3 (22-23)</i></p>	Extensions	21-22	22-23	23-24	24-25	Q1			10	21	Q2			21		Q3		9	18		Q4		8	7		Total		17	56		<p>The total number of removals at the end of Q1 was 41.</p> <table border="1"> <thead> <tr> <th>Removals</th> <th>21-22</th> <th>22-23</th> <th>23-24</th> <th>24-25</th> </tr> </thead> <tbody> <tr> <td>Q1</td> <td>20</td> <td>12</td> <td>17</td> <td>41</td> </tr> <tr> <td>Q2</td> <td>16</td> <td>17</td> <td>17</td> <td></td> </tr> <tr> <td>Q3</td> <td>11</td> <td>24</td> <td>19</td> <td></td> </tr> <tr> <td>Q4</td> <td>14</td> <td>29</td> <td>40</td> <td></td> </tr> <tr> <td>Total</td> <td>61</td> <td>82</td> <td>93</td> <td></td> </tr> </tbody> </table>	Removals	21-22	22-23	23-24	24-25	Q1	20	12	17	41	Q2	16	17	17		Q3	11	24	19		Q4	14	29	40		Total	61	82	93	
Extensions	21-22	22-23	23-24	24-25																																																									
Q1			10	21																																																									
Q2			21																																																										
Q3		9	18																																																										
Q4		8	7																																																										
Total		17	56																																																										
Removals	21-22	22-23	23-24	24-25																																																									
Q1	20	12	17	41																																																									
Q2	16	17	17																																																										
Q3	11	24	19																																																										
Q4	14	29	40																																																										
Total	61	82	93																																																										
<p>The total number of warning letters sent at the end of Q1 was 9.</p> <table border="1"> <thead> <tr> <th>Warning Letters</th> <th>21-22</th> <th>22-23</th> <th>23-24</th> <th>24-25</th> </tr> </thead> <tbody> <tr> <td>Q1</td> <td>3</td> <td>12</td> <td>10</td> <td>9</td> </tr> <tr> <td>Q2</td> <td>0</td> <td>4</td> <td>13</td> <td></td> </tr> <tr> <td>Q3</td> <td>12</td> <td>11</td> <td>18</td> <td></td> </tr> <tr> <td>Q4</td> <td>8</td> <td>10</td> <td>12</td> <td></td> </tr> <tr> <td>Total</td> <td>23</td> <td>37</td> <td>53</td> <td></td> </tr> </tbody> </table>	Warning Letters	21-22	22-23	23-24	24-25	Q1	3	12	10	9	Q2	0	4	13		Q3	12	11	18		Q4	8	10	12		Total	23	37	53		<p>The total number of appeals at the end of Q1 was 2.</p> <table border="1"> <thead> <tr> <th>Appeals</th> <th>21-22</th> <th>22-23</th> <th>23-24</th> <th>24-25</th> </tr> </thead> <tbody> <tr> <td>Q1</td> <td>0</td> <td>1</td> <td>0</td> <td>2</td> </tr> <tr> <td>Q2</td> <td>0</td> <td>0</td> <td>2</td> <td></td> </tr> <tr> <td>Q3</td> <td>0</td> <td>3</td> <td>2</td> <td></td> </tr> <tr> <td>Q4</td> <td>1</td> <td>1</td> <td>0</td> <td></td> </tr> <tr> <td>Total</td> <td>1</td> <td>5</td> <td>4</td> <td></td> </tr> </tbody> </table> <p>The appeals during Q1 were all rejected.</p>	Appeals	21-22	22-23	23-24	24-25	Q1	0	1	0	2	Q2	0	0	2		Q3	0	3	2		Q4	1	1	0		Total	1	5	4	
Warning Letters	21-22	22-23	23-24	24-25																																																									
Q1	3	12	10	9																																																									
Q2	0	4	13																																																										
Q3	12	11	18																																																										
Q4	8	10	12																																																										
Total	23	37	53																																																										
Appeals	21-22	22-23	23-24	24-25																																																									
Q1	0	1	0	2																																																									
Q2	0	0	2																																																										
Q3	0	3	2																																																										
Q4	1	1	0																																																										
Total	1	5	4																																																										

PVPR Viewing Statistics

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

Service	People Viewed	How many times
NACC	20	70
REG	54	256
Resources	84	1102
CYPS	27	84

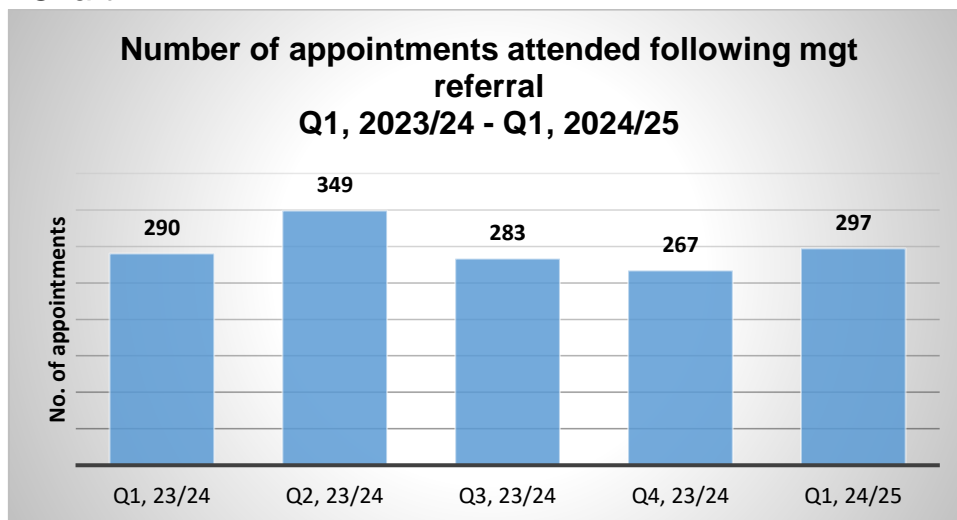
AHS	25	72
Corporate Affairs	0	0
Unions	0	0
Members	2	4

Occupational Health Service

Management Referrals

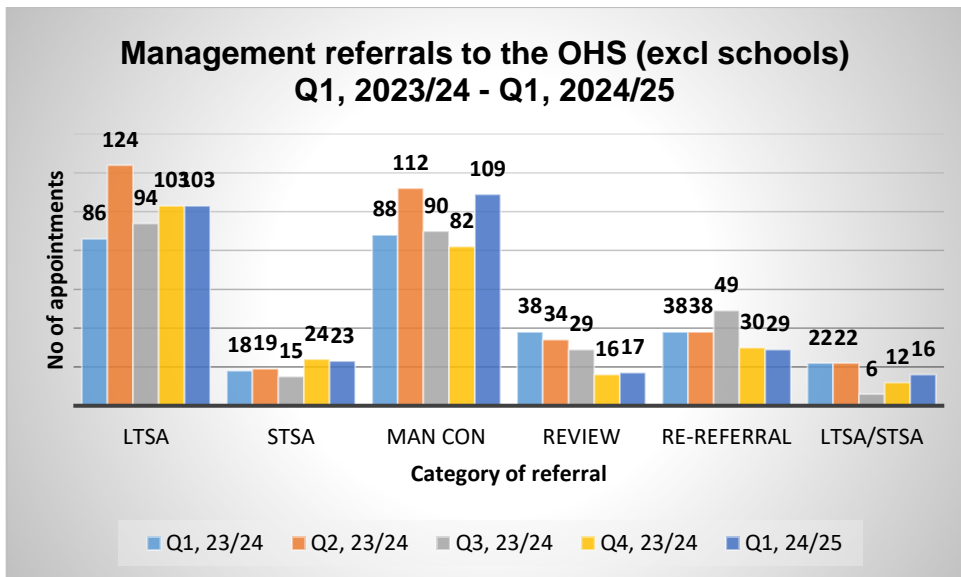
40. During Quarter 1, 297 employees participated in clinical consultations with the OHS, following management referral in relation to Long Term Sickness Absence (LTSA), Short Term Sickness Absence (STSA), Management Concerns (Man Con) Reviews, and Re referral appointments, Long Term Sickness Absence/Short Term Sickness Absence (LTSA/STSA) and Covid.

Chart 1



41. Chart 2 shows the categorisation of management referral appointments attended.

Chart 2



Management Referrals - Non Attendance

42. During Q1, 59 employees did not attend their allocated appointment following management referral. This represents a 17% non-attendance rate and equates to 11 days of clinic time.

Chart 3

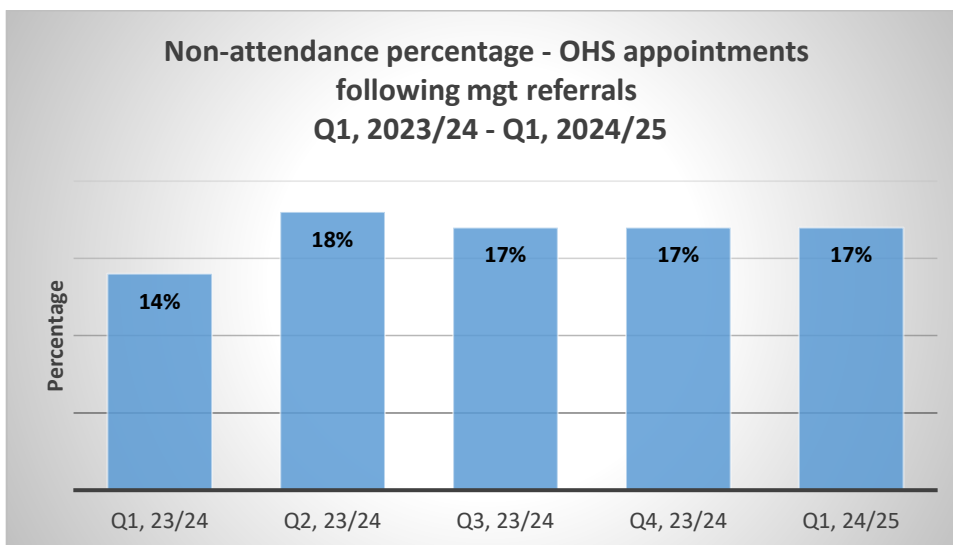


Chart 3a

Non-attendance - OHS appointments following mgt referral by Service Q1, 2024/25	AHS	CYP S	NC C	RE G	Res	Q1	Q4	Q3	Q2	Q1
						24/25	23/24	23/24	23/24	23/24
						Total	Total	Total	Total	Total
Number failed to attend	9	15	15	12	8	59	54	47	67	47

Management Referrals – Employee Attribution

43. During Quarter 1, 103 employees were seen for LTSA of which 18% (n=19) stated to the OHS that they consider the underlying cause to be due to work related factors. Of the employees, 74% (n=14) identified this was due to ‘psychological’ reasons, 21% (n=4) identified as ‘musculoskeletal’ and 5% (n=1) identified as other. See Charts 4 & 5

Chart 4

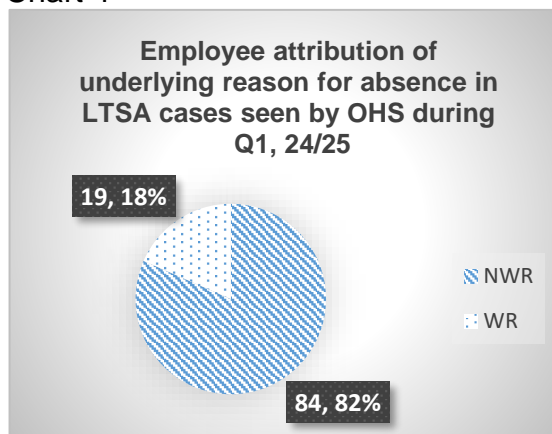
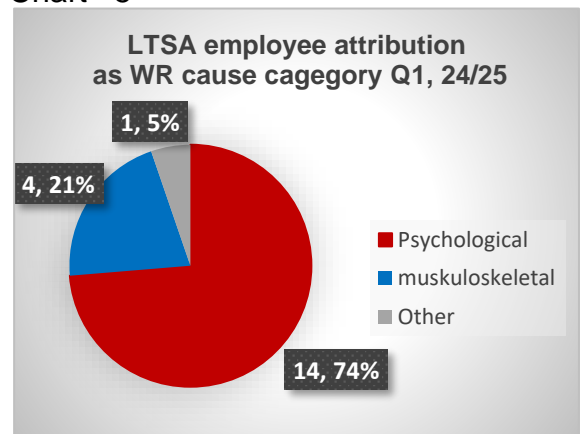


Chart 5



44. Management concern referrals are made when the employee is not absent from work and advice is required relating to work that is affecting the employees’ health or their health is affecting their work.
45. During Q1, 109 employees were seen as a management concern, 15% (n=16) of these referrals stated to the OHS that they consider the underlying cause to be due to work related factors. Of the employees seen 75% (n=12) of the work related and 24% (n=21) of the non-work

related were due to psychological reasons, by referring to the OHS support, advice and signposting to EAP can be given at an early stage and hopefully prevent an absence from work. Musculoskeletal problems accounted for 25% of non-work related and 13% of work-related management concern referrals, identifying these issues before they result in an absence from work and allow early intervention which could include referral to physiotherapy. Although not all absences are work related, they can have an impact on work and the wellbeing of employees.

Support Services

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

Table 1

Additional Support services accessed via the OHS	A&HS	CYPS	NCC	REG	Res	CE	Service not detailed	Q1	Q4	Q3	Q2	Q1
								25/25	23/24	23/24	23/24	23/24
								Total	Total	Total	Total	Total
Number of routine physiotherapy referrals	13	22	9	9	14	0	-	67	70	48	65	70
Number of routine physiotherapy sessions	48	63	33	35	53	0	-	232	159	123	150	144
Number of 'face to face' counselling referrals	0	2	1	1	1	0	-	5	8	7	6	2
Number of 'face to face' counselling sessions	0	15	13	1	0	0	-	29	19	7	30	6
Total number of calls to the EAP	5	19	2	2	15	0	69	112	115	104	150	134
Telephone EAP structured counselling cases	0	0	0	0	0	0	0	0	0	2	10	4
Telephone EAP structured counselling sessions	0	0	0	0	0	0	0	0	0	27	52	7
Employees referred to online counselling	0	4	0	0	1	0	7	12	10	3	3	6
Online Counselling Sessions	0	24	5	0	17	0	28	74	38	7	23	37
Employees referred to online CBT	0	0	0	0	0	0	0	0	2	4	5	3

Online CBT sessions	0	0	0	0	0	0	3	3	3	4	5	2
---------------------	---	---	---	---	---	---	---	---	---	---	---	---

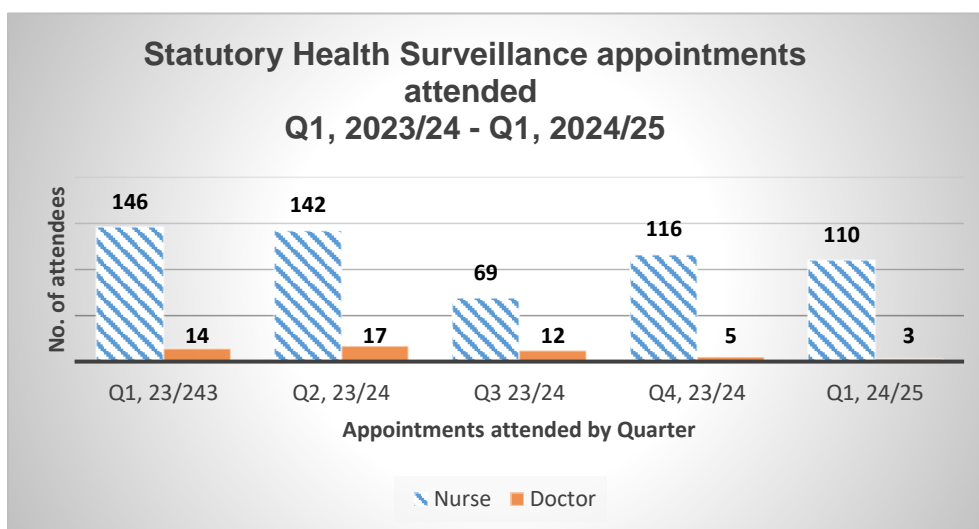
Physiotherapy

47. Routine physiotherapy clinics operate two days per week in the OHS at Annand House under contract with the OHS, the clinics are a combination of telephone assessments and face to face physiotherapy appointments, should following the physiotherapy initial assessment by telephone the physiotherapist deem this to be clinically required. Employees can self-refer or be referred by their manager.
48. At the time of preparing this report (17/07/2024) there was no waiting time for an initial assessment. The OHS will continue to monitor this waiting time and report to this group.

Health Surveillance

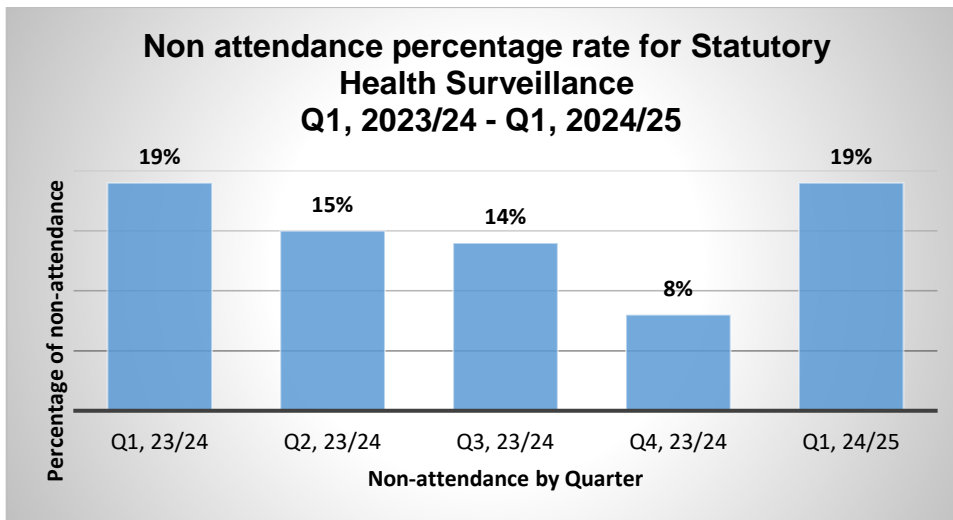
49. The OHS continues to provide statutory health surveillance programmes to employees in line with HSE guidelines. Some health surveillance clinics are carried out on site to minimise the effect on service delivery.
50. During Quarter 1, a total of 113 employees attended OHS appointments for routine statutory health surveillance, 110 with an Occupational Health Nurse and 3 with an Occupational Health Doctor

Chart 10



51. During Quarter 1, 19% (n=27) employees failed to attend their appointment with the OHS in relation to statutory health surveillance. This equates to 3.5 days of clinic time lost. See Chart 11.

Chart 11



Immunisation

52. During Q1 the OHS have continued to provide Hepatitis B immunisation to employees whose job role has been identified via risk assessment as requiring an offer of Hepatitis B immunisation, administering a total of 12 vaccines.

53. During Q1 one inoculation incident was reported to the OHS, appropriate advice and follow-up was provided to the employee.

Occupational Health Activity Data DCC related activity (note this data does not include Local Authority Maintained Schools).	Q1 2024/25 Total	Q4 2023/24 Total	Q3 2023/24 Total	Q2 2023/24 Total	Q1 2023/24 Total
Appointment category					
Pre-Employment/Pre-Placement assessments Of which attended an appointment	391 41	367 172	533 117	625 13	564 38
Management referrals seen – Long Term Sickness	103	103	94	124	86
Management referrals seen – Short Term Sickness	23	24	15	19	18
Management Referrals seen -Long/Short Term Sickness	16	12	6	22	22
New Management Concern referrals seen	109	82	90	112	88
<i>Review appointments seen</i>	17	16	29	34	38
Re-referrals seen	29	49	49	38	38
Statutory Health Surveillance Assessments Attended (Nurse)	10	116	69	144	127
Music Service audiometry attended	0	1	0	14	19
School Crossing Patroller Routine Medicals	6	11	11	1	3
Driver Medicals (DVLA Group 2) e.g. HGV	20	41	32	14	26
Night Worker assessments (Working Time Regs 1998)	0	0	0	15	2
Immunisations against occupationally related infections	12	13	2	20	12
'Flu' Immunisations	0	1	261	0	0
Inoculation injury OHS Assessments – where injury has been reported to the OHS	1	0	1	0	2
HAVS Postal Questionnaires sent	30	13	95	107	125
HAVS Postal Questionnaires returned percentage rate	93%	100%	27%	56%	86%
Did Not Attend (DNA) for statutory health surveillance appointment	27	11	13	14	17
Music Service DNA	0	0	1	2	0
DNA – Management Referral appointments with the OHS (excluding health surveillance)	59	54	47	67	47

Corporate risks that may have an impact on Health and Safety

54 The below tables detail the corporate risk that may have an impact on Health and Safety at the end of July 2024.

Health and Safety Related Strategic Risks

Ref	Service	Risk	Treatment
1	CYPS	Failure to protect a child from death or serious harm (where service failure is a factor or issue).	Treat
2	REG	Serious injury or loss of life due to Safeguarding failure (Transport Service).	The current controls are considered adequate.
3	AHS	Failure to protect a vulnerable adult from death or serious harm (where service failure is a factor or issue).	Treat
4	NCC	Breach of duty under Civil Contingencies Act by failing to prepare for, respond to and recover from a major incident , leading to a civil emergency.	Treat
5	RES	Serious breach of Health and Safety Legislation	The current controls are considered adequate.
6	REG	Potential serious injury or loss of life due to the council failing to meet its statutory, regulatory and best practice responsibilities for property and land .	Treat
7	RES	Potential violence and aggression towards members and employees from members of the public	The current controls are considered adequate.

8	NCC	Demand pressures on the Community Protection inspections and interventions arising from the UK exit from the EU may lead to an adverse impact on public health and safety in Co Durham.	Treat
9	NCC	Potential impacts of the spread of Ash Dieback Disease on the environment, public safety, and council finances.	Treat
10	NCC	Risk that the council is unable to meet its responsibilities under the Terrorism (Protection of Premises) Bill when enacted, which sets to improve protective security and organisational preparedness at publicly accessible locations.	The current controls are considered adequate.

Statistical Information

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

Main implications

Legal

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

Finance

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

Staffing

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

Conclusions

- 59 Accident statistics in general for quarter one showed a similar number and average against previous quarter and financial year. There remained a high prevalence of no injury and minor injury incidents which is positive. Whilst a further two RIDDOR reportable specified injuries occurred during this quarter, these remain relatively low given the council wide risks and activities undertaken.
- 60 There were a higher number of fire related incidents during quarter one. As in previous quarters it is clear that there is a recurring theme of fire causes relating to discarded batteries. It was positive to see that council employees invoked emergency procedures effectively and appropriately to result in no personal injury or significant property damage, other than a single incident where a loading shovel was completely destroyed.
- 61 There were no HSE related enforcement actions following two in quarter four of 2023/24. It was however disappointing that CDDFRS intervention was required in relation to Netpark discovery two site. This was important to enable significant fire safety and health and safety risks to be controlled, managed and mitigated. Whilst work is still required to meet legislative and enforcement requirements positive action has been taken to start the process of improvements.
- 62 The radon gas management programme continues to progress well and there are now in excess of 70% results returned from the 691 buildings in scope. Whilst there have been five sites requiring further actions to reduce radon levels its remains positive that the majority of results remain below the legal thresholds.
- 63 The continued proactive audit and inspection activity by the H&S team continues to provide opportunities for improvement in relation to the working practices and procedures, with 127 audits resulting in almost 300 flagged items for improvement being identified during the quarter. Most items identified continue to be low priority which is positive.
- 64 In relation to audit action completion statistics, it is clear that there has been a significant improvement from previous quarters across services. The previous quarter indicated that only 40% of actions from H&S and

fire safety audits had been completed compared to a 74% completion rate in quarter one 2024/25. Whilst there is still room for further improvement collectively, this remains positive progress.

Other useful documents

- Occupational Health Quarter one 2024/25 Report
- Health, Safety and Wellbeing statistical Quarter one 2024/25 report

Author

Kevin Lough

Tel: 03000 263381

Appendix 1: Implications

Legal Implications

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

Finance

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

Consultation

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

Equality and Diversity / Public Sector Equality Duty

Equality Act compliance ensures consistency in what the council and its employees need to do to make their workplaces a fair environment and workplace reasonable adjustments are required.

Climate change

None

Human Rights

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

Crime and Disorder

None.

Staffing

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

Accommodation

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

Risk

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

Procurement

None

This page is intentionally left blank



Audit Committee

30 September 2024

Strategic Risk Management Progress

Report for 2024/25

Review 1: 1 January 2024 – 31 May 2024

Report of Corporate Management Team

Paul Darby, Corporate Director of Resources

Councillor Richard Bell, Deputy Leader and Cabinet member for Finance

Purpose of the Report

- 1 This report supports the Council's Risk Management Strategy. It highlights the strategic risks facing the Council and provides an insight into the work carried out by the Corporate Risk Management Group between January and May 2024.

Executive summary

- 2 In line with the constitution and the Corporate Risk Management Strategy, Audit Committee are responsible for monitoring corporate governance, including risk management activity. Heads of service identify and manage risks that may impede Council objectives and provide assurance that effective controls are in place.
- 3 All risks are formally reviewed three times each year, which contributes to improved performance, decision-making and governance. The review of the strategic risk register is overseen by the Corporate Risk Management Group. The member and officer risk champions are the Cabinet Portfolio Holder for Finance (Cllr Richard Bell) and Corporate Director of Resources (Paul Darby).
- 4 Since the last update to the committee, **one new risk** has been added, in relation to international recruitment by some adult social care providers. **One risk has been closed**, in relation to the Adult Social Care Charging Policy.
- 5 There are **updates on the management of four key risks** set out in the report, in relation to savings plans, Government funding, recruitment

and retention of children's social workers, and recruitment and retention of educational psychologists.

- 6 There are **updates on the management of 19 non-key risks** set out in the report, in relation to transport safeguarding, civil emergency, consultation, business interruption, care providers, A690 slippage, education providers, Inclusive Economic Strategy, data breach, cyberattack, HNB SEND, children looked after costs, health and social care reforms, educational outcomes, urgent and emergency care services, Ash Dieback disease, businesses and jobs, supply chain issues (fleet, plant and equipment), and highway structures.
- 7 There are **updates on four emerging/potential risks**, in relation to fire safety in supported living accommodation, Right Care Right Person operating model, the residual waste energy recovery facility, and reinstatement values of assets.
- 8 In summary, the report outlines that on 31 May 2024, there were **47 risks on the strategic risk register**. Of these, there are **eight key risks**, in relation to Government funding, educational psychologists, statutory sufficiency duty, climate change, children's social workers, child safeguarding, vulnerable adults, and savings plans, for which key mitigating actions have been identified.
- 9 Performance against key indicators is set out to provide assurance that strategic risks are being effectively managed, and that officers and members are appropriately skilled in risk management are included in the report.

Recommendation

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

Background

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

Current status of the risks to the Council

- 13 On 31 May 2024, there were 47 risks included on the corporate strategic risk register, the same as on 31 December 2023. During the period covered by this report one risk was added and one was removed.
- 14 In summary, the key risks to the Council are:
 - (a) There is significant uncertainty in relation to **future funding** settlements from government, which will significantly impact upon the medium-term financial plan.
 - (b) Inability to recruit and retain **educational psychologists** at a time of rising demand may seriously inhibit the delivery of services and lead to significant delays in statutory Education, Health and Care needs assessments.
 - (c) Risk of being unable to meet the authority's **statutory sufficiency duty** to provide sufficient accommodation in the local authority area to meet the needs of Children Looked After and children in need.
 - (d) Risk that the Council fails, in its role as a community leader, to set an example and help partners, local businesses and communities make the necessary adaptations and mitigations in pursuit of the target of being a carbon-neutral County by 2050 (**climate change**).
 - (e) Inability to recruit and retain **children's social workers** and social work managers may seriously inhibit the delivery of services.

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

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

- 15 Since the last update to the committee, one new risk has been added, in relation to international recruitment by some adult social care providers. One risk has been closed, in relation to the Adult Social Care Charging Policy.
- 16 There are updates on the management of four key risks, in relation to savings plans, Government funding, recruitment and retention of children's social workers, and recruitment and retention of educational psychologists.
- 17 There are updates on the management of 19 non-key risks in relation to transport safeguarding, civil emergency, consultation, business interruption, care providers, A690 slippage, education providers, Inclusive Economic Strategy, data breach, cyberattack, HNB SEND, children looked after costs, health and social care reforms, educational outcomes, urgent and emergency care services, Ash Dieback disease, businesses and jobs, supply chain issues (fleet, plant and equipment), and highway structures.
- 18 There are updates on four emerging/potential risks, in relation to fire safety in supported living accommodation, Right Care Right Person operating model, the residual waste energy recovery facility, and the reinstatement values of assets.
- 19 A list of all the Council's strategic risks on 31 May 2024, aligned to the corporate themes in County Durham Vision 2035 and the Council Plan, is included in appendix 4.

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

Background papers

- None

Other useful documents

- None

Author

John Blowes

Tel: 03000 263226

Appendix 1: Implications

Legal Implications

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

Finance

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

Consultation

None

Equality and Diversity / Public Sector Equality Duty

None

Climate Change

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

Human Rights

None

Crime and Disorder

None

Staffing

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

Accommodation

None

Risk

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

Procurement

None

Appendix 2: How the Risk Management Framework operates

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

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

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

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

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

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

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

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

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

Risks are assessed at two levels:

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

On 31 May 2024, there were 47 risks on the corporate strategic risk register, the same as on 31 December 2023. During this period one new risk was added, and one was removed.

The following matrix profiles the strategic risks according to their net risk evaluation on 31 May 2024. To highlight changes in each category during the last period, the number of risks on 31 December 2023 is shown in brackets.

Overall number of Strategic Risks on 31 May 2024.

Impact					
Critical	1 (1)	1 (1)	3 (3)		1 (1)
Major		4 (5)	10 (10)	4 (4)	1 (1)
Moderate			13 (12)	8 (8)	
Minor					1 (1)
Insignificant					
Likelihood	Remote	Unlikely	Possible	Probable	Highly Probable

In the above matrix, the risk assessed as Critical/Highly Probable is:

- There is significant uncertainty in relation to future **Funding Settlements** from government, which will be impacted by the upcoming Fair Funding Review and by the allocation of funding from the Health and Social Care Levy.

New risks

Non-key risks

- 1 ***UR0207 - Potential for unethical **International Recruitment Practices** (e.g., modern slavery) by some adult social care providers (International Recruitment Challenges) (AHS).***

Having previously been highlighted as an emerging risk, a full risk assessment has been completed resulting in a net risk evaluation of moderate impact, possible likelihood and, as such the risk has been escalated to the corporate risk register.

International recruitment provides adult social care providers with an opportunity to recruit overseas staff to address the national workforce shortage issue. However, there are risks of some providers using unethical recruitment practices (e.g., modern slavery) or not following the strict guidance on sponsorship of overseas workers both of which create a risk to service provision should sponsorship licences be revoked by the Home Office.

In October 2023, Skills for Care, an independent charity whose mission includes ensuring that social care has the right people, skills and support, published their annual State of Adult Social Care and Workforce Report. Although this highlighted an improvement in workforce capacity driven by an increase in international recruitment, the report also noted unethical international recruitment practices, including modern slavery and labour exploitation. Although local issues around sponsorship that have arisen to date have been well managed by the Integrated Commissioning Team, with additional checks and provider support put in place, as the scale of the use sponsorship licences increase in County Durham so does the risk if licences were subsequently revoked.

The potential impacts for service users and their families include lack of essential care and reduced choice in social care provision. Potential financial impacts include the cost of implementing contingency arrangements for service users where their placement / care package is no longer deliverable under current arrangements and resource pressures on the commissioning service and operational teams potentially requiring additional staffing on a temporary basis in a worst case scenario. Other potential impacts include reduced service levels during affected periods while transition arrangements are made and reduced standards of service/performance during affected periods while transition arrangements are made.

Key controls for this risk include market oversight by AHS Integrated Commissioning and expertise developed on potential issues in the market and associated monitoring of provision, legal advice where required, and service and financial planning to mitigate potential impact. Officers are also linked to regional work to both support appropriate international recruitment and deal with issues of licence revocation through the North East Association of Directors of Adult Social Services.

Closed risks

Non-key risks

- 2 *R0666 - Risk that the Council is subject to legal challenge by Providers in relation to application of its Residential and Non-Residential Care Charging Policy and Deferred Payment Policy (**Care Charging Policy**) (AHS).*

As part of the contract extension with adult social care providers (residential and nursing care) the Integrated commissioning team have put in place, more robust processes to ensure those people placed on the Council's contract are not full fee-paying and have agreed a methodology for applying uplifts in the care fee rate based on an agreed basket of indicators.

The current two-year fee deal with providers ends on 31 March 2025 and contract discussions will be taking place shortly in order to secure a deal for 2025/26 onwards.

Following the above developments, this is no longer considered a significant risk and has therefore been closed.

Updates on the management of existing risks

Key risks

- 3 *UR0031 - If timely and comprehensive **Savings Plans** are not in place across the council, required savings may not be achieved, necessitating extensive utilisation of reserves (**RES**).*

Developing proposals and meeting savings targets continues to be extremely challenging, particularly considering the level of savings and transformation of services that have been delivered to date.

Since 2010 there has been a sustained focus on management and back-office savings to protect frontline services, but achieving savings in this way is becoming much more difficult and going forward, if

significant savings are required in future, then it will be much more difficult to avoid impacts on front line service delivery.

Savings in recent years have also focused on generating additional fees and charges. The quarter one forecast of outturn report 2024/25 shows that a number of these income related savings are not realising the income levels required and whilst some of this is due to timing / delivery delays the ability to balance the budgets in this way is becoming more challenging.

If Government funding settlements remain as challenging as they have been, this may lead to difficult decisions being required in relation to service delivery, with priority being given to meeting statutory service delivery.

- 4 *UR0051 - There is significant uncertainty in relation to future funding settlements from government, which will significantly impact upon the medium-term financial plan (**Govt Funding**) (**RES**).*

The current position remains uncertain and challenging post the General Election.

A report to Cabinet on 18 September 2024 set out a budget shortfall / savings requirement of circa £64m over the 2025/26 to 2028/29 MTFP planning period – this being after assumed annual increases in Council tax of 2.99% in each of the next four years and after the delivery of circa £8.3m of savings plans agreed as part of MTFP14 that cut across the next four years. Delivering further savings of this magnitude would be extremely challenging.

As part of the 2023/24 outturn report to Cabinet in July 2024, a review of earmarked reserves was approved, which resulted in an increase in the MTFP support reserve and the Early Retirement / Voluntary Retirement reserve in anticipation of the support that will be required to deliver and smooth in the savings required to balance the Council's budget across the coming four years.

Following the General Election, the new Government have announced that a Comprehensive Spending Review (CSR) will be undertaken in 2025 and have committed to publishing multi-year settlements from 2026/27 onwards. There has been no commitment to any additional funding for the sector at this stage for 2025/26 or across the CSR period with statements consistently stating how stretched the public finances are.

The Autumn Statement / Budget will be published on 31 October and will inform departmental allocations and council tax referendum limits etc for 2025/26, which will have a significant bearing on the Council's budget next year.

5 *UR0108 - Inability to recruit and retain **Children's Social Workers** and social work managers may seriously inhibit the delivery of services (CYPS).*

Between July 2023 and March 2024, the overall vacancy rate across our social work workforce fell from around 21% to around 16%.

The following control improvements have recently been scheduled: -

- (a) identification of a route to support social work managers following removal of the Pathways programme by the DfE;
- (b) implementation of a career development framework to retain social workers in Durham;
- (c) consideration of replacement of 10 social work vacancies with social work trainees to create additional social workers for the future.

6 *UR0196 - Inability to recruit and retain **Educational Psychologists** at a time of rising demand may seriously inhibit the delivery of services and lead to significant delays in statutory Education, Health, and Care needs assessments (CYPS).*

Demand for statutory assessments has been increasing rapidly for at least two years, and there is insufficient capacity in the service due to high vacancy levels. As at May 2024, the vacancy rate was 41%.

Work to measure capacity and demand has determined that additional posts were required to address the backlog that has arisen and to stabilise the service. Temporary funding of £1,676,800 has been agreed to support contracts for agency educational psychologists (EPs) to carry out assessments, and a growth bid for 2025-26 has been developed which will be considered as part of the development of the 2025/26 budget and MTFP(15).

Without these assessments children with special educational needs may not be accessing the help they need to achieve within a timely way.

There are contracts in place to obtain additional EP capacity through agencies for the completion statutory assessments and the recruitment

of five EPs from overseas. There is also a contract to recruit two area principal EPs to provide management capacity.

Salaries have been increased by one point to bring them into line with geographically and statistically comparable authorities.

New performance metrics have been developed and introduced across the Education, Health, and Care process to better identify and track progress with requests and timeliness.

Control improvements being considered include the introduction of an Advanced Educational Psychologist role and changes to the Structured Professional Assessment point system so that EPs are better supported to reach the higher pay points on their pay scales.

Non-key risks

7 *UR0025 - Serious injury or loss of life due to **Transport Safeguarding** failure (REG).*

This risk relates to school and adult social care transport services, including children with special needs, provided by the Council and local businesses.

On 15 November 2023 Cabinet approved the External Contractor Staff Suitability Policy for school and social care transport for assessing the suitability of an individual to be deployed in the provision of such transport.

8 *UR0033 - Breach of duty under Civil Contingencies Act by failing to prepare for, respond to and recover from a **Major Incident**, leading to a civil emergency (NCC).*

Following an organisational restructure, ownership of this risk has been reassigned from Partnerships and Community Engagement to Community Protection.

Implementation of the remaining actions in the Storm Arwen Improvement Action Plan is continuing, and this includes the promotion of community resilience and resources surge planning. Actions arising from the Mighty Oak (National Power Outage) exercise are being addressed through national, regional and local sub-groups.

A corporate emergency planning exercise is planned for 2 October 2024.

- 9 *UR0048 - Failure to consult with communities on major service & policy changes leading to legal challenge & delays in implementation (Consultation) (Corporate Affairs).*

Following an organisational restructure, ownership of this risk has been reassigned from Partnerships and Community Engagement to Corporate Affairs.

- 10 *UR0081 - Failure to prepare for, respond to and recover from a disruptive event, leading to a major interruption to the provision of essential services by the Council (Business Interruption) (NCC).*

Following an organisational restructure, ownership of this risk has been reassigned from Partnerships and Community Engagement to Community Protection.

The development of operational business continuity plans has been strengthened by giving greater consideration to ICT interruptions and disaster recovery.

- 11 *UR0082 - Pressures nationally across residential, nursing, and domiciliary/community care providers, could affect the availability, delivery, continuity, quality, sustainability, and capacity of care provision within County Durham (Care Providers) (AHS).*

There is pressure from markets to pay the living wage across providers.

A key mitigation for this risk is the use of the market position statement (MPS) to promote market opportunities and development for providers, and the MPS 2023/25 has now been published on the Council's website.

One new care home was opened in early 2024, with one more due to open in late 2024, reducing the impact of the two closures in 2023.

- 12 *UR0089 - Potential progressive land slippage near the A690 may develop to an extent where a major road closure is necessary for repairs to be undertaken (A690 Slippage) (NCC).*

The Council's ground investigation evidence demonstrates that the embankment is showing an average of 1mm movement per month.

Works are anticipated to commence on site in August 2024 (previously January 2024) with an anticipated 14 months works programme.

Capital funding is in place to fund the project and the scheme is within budget.

13 *UR0094 - Potential financial and other pressures threaten the viability of some **Education Providers**. (CYPS).*

A non-recurring Deficit Support Grant of £500k received in 2023/24 support gaps in schools finance has meant that no schools in the Durham area required a licence deficit in 2024/25.

The Deficit Support Grant is currently supporting in the region of 20 schools, who would otherwise be in a deficit situation. This funding does not address the underlying financial viability concerns in many of these schools and if it is not continued it will leave schools facing similar problems as of budget setting for 2025/26.

In July Cabinet considered a report on School Budget Plans for 2024/25. Corporate Management Team keep an oversight on financially vulnerable schools and schools have been encouraged to move to three-year budgeting. The Education and finance teams work closely to support (and challenge) financially vulnerable schools, with strategic discussions taking place with head teachers and governing bodies. Potential school closures and amalgamations may be necessary to address underlying structural deficits.

14 *UR0096 - Uncertain economic outlook may impede the delivery of the county's **Inclusive Economic Strategy** (REG).*

The future of the UK Shared Prosperity Fund (UKSPF), which replaced EU funding, remains uncertain beyond March 2025. UKSPF has been particularly important for providing business and employability support in line with the Inclusive Economic Strategy. The Council does not have the resources to finance any shortfall, being reliant on national and regional funding. Therefore, our ability to continue, and develop new, programmes in line with the IES from 2025/26 onwards is highly uncertain.

Economic Development services budgets have been agreed and external funding has been secured to March 2025 to enable us to continue and start strategic regeneration and growth and inclusive growth projects. Direct discussions are taking place with local, regional, and national levels and via lobbying groups about the continuation of the UK Shared Prosperity Fund from 2025/26 onwards.

The service is increasing engagement with government and regional bodies to promote our opportunities and needs including working closely with the new North East Mayoral Combined Authority (NECA) to ensure we gain suitable support.

The new government is yet to set-out its strategic approach and the funding it will use to support deprived parts of the UK. Details of the government's approaches are expected in the Autumn Budget on 30 October 2024, which should provide some clarity. By this point, NECA should also have some of its own strategies and investment plans in place.

The position will be reviewed after the Autumn Budget and an update will be provided to Audit Committee in November 2024.

15 ***UR0103 - Potential breach of the Data Protection Act 2018 (Data Breach) (Corporate Affairs).***

This risk has been reassigned from Digital Services to Corporate Affairs following a restructure and transfer of responsibilities.

The corporate business intelligence programme is a new development for the council, involving development of new skills and technical solutions to enable us to manage information and data. The programme has a board in place, providing oversight of delivery. External support has been sought to support ensuring effective information governance controls are in place. Specific training is being delivered to officers who will be managing and manipulating the data. A specific risk register is in place for the programme.

As part of the IT Framework, the Information Governance Group (IGG), including the Corporate Director of Resources (Senior information Risk Owner), is to be re-established with an enhanced information risk management approach. The Group includes senior management as well as officers across all services and this will allow us to manage strategic and operational information risks as they emerge.

The Group's work will include: -

- (a) overseeing the information governance action plan over the next three years 2024-26.
- (b) development of an Information Asset Register.
- (c) business process reviews around Data Breaches, FOI handling, and SAR handling.
- (d) additional work around Information Sharing Agreements and Data Protection Impact Assessments.

- 16 *UR0105 - If the Council suffered a successful **cyberattack** or IT security breach, then it may be unable to effectively deliver essential services. (Resources).*

Controls for this risk have been strengthened. Firstly, the Supply Chain Security Assessment process has now been successfully introduced and is now business-as-usual and a pivotal element of all onboarding activity and or contract renewal. Secondly, Multi Factor Authentication has been introduced, limiting the potential for phishing activity.

Meetings have taken place with over 70 teams across the council in conjunction with Civil Contingency team to ensure that individual service business continuity plans reflect actions that would be needed in event of cyber security incident. Feedback from these meetings is presently being reviewed and findings will be collated into the final organisational Cyber Security Business Continuity Plan.

To further strengthen controls, management will review the position of a softening insurance market towards the threat of cyberattack. This work is being undertaken by Digital Services and Corporate Insurance to establish position of value for money.

- 17 *UR0119 - Increasing demand on the Dedicated Schools Grant budget for High Needs Block special educational needs services and inclusive education services may result in adverse impacts on finance and service delivery (HNB SEND) (CYPS).*

In December 2023, Cabinet received an update on the latest forecast financial position for the High Needs Block (HNB) budget, overview of the HNB sustainability programme and an update on the Delivering Better Value (DBV) in SEND Programme.

Planned control improvements for this risk include: -

- (a) Engagement with the Schools Forum to determine options for reducing pressure on the HNB budget, followed by consultation.
- (b) Testing of the 11 reform areas as part of the Regional SEND and Alternative Provision Change Programme.

- 18 *UR0122 - Volatile and high-cost, demographic demands of children looked after on the Children's Social Care budget may result in adverse impacts on the budget and service delivery (CLA costs) (CYPS).*

In April 2015, the number of children in care (CiC) in Durham was relatively stable at 622 (62 per 10k). Since April 2016, the number of CLA has continued to rise each year, reaching 1,214 in March 2024.

The CLA budget has increased significantly in recent years from £24.218 million in 2018-19 to £76.574 million in 2024-25. It is still however, anticipated that expenditure in this area will exceed budget in 2024-25. It is also noted that this issue has a financial impact on other Council services of having to fund Childrens Social Care.

MTFP(14) included provision for additional funding to meet demographic pressures and price increase in each of the years between 2024-25 and 2027-28. These figures have been revised (increased) as part of MTFP(15), which covers the period 2025-26 to 2028-29.

Other controls for this risk include: -

- (a) corporate oversight by CMT, Cabinet, Durham Safeguarding Children Partnership, and partners; and
- (b) risk-based approach to identifying children to be looked after.

- 19 *UR0144 - Uncertainties and challenges in relation to the impact of the Government's changes to commissioning and integration arrangements for health and social care following the enactment of the **Health and Care Act 2022** and associated Government guidance (AHS).*

The risk assessment has been reviewed in detail and reworked.

In mitigation, the Council is working with the Integrated Care Board (ICB) and other partners in The County Durham Care Partnership to share resources and expertise to mitigate any changes to integration arrangements. This includes: -

- (a) regular reports to the County Durham Care Partnership Executive;
- (b) scheduled meetings between senior officers working on the potential Joint Committee and the deployment of ICB resources in County Durham;
- (c) fortnightly meetings between health and care Chief Officers exercising oversight of the work on a potential Joint Committee;
- (d) periodic reports to Cabinet, Health and Wellbeing Board and Overview and Scrutiny Committees as needed;
- (e) oversight of the Better Care Fund by Health and Wellbeing Board and NHS England.

- 20 *UR0149 - Pupils may not adequately recover from the impacts of Covid19, leading to ongoing or increased inequality of **Educational Outcomes**, restricted employment prospects and an increase in the number of NEETS. (CYPS).*

Although we have a normalised return to school pattern, there are still significant issues around attendance and extreme persistent absence (under 50% attendance).

Similarly, Elective Home Education (EHE) has grown as a consequence of children's anxieties around school attendance. Prior to COVID, the number of children in EHE was around 600, and this has doubled to around 1200.

The consequences for long term support for employment and training are significant. Resourcing this increased demand will become more difficult with reduced funding through the UK Shared Prosperity Fund (UKSPF).

The main controls for this risk include the Children and Young People's (CYP) Strategic Plan, the DurhamWorks programme and scrutiny, challenge and support through various committees and groups including CYP Overview and Scrutiny Committee, school governing bodies, Durham Schools Forum.

- 21 *UR0158 - Increased demand and workforce pressures during the winter period may disrupt the council's and partners' **Urgent and Emergency Care Services**. (AHS).*

Causes of this risk include legacy issues in terms of population health and behaviours caused by the pandemic.

Durham County Council and Integrated Care Board partners have the ability to flex some service delivery to access additional capacity across the winter period to meet increased demand, e.g. intermediate care beds. However, it should be noted that some of this activity relies on short-term grant funding, so it is not guaranteed in the medium to longer term.

- 22 *UR0175 - Potential impacts of the spread of **Ash Dieback Disease** on the environment, public safety, and Council finances. (NCC).*

The issue of tree risk management has been brought into focus recently, due to an increasing number of storms and severe weather events posing a risk of trees being damaged or falling in strong winds and heavy rain.

In March 2024, Cabinet considered a report, which proposed revisions to the corporate Tree Management Policy and revised policy and procedures and referenced new and emerging issues such as ash dieback. The proposed policy seeks to ensure that risks arising from trees are managed in a proportionate way and deliver a high standard of tree care, and that statutory and other legal duties are met. The policy makes it clear that members of the public or their agents cannot be authorised to undertake work on council land due to health and safety, insurance, and other considerations. The inspection regime adopted by the policy is an internationally recognised system for tree risk management.

Despite financial pressures faced, the Council has increased investment into staffing, increasing the tree team's capacity. Two officers will receive validator training in July 2024, and 60 staff will receive basic validator training during June and July 2024. Ash dieback surveys are being carried out (Summer 2024) in schools that are signed up to the arboricultural inspection service level agreement. Also, asset management software for trees is being procured.

23 *UR0185 – Challenging national, and international economic conditions beyond the control of the council risk the loss of local **Businesses and Jobs** across the county (REG).*

Businesses continue to be affected by high inflation, driven by higher costs of energy, components and materials, food, and wages, meaning that the costs of doing business are high. This is compounded with high interest rates and low growth across the UK is affecting the confidence of businesses to invest in growth and skills shortages are restricting business growth. Whilst the UK economy has largely recovered from the impacts of Covid and businesses have a clearer understanding of the post-Brexit trading conditions, these and other national issues mean that the conditions for businesses remain highly uncertain.

The loss of EU funding over 7-year implementation periods means that external regeneration funding will end in 2025 and will depend on the priorities of the new government. Uncertainty about future local authority funding and devolution means it is difficult to plan economic support beyond March 2025. However, we will continue to work with the new North East Mayoral Combined Authority and other external partners to promote our needs and opportunities to the government and maximise the resources we have control over.

The position will be reviewed after the Autumn Budget and an update will be provided to Audit Committee in November 2024.

- 24 *UR0198 – Supply chain issues around **Fleet, Plant, Equipment, Parts, and Fuel**, including high prices, reduced availability, and long lead times, may prevent the timely delivery of goods and services for a class 1 function/statutory service, resulting in a business interruption, breach of a statutory duty and serious adverse impacts on service users and the community (NCC).*

Fuel deliveries are generally reliable, but prices remain high, and the Israel/Gaza conflict may continue to cause disruption in future. There are no significant other changes to report.

- 25 *UR0202 - Financial constraints may lead to the deterioration in the condition of a key **Highway Structure** to an extent where significant repairs or structure replacement is required, resulting in a breach of statutory duty, expensive remedial works, disruption to highways users, and damage to local businesses and the local economy (NCC).*

With a structures maintenance backlog of approximately £55 million (previously reported as £38 million), the available budgets are insufficient to maintain a deteriorating asset, and additional investment is required to upgrade the existing structures condition to a serviceable standard.

The main controls for this risk are the Highways Maintenance Plan; the Local Transport Plan Capital Programme and Budget; additional investment through Capital Contingencies and MTFP capital bids; programme of principal and general inspections of highways assets in line with relevant standards and codes of practice; intrusive investigations and assessment calculations to determine condition and loading capacity where concerns are reported or identified.

Emerging/potential risks

Updates on the management of existing risks

- 26 *UR0203 - Interpretation of the Regulatory Reform Order 2005, in relation to responsibility for meeting the requirements of the order in some types of accommodation (**Fire Safety in Supported Living Accommodation**) (AHS).*

Discussions between officers in Durham County Council and the County Durham and Darlington Fire and Rescue Service (CDDFRS) have been ongoing for many months regarding fire safety in supported living accommodation and differing opinions and perspectives regarding the interpretation of the order. If the Council is deemed to have overall

responsibility for implementing the recommendations in the Order and is perceived as failing to comply, there may be legal implications/costs, which are yet unknown. The Order could have significant financial impact to the Council and Integrated Care Board (ICB), as well as raising conflicting legislative issues in relation to the Care Act 2014 requirements to commission and deliver services to meet assessed social care needs, to promote independence, choice, and progression rather than create dependency and restrictive forms of care.

CDDFRS colleagues, remain fixed in their interpretation and believe there is consensus at a national level. To challenge this further would require independent legal advice. While this still could be considered following wider discussions, a sensible approach would be to commence a programme of reviews and recommissioning for individuals and services, according to need, in the context of safe evacuation. While this would be a proactive approach, a more urgent response may be required for any services CDDFRS decides to inspect at short notice.

A full report detailing progress on mitigating this risk and ongoing issues and plans for decisions was considered by management in July 2024. Communications are being developed and circulated to operational staff and providers to ensure compliance with the Fire Safety Act. For individual service risks, Legal and Health and Safety advice is being sought with a view to developing an escalation process as required.

Following a full refresh of the strategic risk assessment, taking account of the mitigating actions that have been implemented, the net risk evaluation has been assessed as minor impact, possible likelihood. As such, the risk will not be escalated to the corporate risk register but will continue to be monitored and reported within the service.

- 27 *UR0204 - Potential inappropriate referrals of individuals involved in health, psychological and welfare related situations, under the new **Right Care, Right Person operating model**, may cause additional work pressures for Council services, resulting in adverse impacts on the mental health and wellbeing of the individuals concerned (AHS).*

Post phase 1 roll-out of the RCRP protocol, it is intended that DCC, partners and front-line services will continue with the roll out and build in interim reviews with a meeting to be scheduled Oct-Nov to review key data / feedback and to propose a next steps action plan. It must be noted that current data would be potentially skewed by the summer period Jul – Sept 24 which includes school summer holidays.

28 *UR0205 - Uncertainties in relation to the partnership project between the seven North East Local Authorities (7LA) to procure and deliver a large **Residual Waste Energy Recovery Facility (NCC)**.*

This project seeks to procure a design, build, finance, and operate a contract for a 450,000-tonne capacity, residual waste / energy recovery facility (ERF).

The project is inherently challenging because of its scale in terms of duration and cost, the technology involved, and reliance on effective strategic partnership working.

Northern Power Grid have provided a grid connection timescale of 2026, which has allowed the procurement process to restart, and a new timetable for project implementation, build and delivery is to be agreed. There remains some uncertainty in that there are some potential variations in costs and funding.

The intended benefits of the project include efficient, cost effective/secured and sustainable residual waste treatment for up to 40 years for 1.5 million residents, producing enough energy to power 60,000 homes with potential heat offtake and carbon management through carbon capture utilisation and storage.

The project is being managed through the Local Partnerships Programme Manager, with representation from the 7LA Boards, and supported by financial, technical, and legal advisors.

29 *UR0212 – Potential under-insurance of the Council's property assets against adverse events, leading to financial loss and reputational damage (**Reinstatement Values**), (**RES/REG**).*

The net risk evaluation has been assessed as major impact, unlikely likelihood.

The Council's asset register contains around 1,175 properties, which are used for various purposes, including general service delivery, education, housing, commercial and industrial uses under lease and rental agreements with third parties. As at July 2024, around 60 properties were not in use.

A review of the asset valuations has shown that for a number of years, the net book value has been used for insurance purposes for some properties, instead of the full reinstatement value, meaning that the Council may not be insured for the full financial impact of losses for potential adverse events. This exposes the Council to potential financial

loss and reputational damage should an incident occur and the insurer seeks to cap any claim to the net book value.

The insurance policy requires that the Council has carried out regular valuations utilising qualified Royal Institution of Chartered Surveyors (RICS) members at intervals of not more than five years to ensure that the assets are adequately insured for reinstatement purposes.

To minimise the potential likelihood and consequences of this risk, a reinstatement cost assessment report and contract procurement variation have been approved to acquire the services of external RICS surveyors to carry out Reinstatement Cost Assessments and Major Reviews of the councils buildings. This work will be funded from the Insurance Reserve and will be undertaken over a period of three years through an asset programme determined by the Corporate Insurance Team and the Corporate Property and Land Team, thereafter, the work will be commissioned to run alongside the five year rolling programme of asset revaluations undertaken for capital accounting purposes.

In the meantime, it has been agreed with the Council's insurers that, where applicable, a percentage increase will be applied to net book values to reduce the shortfall in cover for which the Council would otherwise be liable.

Key Risks

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

Key Risks Matrix

Net Impact					
Critical			6 Child Safeguarding 7 Savings Plans 8 Vulnerable Adults		1 Govt Funding
Major				3 Statutory Sufficiency Duty 4 Children's Social Workers 5 Climate Change	2 Educational psychologists
Moderate					
Minor					
Insignificant					
Net Likelihood	Remote	Unlikely	Possible	Probable	Highly Probable

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

Key Risks Schedule

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

Ref	Service leading on the risk	Range of impact (cross-cutting or service-specific)	Corporate Theme	Risk	Net Impact	Net Likelihood	Proposed Key Actions	Direction of Travel	Anticipated date when risk will be at an acceptable level
1	RES Risk owner: Head of Corporate Finance and Commercial Services	Cross-cutting	1 Our Council - Durham County Council has a reputation for listening to its residents, being well-managed and getting things done.	UR0051 - There is significant uncertainty in relation to future funding settlements from government, which will significantly impact upon the medium-term financial plan (Govt Funding).	Critical	Highly Probable	Main Controls: Sound financial forecasting is in place based on thorough examination of the Government's "red book" plans alongside forecasting of council expenditure and income especially in relation to the areas impacted by growing demand and inflation pressures.		This will be a significant risk for at least the next 4 years.

Ref	Service leading on the risk	Range of impact (cross-cutting or service-specific)	Corporate Theme	Risk	Net Impact	Net Likelihood	Proposed Key Actions	Direction of Travel	Anticipated date when risk will be at an acceptable level
2	<p>CYPS:</p> <p>Risk owner: Head of Early Help, Inclusion and Vulnerable Children</p>	Service-specific	5 Our People - Durham is a place where people will enjoy fulfilling, long and independent lives.	<p>UR0196 - Inability to recruit and retain Educational Psychologists at a time of rising demand may seriously inhibit the delivery of services and lead to significant delays in statutory Education, Health and Care needs assessments.</p>	Major	Highly Probable	<p>Main controls: Job advert and recruitment materials regularly reviewed with active advertising.</p> <p>Salaries reviewed to bring in line with our geographical and statistical neighbours.</p> <p>Job descriptions updated to reflect time off in lieu policy so that lack of flexibility did not put off applicants.</p> <p>Core hours reduced to increase flexibility for existing employees.</p> <p>Capacity reviewed and additional posts created.</p> <p>Contracts for additional locum support. Contract to identify overseas. Educational Psychologists for permanent contracts.</p> <p>Action plan in place to address timeliness challenges alongside further work on projects to improve capacity and confidence in early intervention to seek to reduce number of new statutory assessments.</p> <p>Planned improvements: Consideration of whether further changes to pay across the workforce are required and consideration of whether an "Advanced Educational Psychologist" role can be introduced.</p> <p>Changes to Structured Professional Assessment point system so that Educational Psychologists are better supported to reach the higher pay</p>		The duration of this risk is uncertain.

Ref	Service leading on the risk	Range of impact (cross-cutting or service-specific)	Corporate Theme	Risk	Net Impact	Net Likelihood	Proposed Key Actions	Direction of Travel	Anticipated date when risk will be at an acceptable level
3	CYPS: Risk owners: Corporate Director Children and Young People's Services and Corporate Director Adult and Health Services	Service-specific	5 Our People - Durham is a place where people will enjoy fulfilling, long and independent lives.	UR0107 - Risk of being unable to meet the authority's statutory sufficiency duty to provide sufficient accommodation in the local authority area to meet the needs of Children Looked After and children in need.	Major	Probable	<p>Main Controls: Corporate CYP Sufficiency Board, chaired by Corporate Director, Children & Young Peoples Services, attended by senior managers from relevant corporate services. Durham County Councils Sufficiency and Commissioning Strategy sets out the strategic approach to securing sufficient accommodation to meet the needs of our looked after children. This includes initiatives to increase the number of foster carers and the provision of in-house children's homes.</p> <p>Sufficiency issues are also being faced by all local authorities, and the implementation of the Governments responses to the Independent Care Review will be important in transforming the children's social care system to better support the most vulnerable children and families. Durham is part of the Regional Fostering Project across all North East Authorities which is aiming to increase the number of foster carers available.</p>		This risk is long term.

Ref	Service leading on the risk	Range of impact (cross-cutting or service-specific)	Corporate Theme	Risk	Net Impact	Net Likelihood	Proposed Key Actions	Direction of Travel	Anticipated date when risk will be at an acceptable level
4	NCC: Risk owner: Head of Environment	Cross-cutting	4 Our Environment - Durham has taken action to tackle the climate emergency, reduce the impact of pollution and waste on our county and protect, restore and sustain our natural environment.	UR0132 - High technology costs and a potential lack of Government funding and resources may prevent the Council from making the necessary adaptations and mitigations to meet its climate change targets.	Major	Probable	<p>Main Controls: One of the key mitigations is the Climate Emergency Response Plan 2022-2024, incorporating over 150 projects.</p> <p>The scale, duration and complexity of the programme means that sustained oversight, monitoring and review are essential. Net Zero Board, Environment and Sustainable Communities Overview and Scrutiny Committee and the County Durham Partnership will review performance against the plan and make recommendations for the revision of targets.</p>		This risk is long term.

Ref	Service leading on the risk	Range of impact (cross-cutting or service-specific)	Corporate Theme	Risk	Net Impact	Net Likelihood	Proposed Key Actions	Direction of Travel	Anticipated date when risk will be at an acceptable level
5	CYPS: Risk owner: Head of Children's Social Care	Service-specific	5 Our People - Durham is a place where people will enjoy fulfilling, long and independent lives.	UR0108 - Inability to recruit and retain Children's Social Workers and social work managers may seriously inhibit the delivery of services.	Major	Probable	<p>Main controls: Social Work (SW) Academy. Regional agreement on agency payments. Recruitment and Selection Policy and guidance. Monitoring competitiveness of grades / pay rates. Recruitment and retention for specified roles. Supporting various routes into SW. Management development and leadership academy to ensure SWs are well supported. Supervision framework.</p> <p>Planned improvements: Ongoing risk assessment to determine if extensions to R&R allowances are justified and are applied to the right groups of social workers. Increasing investment in routes into social work. Further improving recruitment. Enhancing flexibility.</p>		The duration of this risk is uncertain.

Ref	Service leading on the risk	Range of impact (cross-cutting or service-specific)	Corporate Theme	Risk	Net Impact	Net Likelihood	Proposed Key Actions	Direction of Travel	Anticipated date when risk will be at an acceptable level
6	RES Risk owner: Head of Corporate Finance and Commercial Services	Cross-cutting	1 Our Council - Durham County Council has a reputation for listening to its residents, being well-managed and getting things done.	UR0031 - If timely and comprehensive savings plans are not in place across the council, required savings may not be achieved, necessitating extensive utilisation of reserves.	Critical	Possible	Main Controls: The Delivery plan implementation will be monitored by CMT and Cabinet.		This will be a significant risk for at least the next 4 years. No further mitigation is planned at the current stage.

Ref	Service leading on the risk	Range of impact (cross-cutting or service-specific)	Corporate Theme	Risk	Net Impact	Net Likelihood	Proposed Key Actions	Direction of Travel	Anticipated date when risk will be at an acceptable level
7	CYPS: Risk owner: Corporate Director Children and Young People's Services	Service-specific	5 Our People - Durham is a place where people will enjoy fulfilling, long and independent lives.	UR0006 - Failure to protect a child from death or serious harm where service failure is a factor or issue (Child Safeguarding).	Critical	Possible	Main Controls: Durham Safeguarding Children Partnership has been established in line with the statutory requirements set out in 'Working Together 2018'. Partnership learning through scrutiny mechanisms and learning reviews underpins training for front line staff and regular staff supervision takes place. The Councils planned implementation of 'Stable Homes built on Love' following the National Care Review.		This risk is long term.

Ref	Service leading on the risk	Range of impact (cross-cutting or service-specific)	Corporate Theme	Risk	Net Impact	Net Likelihood	Proposed Key Actions	Direction of Travel	Anticipated date when risk will be at an acceptable level
8	AHS: Risk owner: Head of Adult Care	Service-specific	5 Our People - Durham is a place where people will enjoy fulfilling, long and independent lives.	R0562 - Failure to protect a Vulnerable Adult from neglect or abuse, including financial abuse (where service failure is a factor or issue).	Critical	Possible	<p>Main Controls: As the statutory body, the multi-agency Durham Safeguarding Adults Partnership has a Business Plan in place for taking forward actions to safeguard vulnerable adults including a comprehensive training programme for staff and regular supervision takes place. Procedures are reviewed on a regular basis.</p> <p>Following allegations of abuse at Whorlton Hall Hospital, an independent review the Council's safeguarding adults' processes has been commissioned. Any learning from this and other such reviews will inform actions to reframe and further develop practice.</p>		<p>"Nationally there has been an increased awareness of potential vulnerabilities in relation to adults with care and support needs. High profile exposures heighten awareness of adult safeguarding concerns.</p> <p>"This risk is long term."</p>

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

Based on the net risk assessment on 31 May 2024, the following tables highlight the risks for each Corporate Theme in County Durham Vision 2035 and the Council Plan.

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

Ref	Service	Risk	Conclusion	Main Controls and Planned Improvements
1	RES	UR0051 - There is significant uncertainty in relation to future funding settlements from government, which will significantly impact upon the medium-term financial plan (Govt Funding).	Treat	Main Controls: Sound financial forecasting is in place based on thorough examination of the Government's "red book" plans alongside forecasting of council expenditure and income especially in relation to the areas impacted by growing demand and inflation pressures.
2	RES	UR0031 - If timely and comprehensive (savings plans) are not in place across the council, required savings may not be achieved, necessitating extensive utilisation of reserves.	Treat	Main Controls: The Delivery plan implementation will be monitored by CMT and Cabinet.
3	RES	UR0066 - Potential serious injury or loss of life due to the Council failing to meet its statutory, regulatory and best practice responsibilities/ requirements for (property and land).	Treat	Main Controls: Unitised Corporate Property and Land Service, asset database, training programme. Capitalised maintenance programme. Incident reporting and monitoring in collaboration with relevant parties, where appropriate. Planned Improvements: implement a corporate service delivery model and estate management performance indicators.
4	NCC	UR0033 - Breach of duty under Civil Contingencies Act by failing to prepare for, respond to and recover from a major incident, leading to a civil emergency.	Treat	Main Controls: Local Resilience Forum Strategic Board (strategic direction), Tactical Business Group (delivery and performance management), Standing Group (horizon scanning, threat assessments, training, testing and plan exercises). Mutual aid agreement with neighbouring local authorities. Planned Improvements: On-going implementation of remaining actions in the Storm Arwen Improvement Action Plan in relation to the promotion of community resilience and resources surge planning. Corporate emergency planning exercise planned for 2 October 2024.
5	REG	UR0169 - Increased difficulty in retaining or finding tenants for Council-owned leisure/retail units, leading to an increased risk of medium to long term losses in revenue.	The current controls are considered adequate.	Main Controls: Marketing Strategy. Proactive, national marketing of units through a specialist external agency. Tailored incentives for potential tenants. Business Durham connects businesses with the right funding, advice, and networks they need to grow and thrive. Budget monitoring and control. Regular progress reports to Corporate Management Team. Supporting businesses through discretionary rate relief schemes.

Ref	Service	Risk	Conclusion	Main Controls and Planned Improvements
6 Page 132	REG	UR0129 - Potential violence and aggression towards members and employees from members of the public.	The current controls are considered adequate.	Main Controls: Oversight by Health, Safety and Wellbeing Strategic Group. Management of Violence & Aggression Policy. Potentially Violent Persons Register. Guidance to employees and elected members. Violence and Aggression accident and incident reporting procedure. Physical security features on Council premises. Collaboration with Durham Police re intelligence, where appropriate. Civil action against individuals, where appropriate. Corporate Security Strategy and Policy. Security assessment of customer access related premises. Violence and aggression related guidance, support, and inductions for members.
7	NCC	UR0198 – Supply chain issues around fleet, plant, equipment, parts and fuel, including high prices, reduced availability and long lead times, may prevent the timely delivery of goods and services for a class 1 function/statutory service, resulting in a business interruption, breach of a statutory duty and serious adverse impacts on service users and the community.	The current controls are considered adequate.	Main Controls: Corporate Procurement Strategy 2020 - 2024, including collaborative procurement and supplier engagement, category management approach, supporting services with contract management. Sourcing products and services from an increased number of suppliers.
8	REG	UR0064 - Serious breach of Health and Safety Legislation.	The current controls are considered adequate.	Main Controls: Health and Safety (H&S) Management System, policy, strategy, supporting guidance, codes of practice. Proactive audit, inspection and monitoring regimes, accident, incident and ill-health reporting procedures adapted for Covid19. Occupational H&S Team. Oversight by cross-service Corporate Health, Safety and Wellbeing Strategic Group, chaired by Corporate Director of Resources and Director of Regeneration, Economy, and Growth.
9	RES	UR0154 - National and local shortages of skills and labour may cause recruitment and retention difficulties, resulting in capacity shortfalls.	Treat	Main Controls: A comprehensive action plan is in place to strengthen and modernise our strategic approach to recruitment across the council supported by monthly highlight reports and additional posts have been put in place in Human Resources and Employee Services to support this work. Planned Improvements: A Corporate Communications Plan for Recruitment continues to be developed as improvements are made and new initiatives are being implemented including a dedicated Jobs and Careers Facebook page to promote vacancies, careers and working at the council and development of the council's website to include information on careers and working in each of the council's services. Looking at increasing overseas recruitment and other workforce initiatives to increase talent pipelines and support succession plan. Revised workforce strategy 2024-27
10	CA	UR0048 - Failure to consult with communities on major service & policy changes leading to legal challenge & delays in implementation (Consultation).	The current controls are considered adequate.	Main Controls: Consultation Statement (commitment and approach), Consultation Plan, Consultation Team, cross-service Consultation Officer Group. Consultation is embedded in strategic planning, decision-making and Medium-Term Financial Plan. Consultations web page. Membership of the Consultation Institute (awareness, advice).

Ref	Service	Risk	Conclusion	Main Controls and Planned Improvements
11	RES	UR0105 - If the Council suffered a successful cyberattack or IT security breach, then it may be unable to effectively deliver essential services.	Treat	<p>Main Controls: In June 2022, Cabinet approved a new cyber security strategy, which will be underpinned by the implementation programme. Business Continuity plans. Collaboration with Police, Fire, NHS via a Strategic Co-ordination Group. Critical assets risk assessed. Anti-Virus, Anti-spam, Spyware software protection. Regular Intrusion Detection test. Firewalls. Password protection. Third-Party Access Policy. Staged phishing exercises. User awareness.</p> <p>Planned Improvements: Development of Cyber Incident Response and Recovery Plan</p>
12	RES	UR0017 - Due to the current economic climate, there is potential for increases in fraud and corruption in relation to grants, hardship reliefs and scams.	The current controls are considered adequate.	<p>Main Controls: Corporate Fraud Team, Counter Fraud & Corruption Strategy, Fraud Response Plan, Corporate Fraud Sanction Policy, Confidential Reporting Code, Anti-Money Laundering Policy and Counter Fraud Plan. Preventive measures include training, fraud awareness, and publicity campaigns/fraud communication strategy. Numerous fraud reporting channels available. Data analytics/matching and fraud data hub. Reported cases are investigated rigorously and promptly, and appropriate action taken. Multi-agency partnerships working.</p>
13	RES	UR0097 - Potential size and scope of the liabilities of equal value claims.	The current controls are considered adequate.	<p>Main Controls: The Council is working with claimants and their legal representatives to determine those claimants who have a legitimate claim. Work is ongoing with the Tribunal to seek an agreeable settlement for all parties.</p>
14	AHS	UR0207 - Potential for unethical international recruitment practices (e.g., modern slavery) by some adult social care providers (International Recruitment Challenges).	Treat	<p>Main Controls: Market oversight by AHS Integrated Commissioning and expertise developed on potential issues in the market and associated monitoring of provision. Legal advice available where required. Service and financial planning to mitigate potential impact. Liaison with other local authorities and partner agencies. Dialogue with providers. Guidance and support available to providers and their staff.</p> <p>Planned Improvements: AHS Integrated Commissioning have instigated a data collection exercise to establish the scale of international recruitment in Durham (providers with licenses; numbers of international recruits per provider). This will help to inform further risk analysis and planning. The situation can however change quickly, and consideration will be given to the frequency of such exercises if it is identified that these need to continue in future. It should also be noted that such exercises are resource intensive for commissioning staff.</p> <p>AHS Integrated Commissioning are exploring with DCC HR the possible use of DCC sponsorship licences as a contingency for local ASC staff that may have difficulties in finding a new sponsor if their current sponsor's licence is revoked.</p>

Ref	Service	Risk	Conclusion	Main Controls and Planned Improvements
15 Page 134	NCC	UR0081 - Failure to prepare for, respond to and recover from a disruptive event, leading to a major interruption to the provision of essential services by the Council (business interruption).	The current controls are considered adequate.	<p>Main Controls: Business Continuity Management (BCM) Strategy, Policy and Steering Group. Comprehensive, up-to-date business impact analysis data. Service-specific, management-approved business impact analyses. Strategic, tactical and operational plans tested and in place. Backup ICT site. A business continuity training package for senior managers has been developed and is available on the Durham Learning and Development portal.</p> <p>Planned Improvements: A Surge Escalation Plan has been agreed and is being developed in consultation with relevant Cabinet Portfolio holders and Trade unions.</p>
16	CA	UR0103 - Potential breach of the Data Protection Act 2018 (data breach).	Treat	<p>Main Controls: Data Protection Policy and supporting procedures. Information Security Policy. Statutory Data Protection Officer appointed. Oversight by cross-service Information Governance Group. Regular data protection training for staff. Data breach reporting process and procedure. Technology and working practices to avoid potential homeworking related breaches.</p> <p>Main Controls: Data Protection Policy and supporting procedures. Information Security Policy. Statutory Data Protection Officer appointed. Oversight by a new cross-service information governance group that will oversee the council's information governance work. Regular data protection training for staff. Data breach reporting process and procedure. Technology and working practices to avoid potential homeworking related breaches. Programme board in place ensuring oversight and assurance for the new corporate business intelligence programme.</p>

Ref	Service	Risk	Conclusion	Main Controls and Planned Improvements
17	NCC	UR0089 - Potential progressive land slippage near the A690 may develop to an extent where a major road closure is necessary for repairs to be undertaken (A690 slippage).	Treat	<p>Main Controls: Monitoring by the Highway Inspector is continuing, and any remedial works found to be necessary are being programmed. Specialist consultants have now provided a preferred design solution and negotiations are underway to enter into a design and build contract. Further site investigations continue to help inform the final design solution.</p> <p>Planned Improvements: Works will be programmed accordingly, and a communications plan designed to inform all highway users of the project.</p>
18	NCC	UR0189 - Risk that the council is unable to meet its responsibilities under the Terrorism (Protection of Premises) Bill when enacted, which sets to improve protective security and organisational preparedness at publicly accessible locations.	The current controls are considered adequate.	<p>Main Controls: The risk is managed with Local Resilience Forum partners through the Government's countering terrorism strategy CONTEST (2023), which is an integrated approach to counter-terrorism, based on four main elements. The CONTEST work streams are Prevent, Pursue, Protect and Prepare.</p> <p>The Home Office and Counter Terrorism Policing UK identified DCC and 32 other authorities across the North East as a pilot area for Publicly Accessible Locations management in relation to protecting people and places from a terrorist attack in the run up to the Terrorism (Protection of Premises) Bill being laid before parliament. A Protect and Prepare Group (PAPG) was set up to take a joined-up approach and allow the assessment of current and emerging risks and vulnerabilities, and the provision of effective and proportionate mitigation measures. The pilot has now concluded, but the PAPG will continue to meet to support any responsibilities under the Terrorism (Protection of Premises) Bill when it becomes an Act.</p> <p>In County Durham, the Safe Durham Partnership prioritises work to prevent people becoming terrorists or supporting terrorism. This work has a strong link to safeguarding because vulnerable adults and children can be susceptible to radicalisation and recruitment into terrorist organisations. There may be warning signs that can help identify those people for suitable interventions and support.</p> <p>The Safe Durham Partnership follows the recommendations within the National Channel Duty Guidance to enable partners to ensure that children, young people and adults are protected from the harm of being drawn into terrorism.</p> <p>Channel is a multi-agency approach, led by local authorities and the police, which provides support to individuals identified as being at risk of being drawn into terrorist related activity. County Durham Channel seeks to:</p> <p>(a) Safeguard individuals who might be vulnerable to being radicalised, so that they are not at risk of being drawn into terrorist related activity; and,</p> <p>(b) Ensure that individuals and communities have the ability to resist all forms of terrorism and violent extremist activity likely to lead to terrorism.</p>

Ref	Service	Risk	Conclusion	Main Controls and Planned Improvements
19 Page 136	REG	UR0164 - Withdrawal of, or changes to, financial support to bus operators may result in reduced public transport coverage, leading to a lack of essential transport services for users and/or calls for financial assistance from the Council.	The current controls are considered adequate.	Main Controls: The Council will be contributing £2m from an underspend of the concessionary fares budget, which will cushion the impacts on services and on bus users. Continued liaison with the Department for Transport regarding the continued impacts of the pandemic on bus patronage.
20	NCC	UR0201 - Potential progressive land slippage near a public highway may develop to an extent where a major road closure is necessary for extensive and high-cost repairs to be undertaken.	The current controls are considered adequate.	Main Controls: Highways Maintenance Plan. Local Transport Plan Capital Programme and Budget. Additional investment through Capital Contingencies and MTFP capital bids.
21	NCC	UR0202 - Financial constraints may lead to the deterioration in the condition of a key highway structure to an extent where significant repairs or structure replacement is required, resulting in a breach of statutory duty, expensive remedial works, disruption to highways users, and damage to local businesses and the local economy.	The current controls are considered adequate.	Main Controls: Highways Maintenance Plan. Local Transport Plan Capital Programme and Budget. Additional investment through Capital Contingencies and MTFP capital bids. Programme of principal and general inspections of highways assets in line with relevant standards and codes of practice. Intrusive investigations and assessment calculations to determine condition and loading capacity where concerns are reported or identified.
22	CA	UR0023 - Failure to consider equality implications of decisions on communities and employees leading to successful legal challenge and delays in implementation.	Treat	Main Controls: Member portfolio for Equality and Inclusion. Dedicated Equality Team provides training, awareness, support and guidance to members and staff. Public Sector Equality Duty objectives are included in the Council Plan. Impact assessment process is embedded in processes for strategic planning, decision-making, public and stakeholder consultation and the medium-term financial plan. Planned improvement: Roll out equality impact assessment e learning training module across management and strategic leadership persons within DCC.

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

Ref	Service	Risk	Conclusion	Main Controls and Planned Improvements
23	CYPS	UR0094 - Potential financial and other pressures threaten the viability of some education providers.	The current controls are considered adequate.	Main Controls: School Strategy. Education Review Board. Sustainability Fund (early years providers). New protocols in place to support federations and shared headships. Leadership advisers support to schools. Business Continuity Planning and monitoring. Consultation on amalgamation of schools where opportunities arise.
24	RES	UR0131 - Risk that Council does not fully respond to the drivers of financial hardship, including those caused by the 'cost of living crisis' and wider determinants of poverty to help alleviate the impacts on County Durham residents.	The current controls are considered adequate.	Main Controls: Poverty Action Strategy and Plan; Child Poverty Action Plan; Poverty Action Steering Group; Housing Welfare Reform Group triage process; Child Poverty Group; Partnership working including but not exclusive to Advice in County Durham Partnership; Various practical, financial and advisory support services; and Communications programme and staff training.
25	REG	UR0166 - Increased financial and other pressures on households cause a rise in the number of people unable to buy or rent accommodation, with increased evictions and repossessions likely, leading to a significant increase in homeless presentations, use of temporary accommodation, demand for secure affordable housing and pressure on housing support services (homelessness).	Treat	Main Controls: The Planning and Housing Service supports residents who are at risk of homelessness or require housing related support, including referrals to organisations providing advice and support on housing, finance/financial management, employment, energy/fuel, foodbanks, furniture schemes. The Housing Poverty Group meets every six weeks to consider issues in relation to poverty, share best practice and promote joint working. Partnership working with social housing providers to understand, raise awareness and respond to key issues. The Stop B4U Serve initiative encourages landlords and tenants to approach the Council about potential eviction notices to consider alternatives. Implementation of Government-funded initiatives to support vulnerable/excluded groups: Rough Sleeping, Prevention Grant Fund to help accommodate and support vulnerable individuals who cannot access mainstream housing. Planned Improvements: Direct provision by the Council through the establishment of a Housing Revenue Account. Change to Durham Key Options to ensure those in greatest need have the highest priority. Reconfiguration of the Planning and Housing Service to target resources where needed most. Training and awareness to enable front line staff support and work collectively with partners. Improved monitoring and governance of services, including expiture of budgets and costs. Recruitment of additional temporary staff (if needed).
26	CYPS	UR0187 – Increased levels of demand combined with high inflation on transport costs may disrupt the provision of Home to School Transport, leading to a potential budget overspend and adverse impacts on children and families.	Treat	Main Controls: Home to School Transport Transformation Programme. A strategic Home to School Travel Board was established in June 2022 and an operational working group co-ordinates activities across the component parts of the system. A refreshed Home to School Transport Policy was approved by CMT during 2022/23. Home to School Transport Scrutiny Team established during 2022/23. Planned Improvements: Establish a central Home to School Transport co-ordination function as an invest to save programme of work between Spring 2023 and March 2026. Develop joined up dashboards and reporting as part of Councils Business Intelligence Programme.

Ref	Service	Risk	Conclusion	Main Controls and Planned Improvements
27 Page 138	REG	UR0096 - Uncertain economic outlook may impede the delivery of the county's Inclusive Economic Strategy.	Treat	<p>Main Controls: Engagement and advice by Business Durham. Weekly Regional Business Intelligence reports to Government. The County Durham Pound project. Business Grant Schemes. Levelling Up process.</p> <p>The Council is reviewing budgets for regeneration and development projects in line with known cuts as well as increasing costs and uncertainties. The Council has also worked with neighbouring local authorities and the Government to agree a new devolution deal for the North East which should give some certainty over funding for some of these projects. We will also continue to lobby the Government for appropriate levels of funding to help address our needs and support growth across the county and the continuation or replacement of the UK Shared Prosperity Fund.</p>
28	REG	UR0185 - Challenging national, and international economic conditions beyond the control of the council risk the loss of local businesses and jobs across the county.	Treat	<p>Main Controls: The council provides support for businesses through Business Durham and coordinates activities via County Durham Economic Partnership. The council also works with partners to support businesses that are making redundancies with a range of workforce development and training services. However, international, and national economic conditions – which the council cannot control - have the greatest impact on local businesses. Our new Inclusive Economic Strategy and accompanying Delivery Plan include a range of interventions to address strategic economic weaknesses, support long-term growth, and safeguard businesses and jobs and can be modified as conditions change.</p> <p>Planned Improvements: The council continually reviews budgets for regeneration and development projects and is joining the North East Mayoral Combined Authority to garner more support and funding for strategic project and promote the county's opportunities and needs. UK Shared Prosperity Funding – which is a partial replacement for EU funding – is being deployed until March 2025 and the council will continue to bid for external funding and maximise resources via delivery partnerships. The council adopted a new Inclusive Economic Strategy (IES) in late 2022 as one of its core plans and is expected to adopt a delivery plan for the IES in late 2023 which will help to plan and coordinate business support activities and align workforce improvements with business needs. In addition, an investment plan is being prepared for adoption in early 2024 which will identify opportunities to secure private and public funding.</p>
29	CYPS	UR0149 - Pupils may not adequately recover from the impacts of Covid19, leading to ongoing or increased inequality of educational outcomes, restricted employment prospects and an increase in the number of NEETS.	The current controls are considered adequate.	<p>Main Controls: CYPS Strategic Plan 2019 – 2022. Education Durham Support and Development team. School governing bodies. CYP O&SC. Durham Schools Forum. DurhamWorks programme. Education Endowment Foundation. Teacher Development Trust. Various head teacher associations. Virtual-live training. School improvement plans. Education Durham Performance and Standards team.</p>

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

Ref	Service	Risk	Conclusion	Main Controls and Planned Improvements
30	NCC	UR0132 - High technology costs and a potential lack of Government funding and resources may prevent the Council from making the necessary adaptations and mitigations to meet its climate change targets.	Treat	Main Controls: The main control is the Climate Emergency Response Plan 2022-2024, incorporating over 150 projects. The scale, duration and complexity of the programme means that sustained oversight, monitoring, and review are essential. Net Zero Board, Environment and Sustainable Communities Overview and Scrutiny Committee and the County Durham Partnership will review performance against the plan and make recommendations for the revision of targets.
31	NCC	UR0175 - Potential impacts of the spread of Ash Dieback Disease on the environment, public safety, and Council finances.	Treat	<p>Main Controls: DCC has made appointments (perm anent and non-permanent) to support woodland management and tree planting.</p> <p>A new tree risk management strategy and proactive inspection regime for trees owned or managed by the council has been introduced and is being rolled out. Ash dieback surveys are being undertaken on the highway network.</p> <p>Potential insurance remains a concern from Ash Dieback, the insurer is aware of the woodland management plan.</p> <p>Planned Improvements: An Ash Dieback Management Plan is being developed.</p> <p>Ash dieback surveys are being carried out on secondary distributors and link roads (2024).</p> <p>Asset management software for trees is being procured and will be rolled out with subsequent training for staff.</p> <p>Ash dieback surveys are being carried out (Summer 2024) in schools that are signed up to the arboricultural inspection SLA.</p> <p>Management of woodland estate is being enhanced through Woodland Management Grants. A programme of tree and woodland planting on 70 hectares of council land is being delivered between 2020 – 2024.</p> <p>A request for additional resources has been submitted as part of MTFP 15.</p>

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

Ref	Service	Risk	Conclusion	Main Controls and Planned Improvements
32	CYPS	UR0196 - Inability to recruit and retain Educational Psychologists at a time of rising demand may seriously inhibit the delivery of services and lead to significant delays in statutory Education, Health and Care needs assessments.	Treat	<p>Main Controls: Job advert and recruitment materials regularly reviewed with active advertising. Salaries reviewed to bring in line with our geographical and statistical neighbours. Job descriptions updated to reflect time off in lieu policy so that lack of flexibility did not put off applicants. Core hours reduced to increase flexibility for existing employees. Capacity reviewed and additional posts created Contracts for additional locum support Contract to identify overseas Educational Psychologists for permanent contracts. Action plan in place to address timeliness challenges along side further work on projects to improve capacity and confidence in early intervention to seek to reduce number of new statutory assessments.</p> <p>Planned Improvements: Consideration of whether further changes to pay across the workforce are required. Consideration of whether an "Advanced Educational Psychologist" role can be introduced. Changes to Structured Professional Assessment point system so that Educational Psychologists are better supported to reach the higher pay points on their pay scales and enable Durham to remain competitive with other LAs and providers of EP services.</p>
33	CYPS	UR0122 - Risk of being unable to meet the authority's statutory sufficiency duty to provide sufficient accommodation in the local authority area to meet the needs of Children Looked After and children in need.	Treat	<p>Main Controls: Corporate CYP Sufficiency Board, chaired by Corporate Director, Children & Young Peoples Services, attended by senior managers from relevant corporate services. Durham County Councils Sufficiency and Commissioning Strategy sets out the strategic approach to securing sufficient accommodation to meet the needs of our looked after children. This includes initiatives to increase the number of foster carers and the provision of in-house children's homes.</p> <p>Sufficiency issues are also being faced by all local authorities, and the implementation of the Governments responses to the Independent Care Review will be important in transforming the children's social care system to better support the most vulnerable children and families. Durham is part of the Regional Fostering Project across all North East Authorities which is aiming to increase the number of foster carers available.</p>
34	CYPS	UR0108 - Inability to recruit and retain children's social workers and social work managers may seriously inhibit the delivery of services.	Treat	<p>Main Controls: Social Work (SW) Academy. Regional agreement on agency payments. Recruitment and Selection Policy and guidance. Monitoring competitiveness of grades / pay rates. Recruitment and retention for specified roles. Supporting various routes into SW. Management development and leadership academy to ensure SWs are well supported. Supervision framework.</p> <p>Planned Improvements: Ongoing risk assessment to determine if extensions to R&R allowances are justified and are applied to the right groups of social workers. Increasing investment in routes into social work. Further improving recruitment. Enhancing flexibility.</p>

Ref	Service	Risk	Conclusion	Main Controls and Planned Improvements
35	CYPS	UR006 - Failure to protect a child from death or serious harm where service failure is a factor or issue (Child Safeguarding).	Treat	Main Controls: The Durham Safeguarding Children Partnership has been established in line with the statutory requirements set out in 'Working Together 2018'. Partnership learning through scrutiny mechanisms and learning reviews underpins training for front line staff and regular staff supervision takes place. The Councils planned implementation of 'Stable Homes built on Love' following the National Care Review.
36	AHS	UR0032 - Failure to protect a vulnerable adult from neglect or abuse, including financial abuse (where service failure is a factor or issue).	Treat	Main Controls: As the statutory body, the multi-agency Durham Safeguarding Adults Partnership has a Business Plan in place for taking forward actions to safeguard vulnerable adults including a comprehensive training programme for staff and regular supervision takes place. Procedures are reviewed on a regular basis. Following allegations of abuse at Whorlton Hall Hospital, an independent review of the Council's safeguarding adults' processes has been commissioned. Any learning from this and other such reviews will inform actions to reframe and further develop practice.
37	AHS	UR0144 - Uncertainties and challenges in relation to the impact of the Government's changes to commissioning and integration arrangements for health and social care following the enactment of the Health and Care Act 2022 and associated Government Guidance. (Health and Social Care Reforms) (AHS)	The current controls are considered adequate.	Main Controls: We are currently working with the ICB and other partners in The County Durham Care Partnership to share resources and expertise to mitigate any changes to integration arrangements. This includes: Regular reports to the County Durham Care Partnership Executive. Scheduled meetings between senior officers working on the potential Joint Committee and the deployment of ICB resources in County Durham. Fortnightly meetings between health and care Chief Officers exercising oversight of the work on a potential Joint Committee. Periodic reports to Cabinet, Health and Wellbeing Board and Overview and Scrutiny Committees as needed. Oversight of the Better Care Fund by Health and Wellbeing Board and NHS England.
38	AHS	UR0158 - Increased demand and workforce pressures during the winter period may disrupt the council's and partners' urgent and emergency care services.	Treat	Main Controls: Detailed preparations are in place across system partners, using established winter planning and emergency process protocols. Reports detailing plans are presented to Adults, Health and Wellbeing Overview and Scrutiny Committee (OSC) on a regular basis. Durham Local Area Delivery Board (LADB) prepare for expected surges in demand and co-ordinate work across partners. Planned Improvements: Partnership working is key to managing this risk and includes engagement with the Local Accident and Emergency Delivery Board, jointly developing improvement plans, and engaging with both the independent sector care market and the voluntary and community sector on preventative support.

Ref	Service	Risk	Conclusion	Main Controls and Planned Improvements
39 Page 142	NCC	UR0019 - Demand pressures on the Community Protection inspections and interventions may lead to an adverse impact on public health and safety in Co Durham	Treat	<p>Main Controls: The Community Protection Team's work is governed by Food Safety/Health and Safety plans. There is a training and development programme and post-graduate training for some staff. The team has been strengthened in 2021 by an apprenticeship programme.</p> <p>Investment in the service has allowed for the increased capacity in terms of enhanced training and development and the recruitment of qualified and competent staff. The service has developed a dedicated resource to deal with the potential for commercialisation of the service to cater for increased business advice as an alternative to enforcement action to achieve business compliance.</p>
40	CYPS	UR0122 - Volatile and high-cost, demographic demands of children looked after on the Children's Social Care budget may result in adverse impacts on the budget and service delivery (CLA costs).	The current controls are considered adequate.	<p>Main Controls: Monthly outturn forecasts monitored by CMT. Quality Improvement Board. Children's Services Improvement Plan. Oversight by CMT, Cabinet, DSCP & partners. Fostering & Adoption Strategies. Placement Resource Panel. Risk-based approach to identifying children to be looked after. Placement Efficiency Strategy. Pre-Birth Service.</p> <p>Funding agreed to develop Edge of Care home to be operational 2024 to reduce the number of children at higher risk of entering high-cost external placements if entering care. Expansion plan of in-house Children's home portfolio to place children in Durham and reduce the use of high-cost external residential placements. Development of a Permanence Monitoring Group chaired by Practice Lead to monitor children exiting care and to ensure permanency wherever possible for children in care.</p>
41	AHS	UR0082 - Pressures nationally across residential, nursing and domiciliary / community care providers, could affect the availability, delivery, continuity, quality, sustainability and capacity of care provision within County Durham (care providers).	Treat	<p>Main Controls: Market analysis and engagement, to help providers understand the local context and align business plans with the council's vision for the future of local public health, social care and housing markets. Links to national policy makers and professional bodies, collaboration with providers and health colleagues to share intelligence and understand market sustainability issues (including regular engagement forums). County Durham Care Academy supports the development of an adult social care workforce with a range of initiatives and courses. Specific support has been offered on business planning.</p> <p>Planned Improvements: In line with Charging Reforms, a cost of care exercise, provisional market sustainability plan and a sp report has been submitted to Department of Health and Social Care and published on the Council's website to inform providers on the current position and future strategic direction. The AHS MPS 2023/25 has also been published on the council's website.</p>

Ref	Service	Risk	Conclusion	Main Controls and Planned Improvements
42	AHS	UR0183 - Risk of a successful legal challenge in relation to Deprivation of Liberty Safeguards, due to high caseloads and capacity pressures, leading to financial penalties and reputational damage.	Treat	<p>Main Controls: Applications are processed using the Directors of Adult Social Services (ADASS) screening tool with oversight by the Deprivation of Liberty Safeguards Project Group, which receives regular updates on performance and forecasting scenarios. Recruitment of 20 independent Best Interest Assessors and advertising/recruitment of several internal posts. Refresher training for relevant staff. Operating processes, including the use of the new social services information database have been modified to improve efficiency and effectiveness.</p> <p>Planned Improvements: A review of the Best Interest Assessors function to ensure that key objectives are met. Recruitment of around 10 full-time equivalent Best Interest Assessors, and a scan of expired cases to consider reinstatement, where appropriate.</p>
43	CYPS	UR0119 - Increasing demand on the Dedicated Schools Grant budget for High Needs Block special educational needs services and inclusive education services may result in adverse impacts on finance and service delivery (HNB S).	Treat	<p>Main Controls: S and Inclusion Resources Board. Collaboration with schools to make the HNB more sustainable. Schools Forum Reference Group. Monthly tracker report for S and HNB expenditure & forecasting to Programme Board. Programme Management and Performance Management Framework. Monthly highlight reports presented to the Programme Board. Implementation of DBV programme with DfE funding. Implementation of reform areas as part of Regional S and AP Change Partnership.</p> <p>Planned Improvements: Engagement with Schools Forum is planned to determine options for reducing pressure on the HNB budget and options for transfer from other blocks. This is likely to be followed by a consultation, cabinet report and possible request to Secretary of State.</p>
44	CYPS	UR0167 - Increase in volume and complexity of demand for children's safeguarding services post coronavirus period (child safeguarding demand).	The current controls are considered adequate.	<p>Main Controls: To strengthen Families First services, additional management capacity has been provided. A growth bid to strengthen children's social care capacity has been agreed. Robust processes in place at First Contact and MASH to assess new referrals, while trs and patterns are monitored regularly to ensure managers are sighted on peaks and troughs. Weekly discussions are also held with safeguarding partners.</p>
45	CYPS	UR0148 - Inability to recruit residential children's homes staff may seriously inhibit capacity to deliver essential, specialist services to children and young people from across England and Wales.	Treat	<p>Main Controls: Human Resources Team. Recruitment strategy. Working with specialised recruitment agency. Performance and Development Review Scheme. Occupational Health service. Employee assistance programme. Independent psychotherapy service. Post-incident debriefing and learning. Secure and recruitment/retention allowance; developed webpages to improve appeal to prospective candidates; reviewed induction process.</p> <p>Planned Improvements: Further develop recruitment materials and supporting service information for main Aycliffe site and new transitions home (Maple House).</p>
46	AHS	UR0144 - Risk that the Council is subject to legal challenge by Providers in relation to application of its Residential and Non-Residential Care Charging Policy and Deferred Payment Policy (Care Charging Policy).	The current controls are considered adequate.	<p>Main Controls: Adult Social Care Residential Care Charging Policy and Deferred Payment Agreement Policy. Legal advice and oversight where required, including on individual cases. Review of individual cases to ensure compliance. Financial Planning to mitigate potential impact. Liaison with other local authorities. Dialogue with providers. Updated guidance on self-funders issues to staff.</p>

Ref	Service	Risk	Conclusion	Main Controls and Planned Improvements
47 Page 144	REG	UR0025 - Serious injury or loss of life due to Transport Safeguarding failure.	The current controls are considered adequate.	Main Controls: Children's and adults' safeguarding policies. In-house fleet buses are maintained regularly. Contractors are required to maintain vehicles in a safe, roadworthy condition and comply with relevant, statutory provisions. Sample checking of vehicles in co-operation with the Police and the Driver and Vehicle Licensing Agency. External Contractor Staff Suitability Policy for school and social care transport.

Appendix 5: Performance of Risk Management

Performance Indicators - Tangible Measures

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

This page is intentionally left blank

Audit Committee

30 September 2024

2023/24 Final Outturn for the General Fund and Collection Fund

Ordinary Decision



Report of Paul Darby, Corporate Director of Resources

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 To provide Audit Committee with information on the General Fund and Collection Fund outturn position for 2023/24.

Executive Summary

- 2 The attached report was considered by Cabinet on 10 July 2024 and presents:
 - a) a summary of the Council's revenue and capital outturn position for the General Fund for 2023/24;
 - b) a summary of the final outturn for the dedicated schools grants and schools for 2023/24;
 - c) the final outturn for the Council's Council Tax and Business Rates collection fund for 2023/24;
 - d) the use of and contributions to earmarked, cash limit and general reserves in 2023/24, together with the closing position regarding balances held at 31 March 2024; and
 - e) the achievement of Medium Term Financial Plan (MTFP) (13) savings targets in 2023/24
 - f) the outcome of a review of all earmarked reserves, which has resulted in a set of proposals to repurpose a range of these reserves.

Recommendation

- 3 It is recommended that Members note the contents of 2023/24 Final Outturn for the General Fund and Collection Fund report.

Contact: Rob Davisworth Tel: 03000 261946

Cabinet

10 July 2024



2023/24 Final Outturn for the General Fund and Collection Fund

Ordinary Decision

Report of Corporate Management Team

Paul Darby, Corporate Director of Resources

Councillor Richard Bell, Portfolio Holder for Finance

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 To provide Cabinet with:
 - (a) the final revenue and capital outturn for the General Fund for 2023/24;
 - (b) the final outturn for the dedicated schools grants and schools for 2023/24;
 - (c) the final outturn for the Council Tax and Business Rates collection fund for 2023/24;
 - (d) the use of and contributions to earmarked, cash limit and general reserves in 2023/24 together with the closing position regarding balances held at 31 March 2024;
 - (e) the achievement of Medium Term Financial Plan (MTFP) (13) savings targets in 2023/24; and
 - (f) the outcome of a review of all earmarked reserves, which has resulted in a set of proposals to repurpose a range of these reserves.

Executive summary

- 2 During 2023/24, the council continued to operate in a period of significant financial uncertainty and volatility. This uncertainty was again

driven by continuing short term local government finance settlements, our inherent low tax raising capacity due to our low tax base alongside ongoing significant unfunded inflationary pressures, enduring demographic / cost pressures in Children's Social Care, increased demand and complexity of demand for a range of services and the ongoing inflationary impact of pay awards. The financial outlook for the council is forecast to remain extremely challenging for the foreseeable future.

- 3 Throughout 2023/24 the council faced a range of financial challenges which placed pressure upon the council's revenue budget. At the same time the council has continued to strive to control revenue expenditure whilst also delivering against a bold and ambitious capital programme.
- 4 The 2023/24 revenue budget approved by Council on 22 February 2023 was based upon the best estimates at that time. A number of pressures were faced during the year however which were not forecast. After the 2023/24 budget was set, the government announcement that national fostering allowances for 2023/24 were to increase by 12.4% - 7.4% points above our 5% forecast, which added £0.590 million to our costs in the year. This additional spending requirement has been built into the base budget in 2024/25 alongside the impact of the further increases announced for this year.
- 5 The Local Government Employers 2023/24 pay award agreed in November 2023 set out an increase for 'Green Book' employees of £1,925. This pay deal impacted the vast majority of council employees and equated to a circa 6.5% increase in the council's 2023/24 pay budget given the number of employees we have on the lower pay bands. This resulted in an additional 1.5% budget uplift requirement, with the base 2023/24 budget assuming a 5% increase would be agreed. This above-budgeted pay-award created a £1.945 million pressure (net of vacancies) during 2023/24 and a £3.711 million per annum budget uplift requirement in 2024/25, where a further 4% uplift in costs is expected once the 2024/25 pay award is settled.
- 6 Attendance and use of our leisure centres has not returned to pre-pandemic levels, resulting in an under recovery against income budgets, which remained at pre-pandemic levels of usage. The impact on leisure income suffered over the past two years has continued into 2023/24 with a year-end shortfall in the underlying budget position of £0.820 million, which has been addressed in the 2024/25 base budget. In addition, reduced income of £0.735 million in 2023/24 as a result of leisure centres being closed for periods of time whilst refurbishment works are undertaken as part of the Leisure Transformation Programme has further increased the budget shortfall. The underachievement of

leisure income has been treated as outside the Directorate's cash limit budget during 2023/24.

- 7 The pandemic accelerated growth in the use of temporary accommodation, which has continued post pandemic and into 2023/24. The Housing Benefit Subsidy Grant does not allow for full recovery of housing benefit payments linked to temporary and supported accommodation, leading to a shortfall in recoverable income of £2.4 million in 2023/24. This ongoing budget pressure has been addressed in the 2024/25 budget and will be closely monitored throughout the year.
- 8 The MTFP(13) forecasts anticipated that energy prices would fall based on the advice from industry experts, however during the year prices fell further and more quickly than was anticipated previously. Energy costs (net of Joint Stocks power generation income shortfall) reduced by £2.791 million during 2023/24.
- 9 A number of net pressures (including those above) have been funded outside of service cash limit and via corporate contingencies. These have totalled £1.483 million during 2023/24.
- 10 After taking this into account, service grouping cash limit budgets overspent in 2023/24 by £3.914 million. The majority of this related to Children and Young People's Services with a year-end overspend of £8.390 million (compared to a forecast £8.102 million overspend at quarter three). The service does not have a cash limit reserve to offset this overspend so, as in previous years, this overspend has been financed from the General Reserve.
- 11 Having excluded the CYPS position, the services net cash limits show an underspend of £4.476 million, compared to a forecast net £2.479 million underspend forecast at quarter three.
- 12 Overspends met corporately have been offset by underspends within corporate contingencies of £2.629 million, capital financing budgets of £3.877 million, and an over recovery in the interest investment budget of £7.691 million due to higher than anticipated interest rates on investments and a managed delay in taking out new borrowing. The corporate underspends reflect the one off receipt of a £1.721 million gain share payment from the Digital Durham programme and a revaluation impairment adjustment of £0.627 million in relation to the airport loans. Neither of these issues were factored into the quarter three forecasts.
- 13 In addition, in the Local Government Settlement on 5 February 2024, the Government announced a £100 million return across the sector from the allocation of a national business rates levy account in 2023/24. The return from the business rate levy account of £1.068 million has been

received in 2023/24 by the Council. This was not known when the quarter three forecast was prepared.

- 14 The Government has also announced a 2023/24 Business Rates Green Plant and Machinery exemption compensation allocation to local authorities. The council's allocation was £0.174 million.
- 15 Additional Business Rates Section 31 grant was also received at the year-end totalling £0.501 million.
- 16 Overall, therefore, after taking into account the outturn position on corporate budgets, the General Reserve position has increased by £6.044 million as at 31 March 2024. At quarter three there was a forecast £4.336 million increase in the General Reserve, resulting in a net change of £1.708 million at final outturn – largely reflecting the gain share payment from the Digital Durham programme and the airport loan impairment adjustment.
- 17 The MTFP(14) report to Council on 28 February forecast a £37.833 million funding shortfall for the council from 2025/26 to 2027/28 – with the updated forecasts, which will be presented to Cabinet in September 2024, showing an even more challenging position. Against this backdrop it is essential that the council has a strong balance sheet and access to earmarked reserves which are available to support future budget shortfalls. With this in mind a thorough review of all earmarked reserves has been completed as part of the 2023/24 final outturn process with a key aim of seeking to replenish and increase corporate reserves such as the MTFP Support Reserve and the Early Retirement/Voluntary Redundancy (ER/VR) reserve to ensure corporate capacity is in place to support future MTFP's.
- 18 The redirection to corporate reserves ensures that there is sufficient capacity in place to meet corporate commitments going forward and strengthen the council's ability to set balanced budgets over the coming years.
- 19 In total, £18.330 million of reserves have been repurposed to replenish corporate reserves, with those reserves increased as follows:

Corporate Reserve	Amount £ Million
MTFP Support Reserve	9.330
Commercial Reserve	5.000
ER/VR Reserve	2.500

Corporate Reserve	Amount £ Million
Elections Reserve	1.000
Culture Reserve - Lumiere	0.500
Total	18.330

- 20 Total earmarked and cash limit reserves (excluding schools reserves) reduced by a net £20.226 million in 2023/24, from £196.535 million at 31 March 2023 to £176.309 million at 31 March 2024. The year end reserve balances are higher than forecast at quarter three, when the in-year reduction was forecast to be £34.353 million. Full details of the movement on Reserves are shown in Appendix 4 to the report.
- 21 The year end outturn position shows a General Reserve of £32.061 million – which equates to 5.67% of the 2024/25 net budget requirement. This is within the council’s reserves’ policy for 2024/25 agreed at Council on 28 February 2024 of holding a General Reserve of between £28.2 million and £42.4 million.
- 22 The overall council reserves position, including the General Reserve, is considered to be adequate and prudent given our financial commitments and the financial challenges and uncertainties facing the council and the whole of local government from 2024/25 onwards.
- 23 The year end position for all current maintained schools shows a net contribution to reserves of £2.902 million (£10.695 million improvement from the original 2023/24 budget forecast where a £7.793 million drawdown from reserves was expected). The quarter three forecast position forecast that maintained schools would utilise £2.286 million of reserves in year. The change in position between quarters is mainly due to additional income. At the year-end there were 46 schools drawing circa £2.880 million from their retained reserves in year (to offset in year overspending) and 99 schools who contributed circa £5.782 million to their reserves (to reflect in year underspending).
- 24 The year end position for Dedicated Schools Grant centrally retained block shows a net £1.196 million overspend, including a £1.960 million overspend in relation to High Needs Block, which has increased the accumulated deficit from £8.635 million at 31 March 2023 to £10.595 million at 31 March 2024. The main area of spending pressure within the High Needs Block relates to top up funding in mainstream schools where demand for both Education Health and Care Plans (EHCP) and special Education Need (SEN) support has increased significantly.

- 25 The council has an ambitious capital programme and delivery against plans have progressed significantly throughout the year. In terms of the council capital programme, the final capital outturn position for 2023/24 shows capital expenditure totalling £233.010 million. Although the final outturn is £36.177 million lower than the revised capital budget of £259.187 million agreed by Cabinet in year, the final outturn of £233.010 million of capital expenditure being incurred is significantly higher (62% higher) than the highest previous capital expenditure in one year of £143 million.
- 26 During 2023/24 the council has invested £24.900 million in repairing and maintaining our highways, there has been an initial investment of £18.300 million towards our £60 million scheme at NetPark Phase 3, we have invested an initial £16.200 million towards a £38 million investment in a new primary and secondary school at Belmont, there has been investment of £13 million as part of our Leisure Transformation Programme and £9.400 million invested from our disabled facilities programme to ensure vulnerable people are able to stay in their own homes.
- 27 In addition to the above investments, major schemes at Durham Bus Station, The Story and at Spennymoor Primary School have neared completion. Overall, the council capital programme is significantly improving our infrastructure, the Councils facilities and services provided to the public with a capital programme of £361.901 million budgeted for 2024/25 and a £232.533 million budget for 2025/26 to continue the significant progress made in investing and maintaining the county's and council infrastructure.
- 28 Performance against the various treasury management prudential indicators agreed by County Council in February 2023 is set out at paragraphs 175-182 and shows that the council continues to operate within the targets and boundaries agreed. The detailed Treasury Management Outturn Report, which was scrutinised by the Audit Committee on 28 June 2024, will be presented to County Council on 17 July 2024.
- 29 The 2023/24 outturn for the Council Tax element of the Collection Fund shows an in-year deficit of £1.539 million, and a cumulative deficit of £1.774 million to 31 March 2024. Durham County Council's share of this net deficit is £1.491 million. At quarter three the in-year deficit was forecast to be £2.408 million, with a cumulative deficit of £2.643 million to 31 March 2024. Durham County Council's share of this forecast net deficit was previously forecast to be £2.220 million. The council's year end position has therefore improved by circa £0.729 million from the quarter three reported position.

- 30 The 2023/24 outturn for the Business Rates element of the Collection Fund is an in-year surplus of £6.482 million, and a cumulative surplus of £5.774 million. Durham County Council's share (49%) of this surplus is £2.830 million. At quarter three the in-year surplus was forecast to be £6.971 million, with a cumulative surplus of £6.263 million. Durham County Council's share (49%) of this forecast surplus was previously forecast to be £3.069 million. The year end position shows a reduced surplus position of £0.239 million when compared with the quarter three position.
- 31 The final outturn on the overarching Collection Fund is a £1.339 million surplus. When the budget was set for 2024/25 it was forecast that the surplus would be £0.686 million. This will result in an undeclared surplus of £0.653 million being accounted for as part of the 2024/25 Collection Fund.
- 32 On 22 February 2023, County Council agreed a net revenue budget of £520.176 million for 2023/24. Factoring in any reductions in government grants, inflation and other budget pressures, £12.383 million of savings were required to be delivered in 2023/24.
- 33 This report provides an update on the delivery of the £12.383 million MTFP(13) savings target included in the 2023/24 budgets which brings the overall savings target for the period 2011/12 to 2023/24 to circa £262 million. In total, £11.761 million (95.0%) of the total savings requirement were achieved in year in 2023/24.
- 34 This final outturn for 2023/24 has been prepared as part of the production of the Annual Statement of Accounts, which were published on the Council's website on 31 May 2024.

Recommendations

- 35 It is recommended that Cabinet note:
- (a) the 2023/24 final revenue outturn underspend position of £6.044 million which represents 1.11% of the 2023/24 revised net expenditure budget of £542.331 million;
 - (b) the 2023/24 overall cash limit overspend position of £3.914 million including CYPS overspend of £8.390 million (£4.476 million underspend excluding CYPS) and closing cash limit reserves of £9.865 million. These sums will continue to be available for service groupings to manage their budgets;
 - (c) the overall net council underspend in 2023/24 of £10.520 million;

- (d) the closing General Reserve balance of £32.061 million which is within the council's general reserves policy of retaining a balance of between 5% and 7.5% of the net budget requirement (£28.2 to £42.4 million);
- (e) the closing balance on earmarked reserves (excluding cash limit and schools reserves) at 31 March 2024 of £166.444 million, an in-year reduction of £22.036 million;
- (f) the Dedicated Schools Grant and Schools outturn position and closing balances on DSG/ Schools reserves of £27.231 million – an in year reduction of £1.232 million;
- (g) the performance against the various prudential indicators agreed by Council in February 2023;
- (h) the outturn position the Collection Funds in respect of Council Tax and Business Rates; and
- (i) the amount of savings delivered against the 2023/24 targets and the total savings that will have been delivered since 2011.

36 It is recommended that Cabinet approve:

- (a) the transfer of reserves as part of the review of reserves
- (b) the revised capital budget £645.123 million for the period 2024/25 to 2027/28

Background

- 37 Council agreed Medium Term Financial Plan 13 ((MTFP(13))), which incorporates the revenue and capital budgets for 2023/24, on 22 February 2023. MTFP(13) covered the period 2023/24 to 2026/27.
- 38 The MTFP(13) report highlighted ongoing budget concerns for the council with a forecast savings shortfall of £23.177 million over the 2024/25 to 2026/27 period, after factoring in assumed increases in council tax over the period and the delivery of £18.261 million of agreed savings proposals.
- 39 The MTFP(14) 2024/25 - 2027/28 and Revenue and Capital Budget 2024/25 report approved by Council on 28 February 2024, highlighted the ongoing budget concerns for the council with a total forecast budget shortfall of circa £37.833 million over the period 2025/26 to 2027/28 after the realisation of £16.360 million of savings, with £8.083 million of the savings in 2024/25. Updated forecasts, covering the period 2025/26 to 2028/29 (MTFP(15)) will be presented to Cabinet in September 2024, which show an even more challenging position across the next four years, with the delivery of further savings of the magnitude required becoming ever more challenging to achieve.
- 40 The constitution requires that the Chief Finance Officer must report to Cabinet on the overall council budget monitoring position on a quarterly basis. This report satisfies that requirement and provides the 2023/24 year end revenue and capital outturn. The report includes details relating to the General Fund Revenue and Capital 2023/24 final outturns, the Collection Fund for Council Tax and Business Rates final outturn and contains details relating to the Dedicated Schools Grant funding blocks, including the financial performance of our maintained schools to the financial year end.
- 41 During 2023/24 high levels of interest rates and inflation continued to impact the council's budget. The Chancellor of the Exchequer has set out that he expects Consumer Price Inflation (CPI) to continue to stabilise across 2024/25, which is to be welcomed, though many of the council's budget pressures, particularly in social care, are demand led and relate to the complexity of the cases they are dealing with and not necessarily linked to inflation levels.
- 42 Energy costs escalated significantly throughout 2022/23. Provision was made for an additional £6 million of budget growth in the gas and electricity budgets in 2023/24, with the MTFP(13) forecasts anticipating that the budget pressure would reduce gradually over time in line with

the advice received from industry experts, but not to the extent that prices would return to pre-Ukraine crisis levels. Energy prices have however fallen further and more quickly than originally forecast based on the advice received.

- 43 Energy costs (net of Joint Stocks power generation income shortfall) reduced by £2.791 million during 2023/24, in part due to higher gas stocks internationally and in part due to warm weather across the UK and Europe.
- 44 In late February 2023, after the 2023/24 budget was set, the government announced that national fostering allowances for 2023/24 were to increase by 12.4%. The timing of the announcement was too late for the council to include this in the 2023/24 budget, where a 5% price increase had been included. The additional 7.4% point increase applied from April added a circa £0.590 million of costs in 2023/24. This additional spending requirement has been built into the base budget from 2024/25 alongside the impact of the further increases announced for this year.
- 45 The Local Government Employers 2023/24 pay award was finally agreed in November 2023 and for 'Green Book' employees was a £1,925 flat rate increase for all employees covered by this agreement. This pay award covers the vast majority of council employees and equates to an average 6.5% increase in the council's 2023/24 pay budget. The 2023/24 budget included provision for up to 5%, held within general contingencies until agreed (£12.200 million), the additional 1.5% point increase has added circa £1.945 million (net of vacancies) per annum to council costs in 2023/24, meaning that pay inflation has cost the Council £14.145 million this year (net of vacancies). A £3.711 million per annum budget uplift is included in the 2024/25 budget (inclusive of vacancies). A further 4% uplift in costs is expected in 2024/25 for the anticipated pay award settlement this year.
- 46 Attendance and use of our leisure centres has not returned to pre-pandemic levels, resulting in an under recovery against income budgets, which remained at pre-pandemic levels of usage. The impact on leisure income suffered over the past two years has continued into 2023/24 with a year-end shortfall in the underlying budget position of £0.820 million, which has been addressed in the 2024/25 base budget. In addition, reduced income of £0.735 million in 2023/24 as a result of leisure centres being closed for periods of time whilst refurbishment works are undertaken as part of the Leisure Transformation Programme has further increased the budget shortfall.
- 47 The pandemic accelerated growth in temporary accommodation which continued into 2023/24. The Housing Benefit Subsidy Grant does not

allow for full recovery of payments linked to temporary and supported accommodation which has also increased in recent years and this in turn has led to a shortfall in recoverable income of £2.4 million in 2023/24. The ongoing budget pressure has also been addressed in the 2024/25 base budget and will be closely monitored throughout the year.

- 48 On 22 February 2023, County Council agreed a net revenue budget of £520.176 million for 2023/24. Factoring in any reductions in government grants, inflation and other budget pressures, £12.383 million of savings were required within MTFP(13) for 2023/24.
- 49 This report provides an update on the delivery of this savings target during 2023/24, which brings the overall savings targets to delivered for the period from 2011/12 to 2023/24 to circa £262 million. During 2023/24 95% (£11.761 million) of the in year 2023/24 savings target has been achieved.
- 50 The final outturn presented in this report has been factored into the 2023/24 Annual Statement of Accounts. During the process of finalising the Statement of Accounts, the Corporate Director of Resources is required to make a number of technical decisions in the best financial interests of the Council. Such decisions are fully disclosed within the statements, which were published on the council's website on 31 May 2024 and were considered by the Audit Committee on 28 June 2024, with the external audit of those statements now underway.

General Fund - Revenue Outturn

- 51 This section of the report details the following:
- (a) Cash limit outturn position for service groupings;
 - (b) Overall revenue outturn for the General Fund with summarised service commentary;
 - (c) Overall capital outturn of the General Fund with summarised service grouping commentary
 - (d) The dedicated Schools Grant and schools outturn with summarised commentary

Cash Limit Outturn for Service Groupings

- 52 The following exclusions have been considered within service grouping outturns:
- (a) items outside the cash limit funded from the General Reserve;
 - (b) use of /contribution to earmarked reserves (Appendix 4);

(c) use of general contingencies

53 The following sums have been determined to be outside of service grouping control and cash limits and have been funded from a general contingencies budget held corporately.

Service Grouping	Use	Requirement	Cumulative Amount as at 31 March 2024 £ Million	Approved Cumulative Quarter 3 £ Million
REG	Temp	Premises dual running costs	-0.429	-0.050
REG	Temp	Radon Gas Monitoring	0.052	0.095
RES/REG	Temp	Milburngate – Legal and Professional fees	0.550	0.388
CYPS	Temp	Surplus Property - R&M	0.269	0.161
CYPS	Temp	Educational Psychologists Locum support	0.200	0.200
CYPS	Temp	Soulbury staff grouping pay settlement	0.208	0.000
Resources	Temp	Occupational Health Succession Planning	0.048	0.048
NCC	Temp	Coronation costs	0.034	0.034
NCC	Temp	Waste Legal fees	0.183	0.089
Resources	Temp	CIPFA Finance Peer Review (OFLOG)	0.035	0.035
Resources	Temp	Legal Assistant support	0.050	0.050
Resources	Perm	Schools SLA Income and Business Manager Post	0.181	0.181
REG	Perm	Senior Management Restructure	-0.101	-0.101
CEO	Perm	Initiatives	0.010	0.010
TOTAL			1.290	1.140

- 54 The overall outturn for the Council is shown in Appendix 2 and details how the cash limit outturn for each service grouping is calculated.
- 55 The final 2023/24 cash limit outturn for service groupings was an in year underspend of £4.476 million. This excludes Childrens and Young Peoples Services (CYPS) which do not have a cash limit reserve balance to call on and where the service overspent in year by £8.390 million. To prevent deficit cash limit reserves being carried forward, in line with previous practice, the General Reserve have been utilised instead. Further details can be found within the service grouping commentary later in the report.
- 56 Overall, in 2023/24 there was a net increase in cash limit reserves of £1.810 million in year with the balance carried forward at 31 March 2024 being £9.865 million. The cash limit position for each service grouping is detailed in the table below:

Type of Reserve	Opening Balance as at 1 April 2023	Budgeted use at 1 April 2023	Movement during 2023/24	Closing Balance as at 31 March 2024
	£ Million	£ Million	£ Million	£ Million
Service Grouping Cash Limit				
Adult and Health Services	-5.329	0.698	-1.203	-5.834
Chief Executive's Office	-	-	-0.865	-0.865
Children and Young People's Services	-	-	-	-
Neighbourhoods and Climate Change	-0.090	-	-0.480	-0.570
Regeneration, Economy and Growth	-1.372	-	-0.089	-1.461
Resources	-1.264	-	0.129	-1.135
Total Cash Limit Reserve	-8.055	0.698	-2.508	-9.865

- 57 The following table details the Cash Limit Reserve movement during 2023/24:

Type of Reserve	Movement during 2023/24			
	Contribution to (-) or use of reserve	Cash Limit Position	Transfers from (-) / to earmarked reserves	Total Movement
	£ Million	£ Million	£ Million	£ Million
Service Grouping Cash Limit				
Adult and Health Services	1.270	-0.787	-1.686	-1.203
Chief Executive's Office	0.000	-0.805	-0.060	-0.865
Children and Young People's Services	-	-	-	-
Neighbourhoods and Climate Change	-0.150	-0.451	0.121	-0.480
Regeneration, Economy and Growth	0.254	-0.343	-	-0.089
Resources	0.325	-2.090	1.894	0.129
Total Cash Limit Reserve	1.699	-4.476	0.269	-2.508

Earmarked Reserves

- 58 Earmarked reserves are funds set aside for specific, known or predicted future expenditure. Appendix 4 details the council and school earmarked reserves showing the opening balance at 1 April 2023, the movement on reserves during the year and the closing balance at 31 March 2024
- 59 The forecast future MTFP (14 and 15) financial deficits are likely to require the council to continue to support the MTFP via the application of earmarked reserves, such as the MTFP Support Reserve and the ER/VR reserve. In this regard, as part of the 2023/24 closedown process, a review and redirection of earmarked reserves has been undertaken.
- 60 The redirection to corporate reserves ensures that there is sufficient capacity in place to meet corporate commitments going forward and strengthen the council's ability to set balanced budgets over the coming years.
- 61 In total, £18.330 million of reserves have been repurposed to replenish corporate reserves, with those reserves increased as follows:

Corporate Reserve	Amount £ Million
MTFP Support Reserve	9.330
Commercial Reserve	5.000
ER/VR Reserve	2.500
Elections Reserve	1.000
Lumiere Reserve	0.500
Total	18.330

62 Full details of the movement on earmarked reserves are shown in Appendix 4 to the report.

63 Earmarked reserves can be categorised as sums held for corporate purposes, sums held on behalf of partner organisations / external grants and other sums earmarked for specific purposes. The summary below highlights that the total earmarked and cash limit reserves reduced by £20.226 million in 2023/24, from an opening balance of £196.535 million to a closing balance of £176.309 million. The year end outturn is a smaller reduction in earmarked and cash limit reserves in year than was forecast at quarter three, when the in year reduction was forecast to be £34.353 million. The movement in earmarked reserves is explained in the service grouping commentaries.

64 A summary of the movement in these reserves for each category is set out in the table below:

Type	Actual Balance at 1 April 2023 £ Million	Adjusted for increase (-) / use of Earmarked Reserves £ Million	Transfers Between Reserves £ Million	Net Change in Year £ Million	Balance at 31 March 2024 £ Million
Earmarked – Corporate Reserves	-73.645	11.568	-9.050	2.518	-72.127
Earmarked – Partner / External Grant	-31.665	7.935	0.850	8.785	-22.880
Earmarked - Other	-83.170	2.802	7.931	10.733	-72.437
Sub-Total	-188.480	22.305	-0.269	22.036	-166.444
Earmarked - Cash Limit	-8.055	-2.079	0.269	-1.810	-9.865
Total Earmarked Reserves	-196.535	20.226	-	20.226	-176.309

- 65 The current cash limit and general reserves position is considered to be sufficient and prudent given the financial commitments and uncertainties facing the council and local government beyond 2023/24.
- 66 The council's 2024/25 reserves policy aims to maintain a General Reserve balance of between 5% (£28.2 million) and 7.5% (£42.4 million) of the net budget requirement in the medium term. The general reserves balance at 31 March 2024 is £32.061 million – which equates to 5.67% of the 2024/25 net budget requirement, which is within (at the lower end) of the council's reserves policy.
- 67 The CIPFA Resilience Index provides comparisons across local government for a range of financial indices or measures of financial resilience. The council has always had a strong position in these comparators but the most recent published information for the period to March 2023 highlights the relatively high-level use of reserves by the council in recent years compared with other local authorities.
- 68 The Resilience Index highlights changes in reserves levels over the previous three years with this comparator expected to show local authorities in distress as they utilise high levels of reserves. For the three-year period covered in the latest publication, the council has had the highest reduction in reserves when compared to our nearest neighbour group and the council has had a well above average use of reserves over the three years period when compared with all other unitary authorities. It is important to note that the use of reserves within the council over this period has been focussed upon the utilisation of earmarked reserves rather than material reductions in the General Reserve or the quantum available in the MTFP Support Reserve.
- 69 The council's overall level of reserves at March 2023 was slightly above average when compared with the net revenue budget, however, the reduction in reserves outlined in this report will undoubtedly impact on our standing. It is likely therefore that the CIPFA Resilience Index when published for the period ending March 2024 will highlight a continuing trend of high utilisation of reserves and a further reduction in overall reserves available to the council – most likely in excess of the reductions being experienced elsewhere.
- 70 On 13 December 2023, Cabinet considered a report setting out updated forecasts for High Needs Special Educational Needs spending, which showed an increasing in-year deficit of spending over High Needs Block grant income received.

- 71 The significant and increasing HNB deficit position is a serious concern for the Council and many other local authorities. The exceptional accounting override that allows councils to exclude HNB deficits from their main council general revenue funding position is due to end in 2025/26, at which point the HNB deficit may need to be funded by council resources requiring a significant (and unaffordable / unsustainable) call on general fund reserves and further annual budget pressures that are not factored into the current MTFP(14) forecasts. Should this accounting override be removed, and additional funding is not provided then many authorities will be forced into submitting a Section 114 Notice, as the cumulative deficits forecast in some authorities are into the tens of millions.

Revenue Outturn 2023/24

- 72 Appendix 2 provides a more detailed outturn position for the council's General Fund by service grouping. In addition, Appendix 3 provides a detailed outturn position for the council by type of expenditure and income. The following table provides a summary of the final outturn income, expenditure and funding position:

	£ Million	£ Million
Gross expenditure		1,898.562
Gross income		-1,361.454
Net Expenditure		537.108
Financed by:		
Council Tax	-268.372	
Use of earmarked reserves	-23.537	
Estimated net surplus (-) / deficit on Collection Fund	3.895	
Business Rates	-55.678	
Top up grant	-75.763	
Revenue Support Grant	-32.991	
New Homes Bonus	-1.861	
Section 31 Grant	-35.143	
Social Care Grant	-49.564	
Services Grant	-5.149	
Levy Account Surplus Grant	-1.068	
In year Cash Limit Underspend transfer to Cash Limit Reserve	4.476	
Net Contribution to / use of (-) cash limit reserve	-2.397	
Net contribution to/ from (-) General Reserves	6.044	
		-537.108

- 73 Expenditure being met corporately has been offset by underspends within corporate contingencies of £2.629 million, a capital financing underspend of £3.877 million, and an over recovery in the interest investment budget of £7.691 million, due to higher than anticipated interest rates on investments and a managed delay in taking out new borrowing. The corporate underspends reflect the one off receipt of a £1.721 million gain share payment from the Digital Durham programme and a revaluation impairment adjustment of £0.627 million in relation to the airport loans. Neither of these issues were factored into the quarter three forecasts
- 74 In addition, in the Local Government Settlement published on 5 February 2024, the Government announced a £100 million return across the sector from the business rates levy account in 2023/24. The levy surplus sits outside of the main settlement and the overall fund has been allocated on the same basis as in 2022/23. The return from the business rate levy account of £1.068 million was received in March 2024 and was not factored into the quarter three forecasts.
- 75 The Government also announced a Business Rates Green Plant and Machinery exemption compensation allocation to local authorities. The council's allocation was £0.174 million.
- 76 Additional Business Rates Section 31 grant was also received at the year-end totalling £0.501 million.
- 77 Overall, therefore, after taking into account the outturn positions on corporate budgets, the General Reserve position has increased by £6.044 million as at 31 March 2024. At quarter three there was a forecast £4.336 million increase in the General Reserve, resulting in a net improvement of £1.708 million between quarters.
- 78 Taking into account the movement within cash limit budgets and within the General Reserve the total outturn position for 2023/24 was an underspend of £10.520 million. The table below details the underspend transfer to the general and cash limit reserves at the year- end:

	£ Million
2023/24 Total Underspend	10.520
Transfer to Cash Limit Reserves	4.476
Transfer to General Reserve	6.044

- 79 The year end outturn position increases the General Reserve balance to £32.061 million to what is considered to be prudent level given the significant ongoing financial uncertainties facing the council and local government beyond 2023/24. The updated general reserves position

equates to 5.67% of the 2024/25 net budget requirement and is therefore within the parameters of the council's revised reserves policy for 2024/25 agreed at Council on 28 February 2024, of maintaining a General Reserve of between 5% and 7.5% of the council's net budget requirement, which for 2024/25 is between £28.2 million and £42.4 million.

Service Grouping Commentary - Revenue

80 A summary of the outturn for each service grouping is detailed below. It is important to note that the cash limit positions exclude inflationary related issues which are outside the control of budget managers.

Adult and Health Services (AHS)

81 The 2023/24 outturn for Adults and Health Services (AHS) is a cash limit underspend of £0.787 million, representing circa 0.5% of the total revised budget for AHS. This compares to the forecast quarter three cash limit underspend of £0.464 million (0.3%).

82 In 2023/24 AHS faced unavoidable base budget inflationary pressures totaling £25.750 million, from a combination of pay awards to staff working in AHS and the impact of NLW and CPI on social care contracts that needed to be accommodated within the budget, which was partially but not fully offset by the Adult Social Care precept that was applied in 2023/24. The additional Adult Social Care precept equated to a Band A Council tax charge of £23.39 per annum (£0.45 per week) and generated £5.1 million of additional council tax revenues.

83 The outturn takes into account net adjustments for sums outside the cash limit including redundancy costs associated with MTFP savings which are met from the ER/VR Reserve, technical capital accounting entries and use of / contributions to earmarked reserves. Inflationary adjustments relating to reductions in energy costs of £38,000 and the 2023/24 pay award budgets linked to vacancies of £77,000 are included in the above net cash limit adjustments.

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

- (a) careful management and control of vacant posts and supplies and services budgets across the service, resulted in an under-budget position for the year of £1.154 million;

- (b) net spend on adult care packages was £0.368 million over budget. This area of the budget continues to be closely monitored to assess demographic and procedural/operational changes, and is an area where significant MTFP savings have been delivered over recent years;
- (c) net expenditure on Public Health related activity is in line with grant allocations.

85 A net £1.732 million relating to contributions to and from reserves is also included in the net adjustments for sums outside the cash limit and therefore excluded from the cash limit outturn as follows:

- (a) £0.585 million net contribution to the AHS Social Care Reserve to fund future social care projects;
- (b) £23,000 contribution to the Community Discharge Reserve;
- (c) £2.268 million drawdown from the AHS Integrated Care Reserve to fund temporary staffing arrangements and short-term projects in year;
- (d) £1.213 million drawdown from the AHS cash limit reserve to fund temporary staffing arrangements;
- (e) £1.318 million net contribution to Public Health reserves to fund future Public Health related activity;
- (f) £25,000 drawdown from CYPS Reserve to fund temporary staffing arrangements; and
- (g) £91,000 contribution to the Corporate Insurance Reserve.

86 Taking the year-end outturn position into account, the Cash Limit Reserve balance for AHS is £5.834 million at 31 March 2024.

Chief Executive's Office (CEO)

87 The 2023/24 outturn for the Chief Executive's Office (CEO) is a cash limit underspend of £0.805 million representing circa 18.6% of the total revised budget for CEO. This compares to a quarter three cash limit forecast underspend of £0.768 million (17.8%)

88 The outturn takes into account net adjustments for sums outside the cash limit such as redundancy costs which are met from the ER/VR Reserve, capital accounting entries and the use of / contributions to

earmarked reserves. The 2023/24 pay award budgets linked to vacancies of £29,000 are also included in the net cash limit adjustments.

89 The outturn position reflects the proactive management of activity by service managers to remain within the cash limit. The outturn position is accounted for as follows:

- (a) CEO management underspend by £26,000, relating to employee costs;
- (b) Corporate Policy, Planning and Performance has underspent by £0.430 million. This was primarily associated with vacant posts being held in advance of planned MTFP savings in 2024/25 and beyond, service restructure and secondments alongside additional income;
- (c) Communications and Marketing has underspent by £0.413 million. Again, this was primarily linked to vacant posts held in advance of planned MTFP savings and a service restructure of £0.322 million, along with unbudgeted additional advertising income of £30,000, underspends on Durham County News of £20,000 and underspends on general supplies of £40,000.

90 The cash limit outturn shows the position after a net £0.377 million movement reserves (included in the net adjustments above). The major item being:

- (a) £0.198 million from the Transformation Reserves to fund employee costs in 2023/24 associated with the transformation team;
- (b) £54,000 drawdown from the AHS County Durham Integrated Care Reserve to fund employee costs in the Communications and Marketing team; and
- (c) £99,000 drawdown from the AHS Cash Limit Reserve to fund employee costs in the Communications and Marketing team.

91 Taking the year end outturn position into account, the Cash Limit Reserve balance for CEO is £0.865 million at 31 March 2024.

Children and Young People's Service (CYPS)

92 The revenue outturn position for CYPS is a cash limit overspend of £8.390 million for the year, representing a 4.9% overspend against the

total revised budget for CYPS. This compares the forecast quarter three cash limit overspend forecast of £8.104 million (4.7%).

- 93 The outturn takes into account net adjustments for sums outside the cash limit outturn such as redundancy costs which are met from corporate reserves, capital accounting entries and the use of / contributions to earmarked reserves. Inflationary adjustments in relation to energy reductions of £0.196 million, Fostering Allowance increases of £0.590 million and Pay Award budgets linked to vacancies of £75,000 million are also included in the net cash limit adjustments.
- 94 The outturn position includes overspends within Social Care of £10.670 million and underspends within Early Help, Inclusion and Vulnerable Children of £1.022 million, Education and Skills of £0.652 million, and Central of £0.604 million.
- 95 Social Care is a net £10.670 million over budget for the year. The Service had a net overspend of £10.749 million relating to the cost of placements for children looked after (CLA), after taking account of costs of £0.394 million relating to higher rates for fostering allowances that were met corporately.
- 96 The pressure on the budget in children's social care has been evident for a number of years as the number of children in the care system has increased significantly and their needs have continued to become more complex. The budget for this area in 2023/24 was £62.288 million, which is an increase of £15.230 million on the previous year.
- 97 Across the year the number of CLA increased by 147 (14%) from 1,049 to 1,196 and the number of CLA in external high-cost placements (those costing more than £100,000 per annum) increased by 15 from 105 to 120. The average cost of External Residential placements has increased from £0.316 million at April 2023 to £0.332 million in March 2024.
- 98 The Education and Skills service had an underspend of £0.652 million in year. The main reasons for the underspend position are highlighted below:
- (a) The Home to School Transport (HTST) budget was increased by £9.6 million to £29.1 million in 2023/24 and an underspend of £0.536 million, or 1.8% was achieved against this revised budget;
 - (b) An overspend of £0.413 million relating to an aggregated budget shortfall across the service due to reductions in SLA income from schools;

- (c) An overspend of £0.206 million relating to the write off of aged AWPU Pupil Transfer invoices. These invoices mainly relate to financial years 2018/19 and 2019/20. This overspend is offset by a reduction in the bad debt provision, which is reported under the Central CYPS budget heading;
- (d) An overspend of £93,000 relating to DCC-run Nursery provision;
- (e) An overspend of £66,000 relating to the operation of Durham Leadership Centre due to a shortfall in lettings income; and
- (f) There is an underspend of £0.147 million against employee budgets, which results from a staffing restructure in Education Durham effective from September 2024 that was implemented in response to falling SLA income levels referenced in paragraph 98(b) above.

99 There are also further underspends in the following areas:

- (a) £0.270 million due to underspends on the Early Years Sustainability and associated activity budgets;
- (b) £0.162 million Pension Liabilities saving;
- (c) £0.160 million saving on the council contribution towards Maintained Nursery Schools.

100 There is no cash limit impact for the Progression and Learning Service after the net use of £3.158 million of reserves to fund the continuation of the service for January 2024 to March 2024, which is the period between European Social Funding (ESF) ending on 31 December 2023 and UK Shared Prosperity (UKSPF) beginning in April 2024.

101 There was an underspend of £0.604 million against budget in the Central CYPS budgets resulting from a change in debt provision for the year. This is a one-off impact in the current financial year and reflects that relatively high levels of debts over four years old have been written off this year, thus reducing the bad debt provision requirement.

102 Early Help and Inclusion had an underspend of £1.022 million, relating to:

- (a) The One Point Service had an underspend of £0.591 million, largely attributable to underspends in employee and activity budgets due to the management of vacant posts in advance of delivering MTFP savings of circa £0.300 million in 2024/25.

- (b) SEND and Inclusion are reporting a £0.268 million underspend after the application of £0.200 million funding from contingencies provided to tackle the backlog of statutory assessments 2023/24. This underspend is largely attributable to underspends in employee budgets due to the management of vacant posts and recruitment delays.
 - (c) Aycliffe Secure Centre (ASC) is reporting a nil cash limit variance after a contribution to reserves of £679,000. The forecast at quarter three was a contribution of £70,000 and the change is largely attributable to recruitment delays and savings on premises expenditure.
 - (d) The remaining service areas in EHVC are reporting an overspend of £0.163 million.
- 103 Operational Support is reporting a nil variance against budget.
- 104 A net £7.565 million relating to contributions to and from reserves are also included in the net adjustments for sums outside the cash limit and therefore excluded from the service outturn. The major items being:
- (a) £3.544 million drawdown from Schools Reserves to write off School deficits as part of the academy transfer process;
 - (b) £0.927 million drawdown from the Corporate ER/VR reserve to fund Schools and Progression and Learning redundancies as the service is restructured to meet UKSPF grant funding levels;
 - (c) £0.921 million drawdown from the Adult Learning reserve being the use of grant carried forward from the previous year;
 - (d) £0.823 million contribution to the PFI Lifecycle reserve relating to estimates of replacement of furniture and equipment;
 - (e) £0.725 million drawdown from Progression and Learning Reserves to fund the impact of ESF grant funding reductions from quarter four, with new UK Shared Prosperity Fund (UKSPF) grant allocations not being receivable until April 2024;
 - (f) £0.679 million contribution to Aycliffe Secure Services reserve to fund future projects at the centre;
 - (g) £0.533 million drawdown from the Multiply Funding reserve to fund service delivery;

- (h) £0.490 million drawdown from the Homes for Ukraine reserve to fund service delivery;
- (i) £0.428 million contribution to the Supporting Families Programme reserve to fund the programme in future years;
- (j) £0.472 million drawdown from the Family Hubs Programme reserve to fund service delivery;
- (k) £0.314 million drawdown from the Emotional Wellbeing reserve to fund service developments;
- (l) £0.314 million drawdown from the Youth Futures reserve to fund service delivery;
- (m) £0.287 million drawdown from the Children's Social Inclusion reserve to fund the Holiday Activities and Food Programme;
- (n) £0.285 million drawdown from the Unaccompanied Asylum Seeking Children reserve to fund service delivery;
- (o) £0.248 million drawdown from the Durham Enable reserve to fund service delivery;
- (p) £0.240 million contribution to the Delivering Better Value reserve to fund future service delivery;
- (q) £0.238 million drawdown from the Rapid Response reserve to fund the service; and
- (r) £0.236 million drawdown from the Music Service reserve to fund service delivery;

105 Taking the year end outturn position into account, there is a £8.390 million deficit cash limit position at year end. As the service has no cash limit reserves this overspend is funded from general reserves.

Neighbourhoods and Climate Change (NCC)

106 The final revenue outturn for 2023/24 for NCC is a cash limit underspend of £0.451 million representing circa 0.36% of the total revised budget for NCC. The position forecast at quarter three was a cash limit overspend of £97,000.

107 The outturn takes into consideration net adjustments for sums outside the cash limit, such as redundancy costs which are met from corporate reserves, capital accounting entries and the use of / contributions to

earmarked reserves. Net inflationary adjustments on energy reductions of £0.718 million and the 2023/24 pay award linked to vacancies of £82,000 are also included in the above net cash limit adjustments along with £0.514 million leasing extension costs funded corporately, £34,000 relating to Coronation costs and £0.183 million relating to legal fees for the Trade Waste Court Cost which have been funded from contingencies.

108 The outturn is a managed position, reflecting the proactive management of activity by Heads of Service across NCC to try and remain within the cash limit. The main reasons accounting for the cash limit outturn position are as follows:

- (a) Environmental Services was £0.212 million underspent. This is mainly resulting from overachieved income of £0.392 million on trade waste, and £0.941 million overachievement of fees and charges and SLA income in Clean & Green. There was also a £0.246 million underspend on staffing due to vacancies and pending restructures. These underspends were partly offset by overspends of £1.355 million on transport costs, the majority of which relates to vehicle dayworks and spot hire;
- (b) Highways was underspent by £0.043 million. The main reasons for this being as follows:
 - Highways Trading overachievement of income by £0.576 million due higher than anticipated sales in the lead up to year-end;
 - Highways Revenue is overspent by £1.331 million, mainly on highways maintenance work, including gully emptying cyclic works, drainage, bridges and priority action works;
 - This is largely offset by underspends on Strategic Highways of £0.798 million mainly consisting of overachievement of income on enforcement and inspections, road closures, roundabout sponsorship, and fixed penalty notices;
- (c) Community Protection was underspent by £0.194 million. This is mainly resulting from unspent growth funding due to vacancies and new posts from the services restructure which have been filled mid-year. There is also funding which is earmarked for future spinal column point increments causing an underspend.
- (d) Partnerships & Community Engagement is underspent by £0.126 million, mainly due to savings from a Strategic Manager post vacancy throughout the year, a vacancy also in the Civil

Contingencies Unit (CCU) plus overachievement of income on Service Level Agreements within the CCU.

- 109 A net £0.698 million relating to movement to and from reserves is also included in the net adjustments for sums outside the cash limit and therefore excluded from the service outturn. The major items being:
- (a) £0.600 million contribution to the Winter Maintenance reserve;
 - (b) £1.0 million net contribution to the North Pennines AONB reserve;
 - (c) £2.1 million drawdown from AAP and Towns and Villages reserve;
- 110 Taking the outturn position into account, including the transfers to/from and between reserves in year, the Cash Limit Reserve balance for NCC is £0.540 million at 31 March 2024.

Regeneration, Economy and Growth (REG)

- 111 The 2023/24 outturn is a cash limit underspend of £0.343 million representing circa 0.5% of the revised budget for REG. This compares to a forecast quarter three overspend of £90,000.
- 112 The outturn takes into account net adjustments for sums outside the cash limit outturn such as redundancy costs which are met from corporate reserves, capital accounting entries and the use of / contributions to earmarked reserves. Net inflationary adjustments on energy reductions of £1.804 million and the 2023/24 pay award linked to vacancies of £0.245 million are also included in the above net cash limit adjustments along with £1.555 million in respect of Leisure Centre income shortfalls covered corporately and £0.172 million covered from central contingencies (£52,000 Radon Monitoring, £0.550 million Milburngate legal and professional fees offset by a £0.430 million saving on premises double running costs).
- 113 The outturn position reflects the proactive management of activity by Heads of Service across REG to try and remain within the cash limit. The main reasons accounting for the outturn position are as follows:
- (a) Culture, Sport and Tourism was overspent by £0.480 million against budget. The main reasons are:
 - an unrealised MTFP saving of £75,000;
 - a capital contribution of £86,000 to the leisure transformation programme;

- a £0.167 million overspend at the two completed leisure transformation sites (Abbey and Peterlee); and
 - income shortfalls of £0.242 million at Killhope Museum.
 - These overspends were partially offset by short term equipment underspends whilst new gym equipment is awaited at seven leisure centres.
- (b) Transport and Contract Services underspent by £0.202 million against budget. The main reasons are:
- an under-recovery of departure charge income at Durham Bus Station of £0.116 million,
 - under-achievement of income for park and ride of £0.241 million,
 - increased business rate charges on car parks of £0.135 million;
 - under-recovery of bus shelter advertising income of £0.111 million, which was a MTFP saving proposal in a previous MTFP round and an overspend on bus shelter repairs and maintenance of £90,000;
 - These were partially offset by an underspend of £0.175 million against Durham bus station during its closure in year, £0.319 million overachievement of parking income, an underspend of £0.426 million on bus and rail contracts and £88,000 of underspends mainly relating to road safety employee costs and school crossing patrols. The 2024/25 budget includes an adjustment to rebase the park and ride income, which will then be unwound over the following four years;
- (c) Planning and Housing was underspent by £0.396 million against budget. This was largely due to staffing underspends of £0.782 million across the service, partially offset by an underachievement of income of £0.331 million relating planning fee income.
- (d) Corporate Property and Land was underspent by £0.622 million against budget.
- Within Buildings & Facilities Management, there was an overspend of £0.159 million, mainly relating to the catering service, which includes a shortfall in income as a result of

hybrid working and reduced footfall in staff facilities such as County Hall and Green Lane;

- Strategy and Property Management was underspent by £0.626 million due primarily to additional budget growth of £0.600 million included in the base budget from 2022/23 for a staffing restructure that had not been implemented and is not now expected to be in place until 2024/25; and
- There were also minor underspends elsewhere within the service, including additional unbudgeted income in Business Development of £67,000 along with underspends on supplies and services of £92,000;

114 In arriving at the outturn position, a net £2.486 million relating to movement on reserves is also included in the net adjustments for sums outside the cash limit and therefore excluded from the outturn. The major items being:

- (a) £3.280 million contribution to Transport Reserves relating mainly to the projected underspend in Concessionary Fares to support the future provision of bus services and routes;
- (b) £1.806 million drawdown from Culture Reserves mainly relating to the Cultural programme;
- (c) £0.642 million contribution to Planning & Housing Reserves relating mainly to the local lettings agency service;
- (d) £0.837 million drawdown from Economic Development Reserves relating to business growth and employability initiatives - supporting over 25's with health conditions into work;
- (e) £1.405 million contribution to Corporate Property and Land Reserves relating to property repairs and maintenance; and
- (f) £0.254 million drawdown from the REG Cash Limit Reserve for Major Project Board Support.

115 Taking the year end outturn position into account, the Cash Limit Reserve balance for Regeneration, Economy and Growth is £1.462 million at 31 March 2024.

Resources

116 The 2023/24 outturn for Resources is a cash limit underspend of £2.090 million representing circa 7.67% of the revised budget for Resources.

This compares to a forecast quarter three cash limit underspend of £1.434 million.

- 117 The outturn takes into account net adjustments for sums outside the cash limit outturn such as redundancy costs which are met from corporate reserves, capital accounting entries and the use of / contributions to earmarked reserves. Inflationary adjustments in relation to energy reductions of £35,000 and Pay Award budgets linked to vacancies of £0.418 million are also included in the net cash limit adjustments along with £2.4 million in relation to Housing Benefit Subsidy grant claim shortfall covered corporately and £98,000 from general contingencies in relation to staffing costs linked to succession planning in the Occupational Health team and temporary legal support.
- 118 The Housing Benefit Subsidy Grant shortfall has been addressed in the 2024/25 base budget.
- 119 During 2023/24 DLUHC consulted on Best Value Standards and Intervention – A statutory guide for Best Value Authorities which include its expectation that local authorities undertake a corporate or finance peer review every five years. The finance function commissioned CIPFA to undertake a financial peer review during October 2023 at a cost of £35,000, the outcome of which was presented to Audit Committee on 29 February 2024. These costs have also been funded from general contingencies.
- 120 The outturn is a managed position, reflecting the proactive management of activity by service managers to remain within the cash limit. The outturn position is accounted for as follows:
- (a) Corporate Finance and Commercial Services were under budget by £0.236 million, with managed underspending on employee costs of £0.111 million and additional income of £0.152 million;
 - (b) Transactional and Customer Services were under budget by £0.581 million, primarily due to underspends on employee costs of £0.438 million;
 - (c) Digital Services were under budget by £1.239 million. Within this area, underachievement of income was £0.867 million, but this was offset by managed underspends on employees of £1.171 million, an underspend on electricity at the Data Centre of £76,000, managed underspends on supplies and services of £0.600 million and an over achievement of income relating to a one-off 2022/23 recharge relating of £0.248 million;

- (d) Internal Audit, Risk and Corporate Fraud was under budget by £0.105 million, primarily due to additional income generated in year;
- (e) Legal and Democratic Services was under budget by £0.406 million. This includes a £0.308 million managed underspend on employee related expenditure, a £0.150 million overspend on professional advice services, overachieved income of £0.206 million within the Registration Service and an underspend of £90,000 relating to Member travelling and conferences;
- (f) HR and Employee Services was over budget by £0.189 million, primarily due to unachievable SLA income linked to maintained schools converting to academy status; and
- (g) Procurement, Sales and Business Services was under budget by £26,000, primarily due to a managed underspend on employee related expenditure.

121 A net £1.435 million relating to movement to and from reserves is included in the net adjustment for sums outside the cash limit and therefore excluded from the outturn. The major items being:

- (a) £0.106 million drawdown from the HR Reserve in respect of the Workforce Development Programme;
- (b) £0.231 million drawdown from the Welfare Rights Reserve to fund temporary posts to support the workload of the team;
- (c) £0.106 million drawdown from the Adults Cash Limit Reserve to fund additional temporary staffing to address outstanding workloads within the Financial Assessment, Payments, Billing and Debtors teams as a result of the introduction of the Azeus Care system;
- (d) £1.079 million drawdown from the Corporate ER/VR Reserve to meet costs associated with the delivery of MTFP savings requirements;
- (e) £0.113 million drawdown from the Assessment Support Admin Scheme to fund service packages;
- (f) £0.273 million drawdown from the Procurement Development Reserve which will be used to finance various procurement initiatives; and
- (g) £0.190 million drawdown from the Resources Cash Limit Reserve to fund a number of temporary posts within the service grouping.

- 122 Taking the outturn position into account, including items outside the cash limit and transfers to and from earmarked reserves (and a top slicing of £1.979 million as part of the reserves review), the Cash Limit Reserve for Resources is £1.133 million at 31 March 2024.

Resources – Centrally Allocated Costs (Corporate Costs)

- 123 The 2023/24 outturn for Corporate Costs is a cash limit overspend of £78,000 representing circa 1.82% of the revised budget. This compares to the forecast quarter three forecast underspend of £0.163 million (3.8%)
- 124 The outturn takes into account net adjustments for sums outside the cash limit such as the use of / contribution to earmarked reserves, and funding from contingencies.
- 125 Care Leaver Council Tax Discount Costs of £0.148 million are included in the net adjustment above and have been covered corporately.
- 126 A net £0.788 million drawdown from the Council Tax Hardship Reserve is also included in the net adjustments above along with £48,000 from the Welfare Assistance Funding reserve and £0.100 million from the PHE Grant Reduction Support Scheme.
- 127 The year end overspend position is mainly due to additional external auditor fees in respect of the 2022/23 audit.

Contingencies and Central Budgets

- 128 Taking into consideration sums drawn from contingencies and other known requirements, general contingencies have underspent by £2.629 million during 2023/24. Also included in the outturn is £1.721 million in relation to a gain share payment from the Digital Durham programme.

Interest Payable and Similar Charges - Capital Financing

- 129 The outturn position of £35.983 million is £3.877 million lower than the revised £39.860 million budget. This underspend reflects the council's ability to continue to delay actual borrowing whilst interest rates remain high. The level of cash balances currently held allows the council to use this liquidity to manage cash flow requirements in the short term.

Interest and Investment Income

- 130 The interest and investment income of £17.591 million is £7.691 million more than the £9.900 million budget held. The position at quarter three reported forecast income of £16.090 million, £6.190 million more than budget. The outturn reflects increased investment returns, as interest

rates achievable on short term investments have improved significantly over the last 15 months and updated cash flow forecasts, factoring in slippage in the capital programme. The Bank of England's base rate is currently at 5.25% and has been at this level since August 2023. The Bank of England made the decision, at its May 2024 Monetary Policy Committee meetings, to maintain base rate at its current level. Markets are now predicting a first cut in base rate cuts for August 2024.

131 In addition, historic credit loss provisions associated with a loan to Newcastle International Airport have been reserved during 2023/24, following a review of the current loan balance, resulting in an additional £0.627 million recorded under interest and investment income. This was not factored into the quarter three forecast of outturn.

132 The table below highlights the change in borrowing and investments at the year-end:

	Actual 31.03.23 £ Million	Average Interest Rate	Actual 31.3.24 £ Million	Average Interest Rate
Borrowing	440	3.11%	412	3.12%
Investments	351	4.01%	217	5.65%
Net Debt	89		195	

Dedicated Schools Grant and Schools

Dedicated Schools Block – DSG

133 The council currently maintains 145 schools, including nursery, primary, secondary, special schools and a single Alternative Provision (AP) school. The AP school is for pupils who have been permanently excluded from other schools, or who are at risk of permanent exclusion.

134 The council had 161 maintained schools at the time of the 2023/24 budget setting and 16 schools have converted to academy status since that point.

135 The table below shows the schools that have converted to academy status within the year, the balance of reserves at 1 April 2023 and final balance transferred for schools who have been finalised.

136 In the case of Wellfield School, the Cabinet agreed at its meeting on 15 March 2023 to write-off the deficit using the earmarked reserve established for this purpose.

Reserves at 1 April 2023 ((-) surplus)	School	Balance Written off via Earmarked Reserve	Balance Transferred ((-) surplus)
£ Million		£ Million	£ Million
2.776	Wellfield School	2.992	-
-0.382	Vane Road Primary	-	-0.408
-0.123	Collierley Primary	-	-0.132
-0.077	Woodham Burn Primary	-	-0.125
-0.037	Easington C of E Primary	-	-0.035
-0.070	Green lane C of E Primary	-	-0.114
-0.710	Greenfield School	-	-0.595
-0.113	St Helens Auckland Primary	-	-
-5.118	Durham Sixth Form Centre	-	-5.512
0.059	Peases West Primary	-	-
-0.018	Castleside Primary	-	-
-0.145	Pelton Community Primary	-	-
-0.038	Beamish Primary	-	-
-0.423	Catchgate Primary	-	-
0.013	Deaf Hill Primary	-	-
-0.047	Kelloe Primary	-	-
-4.453	Net change due to academisation	2.992	-6.921

- 137 Should Peases West Primary and Deaf Hill Primary schools still have deficit reserve balances following the finalisation of balances, the academy trust will be invoiced for such balances.
- 138 The total amount of reserves movement relating to academisation within the year was £4.077 million, this included balances of £0.148 million for schools which converted in quarter four of 2022/23.
- 139 The reserve position for the 145 maintained schools at final outturn is shown in the following revenue outturn table:

Subjective Budget Heading	Original Budget	Final Outturn	Outturn to Budget Variance
	£ Million	£ Million	£ Million
Employees	193.907	196.750	2.843
Premises	14.448	14.907	0.459
Transport	1.789	2.374	0.585
Supplies	33.046	34.418	1.372
Central Support & DRF	0.060	0.211	0.151
Gross expenditure	243.250	248.660	5.410
Income	-58.814	-73.760	-14.946
Net expenditure	184.436	174.900	-9.536
Budget share	176.643	177.802	0.752
Use of reserves	7.793	-2.902	-10.695
Balance at 31 March 2023	-23.770	-23.770	-
Balance at 31 March 2024	-15.977	-26.672	-10.695
Balance for academies not yet transferred	-	-0.559	-0.559
Revised Balance at 31 March 2024	-15.977	-27.231	-11.254

- 140 The final position has improved since budget setting when it was forecast that the 145 schools would need to use £7.793 million of reserves. The final outturn shows that the schools will contribute £2.902 million to reserves.
- 141 The change in the position largely relates to an increase in income at final outturn compared to previous forecasts. The following table shows the main areas of income which has increased to improve the final position of the schools.

Income	£ Million
Additional Government Grant	3.200
Fees and Charges	2.600
External Concs/Services to other schools	2.300
Staff Insurance Claims	1.800
Early Years Funding	1.700
SEN Funding	1.600
Interest payable on reserves	1.200

- 142 The reserve position reflects 99 schools (68%) contributed £5.782 million to their reserves and 46 schools (32%) utilised £2.880 million of their reserves to balance their in-year financial position.
- 143 In October 2023, the DfE announced additional funding to support individual schools that find themselves in financial difficulties. An overall sum of £20 million was allocated nationally and Durham's share is £0.582 million. Local authorities had significant flexibility about how to use this funding and sums ranging between £2,000 and £85,000 were provided to 23 schools to support them in moving to a more sustainable financial position.
- 144 This grant allocation has positively impacted on the need for schools to request a licensed deficit in 2024/25, however whilst this is welcomed as the grant allocation is one-off and therefore will not be available next year there is a strong likelihood that some schools will require licensed deficits in 2025/26. A separate paper on the July Cabinet agenda sets out an overview of the maintained schools budget plans for 2024/25.

Dedicated Schools Grant Centrally Retained Block

- 145 The outturn position for the centrally retained DSG budgets is an overspend of £1.196 million as detailed below:

DSG Block	Budget £ Million	Outturn £ Million	Variance £ Million
High Needs	89.917	91.877	1.96
Early Years	34.271	33.837	-0.434
Central Schools Services	2.898	2.347	-0.551
De-delegated	0.201	0.422	0.221
TOTAL	127.287	128.483	1.196

- 146 For the High Needs Block (HNB), the budget at the start of the year included a planning assumption of a £1 million underspend that would result in a reduction to the cumulative HNB deficit position.
- 147 The outturn position is an overspend against grant allocation by £1.960 million (forecast overspend of £2.391 million at quarter three), therefore increasing the HNB cumulative deficit from £8.635 million to £10.595 million.
- 148 The main area of pressure is top up funding in mainstream schools and settings, where expenditure on mainstream top up funding was £19.135 million against a budget of £16.739 million, thus resulting in an overspend of £2.396 million (14%) against budget.

- 149 There are circa 27% more full time equivalent pupils receiving top up funding in 2023/24 in comparison to the previous year. Whilst the average cost of individual top up funding allocations is broadly similar to last year, this still results in a significant overspend position.
- 150 The other main areas of pressure are in Independent and Non-Maintained Special School (INMSS) provision, where expenditure of £9.126 million exceeded budget of £7.214 million by £1.912 million, and in Alternative Provision (AP) where net expenditure of £10.552 million against a net budget of £10.354 million, results in an overspend of £0.198 million. Much of this is due to increased numbers of excluded pupils moving the Pupil Referral Unit at The Woodlands School during the autumn and spring terms.
- 151 An updated HNB Sustainability Plan was reported to Cabinet in December 2023. The report set out the implications of lower increases to HNB grant over the period 2024/25 to 2027/28 than received in recent years, set against continuing increases in cost and demand and resulting in a forecast increasing cumulative deficit position that could reach £67 million by the end of 2027/28.
- 152 The significant and increasing HNB deficit position is a serious concern for the Council and many other local authorities. The exceptional accounting override that allows councils to exclude HNB deficits from their main council general revenue funding position and hold this cumulative deficit in an unusable reserve on the Balance Sheet, is due to end in on 31 March 2026. After this point, the HNB deficit may need to be funded by council resources from 2026/27.
- 153 Phase one of the HNB Sustainability Programme came to an end in the summer of 2023, which focussed on nine key areas as agreed by Cabinet in 2019.
- 154 Phase two of our HNB Sustainability Programme commenced in September 2023, with a major element being implementation of the DfE supported Delivering Better Value in SEND work along with further work on Social, Emotional Mental Health and Early Years Funding.
- 155 The Early Years Block expenditure of £34.196 million was £0.434 million lower than the grant allocation, however we await the final grant adjustment in July 2024 (based on January 2023 pupil numbers), which is likely to result in a clawback of funding.
- 156 The impact of the outturn on the DSG reserves position is shown in the following table:

DSG Reserves	High Needs Block £ Million	Early Years Block £ Million	Schools Block £ Million	Total DSG £ Million
Balance as at 1 April 2022	-8.843	0.656	2.401	-5.786
2021/22 Early Years Block Adjustment	-	0.594	-	0.594
Use/ Contribution in 2022/23	0.208	-0.528	-1.620	-1.940
Balance as at 31 March 2023	-8.635	0.722	0.781	-7.132
2022/23 Early Years Block Adjustment	-	-0.359	-	-0.359
Use / Contribution in 2023/24	-1.960	0.434	0.330	-1.196
Balance as at 1 April 2024	-10.595	0.797	1.111	-8.687

- 157 The overall DSG reserve was in deficit of £7.132 million at the start of the financial year as a result of the accumulated deficit position in relation to the high needs block. The overall deficit position is now £8.687 million to the year end, however this is prior to any clawback of EY funding.
- 158 The in-year increase in the Schools Block Reserve largely reflects the timing of a payment of £0.582 million in relation to copyright licenses from the Central School Services Block, offset by a planned use of the de-delegated reserves of £0.221 million.
- 159 The balance of £1.111 million on the Schools Block reserve is held to support in-year movements in relation to school funding formula and potential PFI costs in relation to schools funded by PFI, pending a change in the application of funding formula guidance which is currently under review.

Capital

- 160 The 2023/24 original budget of £320.547 million was reviewed throughout the year with the final revision approved as part of the MTFP(14) report to Cabinet on 14 February 2024 when the revised 2023/24 budget was agreed at £259.187 million.
- 161 The Council's Capital Member Officer Working Group (MOWG) closely monitors the capital programme. This report updates the capital budget

included in the 14 February 2024 Cabinet MTFP(14) report, approved by County Council on 28 February 2024, setting out further detail on revisions to the capital programme, especially in relation to the reprofiling of capital budgets.

162 Since the quarter three forecast of outturn report was and considered by Cabinet earlier in the year, a number of significant adjustments to the capital budget have been necessary. The changes have in the main related to receipt of additional grant funding or revised grant allocations. Significant amounts added to 2023/24 and to future years include the following:

- (a) £1.167 million Connect the classroom Grant from DfE;
- (b) £0.968 million Childcare Expansion Grant from DfE;
- (c) £7.138 million High Needs Provision Fund Capital Grant from DfE;
- (d) £4.717 million Food Waste Recycling Grant from DEFRA;
- (e) £2 million for LED Lighting Replacement funded on a self-financing basis;
- (f) £0.900 million for the purchase of a new landfill gas engine for Coxhoe Landfill Gas Power Generation Plant funded on a self-financing basis;
- (g) £4.010 million NEMCA grant for the development of the Aykley Heads site;
- (h) £2.5 million Transforming Cities Fund Grant for Durham City Centre Connectivity;
- (i) £2.5 million Active Travel England Grant for North Durham Active Travel Corridor;
- (j) £2.940 million Safer Roads Fund grant from DfT;
- (k) £36.800 million for development of NETPark Phase 3a, funded from a combination of self-financing and grants from North East Investment Zone and Local Transport Fund awarded to NEMCA;
- (l) £3.230 million Heat Network Innovation Project (Triple Point) Grant for Seaham Garden Village Minewater Heating;
- (m) £2.096 million DLUHC grant for Spennymoor Long Term Plan;

- (n) £1.375 million Homes England grant for Temporary Accommodation;
- (o) £4.604 million for Single Homelessness Accommodation Programme, funded from a combination of a DLUHC grant and self-financing contribution;
- (p) A combined total of £3.850 million UKSPF and REPF grants for Community Infrastructure;
- (q) £7 million for South Church Enterprise Park, funded from a combination of a DLUHC grant and self-financing contribution;
- (r) Revised allocation and thus a budget reduction of £3.870 million for Green Homes – HUG Phase 2 Grant from DESNZ;
- (s) Revised allocation and thus a budget reduction of £1.591 million for Stonebridge Park and Ride funded from Transforming Cities Fund Grant.

163 The following table compares the final 2023/24 capital outturn by service grouping with the revised 2023/24 capital budget:

Service Grouping	Original Budget 2023/24	Revised Budget 2023/24 Quarter 3	2023/24 Outturn	2023/24 Variance
	£ Million	£ Million	£ Million	£ Million
Adult and Health Services	2.045	2.246	1.830	-0.415
Children and Young People's Services	87.765	59.193	42.672	-16.521
Neighbourhoods and Climate Change	84.527	56.603	47.489	-9.115
Regeneration, Economy and Growth	135.867	134.507	125.951	-8.555
Resources	10.343	6.638	5.067	-1.571
TOTAL	320.547	259.187	223.010	-36.177

164 The following table details the action that has been taken in relation to reprofiling and budget addition/deletions at the 2023/24 year-end.

Service Grouping	Revised Budget 2023/24 Quarter 3	2023/24 Additions/ (Deletions) from Budget	2023/24 Reprofiting to future years	2023/24 Transfers	2023/24 Adjusted Budget Position
	£ Million	£ Million	£ Million	£ Million	£ Million
Adult and Health Services	2.246	-	-0.415	-	1.830
Children and Young People's Services	59.193	7.418	-23.974	0.034	42.672
Neighbourhoods and Climate Change	56.603	1.240	-9.721	-0.634	47.489
Regeneration, Economy and Growth	134.507	2.472	-11.626	0.599	125.951
Resources	6.638	-	-1.571	-	5.067
TOTAL	259.187	11.130	-47.307	-	223.010

165 The variance of £36.177 million includes requests to carry forward unspent budgets to fund the completion of capital schemes from 2024/25 onwards. It also includes 2023/24 overspends on some projects as a result of an acceleration in project delivery timescales. For these projects, future years' budgets have been reduced. All of the resultant re-profiling is reflected in the capital budgets for 2024/25 to 2027/28.

Financing – General Fund Capital Programme 2023/24

166 The capital programme is financed from various funding sources which include grants, capital receipts, revenue contributions, contributions from earmarked reserves and prudential borrowing. Financing of the 2023/24 outturn is detailed in the following table.

Financed by	2023/24 Outturn £ Million
Grants and Contributions	103.164
Revenue and Reserves	14.296
Capital Receipts	34.608
Borrowing	70.942
TOTAL	223.010

Service Grouping Commentary - Capital

- 167 The primary reasons for the net capital underspend against the revised capital programme budget are set out in the next section. The £36.177 million underspend represents circa 14% of the quarter three budget, which is comparable to the underspend at the end of 2022/23 financial year (13%).
- 168 The underspend of £0.415 million in Adult and Health Services is mainly due to:
- a) **Adult Care** – underspend of £0.415 million, consisting of £0.389 million for Hawthorn House Development and £26,202 for Chester Le Street Positive Journeys, both due to revised schedule of works. Both schemes have been reprofiled to 2024/25 and are scheduled to be completed in that financial year.
- 169 The underspend of £16.521 million in Children and Young People's Services is mainly due to:
- a) **Children's Services – Children's Care.** Net overspend of £0.243 million, including £0.108 million for the Acquisition of the Edge of Care Children's Home and £0.180 million for Copeland Barns West Auckland Children's Home, with both amounts accelerated from budget profiled in 2024/25 into 2023/24.
 - b) **Children's Services – Secure Services.** Net underspend of £0.196 million, consisting of £32,865 for Transitions Home, £0.108 million for Swimming Pool Upgrade and £55,000 for UPS System Replacement. The Transitions Home budget was transferred to the Swimming Pool scheme, as works on the Transitions Home are now completed. The remaining budgets have been reprofiled from 2023/24 to 2024/25.
 - c) **Children's Services – Planning and Service Strategy.** Net underspend of £0.117 million, including a reduction of £36,115 for Review of the SSID System, which is now complete, and the amount was returned to corporate capital contingencies; addition of £47,221 for Liquid Logic Single View, which is funded from the Supporting Families revenue budget; and reprofiling of £0.120 million from 2023/24 to 2024/25 across the whole area to reflect revised phasing of works.
 - d) **Early Help Inclusion & Vulnerable Children-Inc SEN Capital.** Underspend of £0.616 million for Special Provision Capital Fund and £0.399 million for High Needs Capital Provision Fund. This also

includes an addition of £5.074 million High Needs Provision DfE grant, which was reprofiled to 2024/25 in full.

- e) **Education – School Devolved Capital.** Net overspend of £0.255 million, including £1.184 million underspend on schools' devolved capital budgets, which have been reprofiled from 2023/24 to 2024/25; £1.145 million overspend due to schools receiving additional Connect the Classroom grant from DfE, which was fully expended before year-end; and £0.211 million of additional expenditure funded from direct revenue funding. These variances are mainly due to unpredicted changes in individual schools' spending decisions.
- f) **Education – School Related.** Net underspend of £15.690 million, with major underspends comprising of:
- £0.470 million for Escomb Primary School New Build. This scheme has been significantly delayed due to number of events including unknown underground services which had to be relocated; old, buried structures which impacted the foundation design; ongoing ecological issues with regards to bats; and structural issues to the main timber beam within the classroom of the future building. Whilst the Contractor was able to complete the two-classroom extension at the end of February, the works to the classroom of the future and subsequent re-roofing have extended site duration and works will be completed by the end of May 2024;
 - £1.360 million for Spennymoor Primary School New Build. The commencement of the project was delayed ensuring budget affordability, including construction and client contingencies;
 - £6.584 million for Belmont School New Build due to inclement weather causing a nine week delay to the construction;
 - £1.881 million for Rebuild of Greenfield Community College due to delay to commencement of design meetings whilst value engineering and initial budget issues were resolved with the contractor. Project is currently at Stage 2 for design to the refurbishment element;
 - £0.911 million for Expansion of Wingate Primary School. The works were initially stopped due to the extent poor ground conditions being encountered and concerns over stability of ground next to existing school and health and safety concerns for workforce, which have now been resolved and works will be completed in May 2024; and

- £3.268 million unprogrammed budget, with £0.280 million transferred to other schemes and £2.987 million reprofiled to 2024/25.

These budgets have been reprofiled to 2024/25 and in the main, there are no underspends where budgets have been reduced, returned to contingencies or to external funders.

170 The underspend of £9.115 million in Neighbourhoods and Climate Change is mainly due to:

- a) **Community Protection.** Net underspend of £0.190 million, which includes £0.125 million underspend on Back Office ICT System Development which was reprofiled to 2024/25 due to delays in the procurement process and securing the new provider.
- b) **Environmental Services.** Net underspend of £1.582 million. The most significant variances in this area include:
 - £0.145 million overspend for Clean and Green schemes, consisting of £35,000 addition for Tanfield Conservation Grazing funded from revenue and various other transfers from Members and AAP budgets to fund spend in year;
 - £0.248 million underspend on Environment and Design schemes, consisting of various transfers from Members and AAP budgets as well as revenue funding, with the budgets subsequently reprofiled to 2024/25;
 - £0.105 million underspend on various schemes in Depots also reprofiled to 2024/25;
 - £0.154 million underspend on Stanley Cemetery Extension which was reprofiled to 2024/25 as the full costs have not been recharged before year-end;
 - £0.270 million underspend on Petland Restoration Capital Schemes due to the schemes now being completed. These budgets were funded from a European Commission grant and the grant allocation was reduced to reflect final costs for each scheme;
 - £0.177 million underspend on Morrison Busty Battery Storage Phase 4, due to a number of credits received from suppliers. This resulted in an underspend which was reprofiled to 2024/25 to be used for potential further works if still required;
 - £0.275 million underspend on On-Street Residential Electric Vehicle Chargepoint Scheme, £0.118 million underspend on

ORCS Electric Vehicle Chargepoints Derwent Valley Project and £0.140 million underspend on Local Electric Vehicle Infra Fund Bridge Pilot, with all budgets reprofiled to 2024/25. Underspends on all three schemes are due to increased costs with suppliers and Northern Power Grid, where some sites selected for installation have become unfeasible and no longer represent value for money. Due to this the service have had to alter the project and carry out new surveys and inspections on alternative site locations which has caused unforeseen delays to expenditure and infrastructure installation. Additionally, Northern Power Grid and Stark Energies have been unable to carry out their duties within expected timescales, meaning delayed invoicing from contractors;

- £0.173 million overspend for Teesdale LC Decarbonisation, consisting of an internal transfer within the service of £0.227 million, reduction of Salix grant of £0.145 million and £91,823 budget accelerated from 2024/25 to fund expenditure at year-end. Teesdale LC has been delayed due to issues with the new substation and electrical supply installation; and.
 - £0.140 million underspend on Newton Aycliffe LC Decarbonisation Scheme, with the budget reprofiled to 2024/25. The underspend is mainly due to payments for works and retention still to be paid to internal and external contractors, as well as c. £13,000 project contingency which may still be required.
- c) **Highways.** Net underspend of £7.083 million. The most significant in-year variances in this area are:
- £0.145 million overspend on PROW Capital Footway Works funded from budget accelerated from 2024/25, due to additional PROW capital works undertaken in 2023/24;
 - £0.190 million underspend on New Elvet Bridge due to the anticipated remedial works delayed until 2024/25;
 - £0.660 million underspend on Whorlton Suspension Bridge due to delays that resulted in predicted in-year spend being less than anticipated;
 - £0.601 million overspend on Newton Cap Viaduct – Public Health Works Stages 1 & 2, due to the scheme progressing better than programmed resulting in increased in-year end spend. The overspend was funded from accelerating the 2024/25 budget;

- £0.181 million underspend on Leazes Footbridge Investigation and Design, due to works not progressing in year. The budget was reprofiled to 2024/25;
 - £3.240 million net underspend on Highways Capitalised Maintenance, which includes £0.195 million that was transferred to the Housing Infrastructure Fund scheme in REG and subsequently reprofiled to 2024/25. It also includes £1.836 million on carriageway schemes (A, B, C and unclassified roads), which was partially due to the need to undertake carriageway resurfacing schemes on-site towards the end of the financial year and therefore there was not sufficient time to recharge full costs of the works before year-end. This also includes an overspend of £0.306 million for Highways Asset Management System, which was funded from an MTFP(14) capital bid which was only built into the budget after December. The service completed a through exercise at year-end, where all budgets have been either reprofiled to future years or realigned to other schemes within the service;
 - £1.734 million underspend on Pothole schemes funded from an additional DfT grant allocation of £1.886 million which was only confirmed in December. It's been agreed with DfT that this can be carried forward to 2024/25;
 - £0.412 million underspend on Street Lighting – Energy Replacement Programme (SLERP), £0.132 million underspend on Countywide Asset Renewal and £0.462 million underspend on Street Lighting Capitalised Maintenance, all due to installations not being complete on a number of schemes as well as works being complete but not fully recharged before year-end. All budgets have been either reprofiled to 2024/25 or realigned to other schemes within the service;
 - £0.241 million overspend on NIDP and Flood Alleviation schemes in Drainage which are funded from an EA grant. £0.353 million grant was received after December 2023 but only £0.241 million was spent, with the remaining £0.112 million carried forward to 2024/25; and
 - £0.446 million underspend on South Moor and Stanley Resilience Innovation Scheme which was due to the timing of payments. The scheme is grant-funded, and the funding can be used in 2024/25, so the scheme was reprofiled to that year.
- d) **Partnerships & Community Engagement.** Net underspend of £0.260 million. This includes:

- an underspend of £0.252 million on Great Lumley Community Centre which has been reprofiled to 2024/25;
- Underspend of £0.112 million on West Rainton Community Centre which has been reprofiled to 2024/25 due to the revised schedule of payments;
- underspend of £90,950 on Community Buildings Review – Unprogrammed which also has been reprofiled to 2024/25. This is the only remaining capital budget for unforeseen capital expenditure encountered during the delivery of the community asset transfer programme and the budget was not required in 2023/24; and
- overspend of £0.226 million on AAP Members Neighbourhood Fund which was mainly funded from earmarked reserves and revenue contributions.

171 The underspend of £8.555 million in Regeneration, Economy and Growth is mainly due to:

- a) **Economic Development.** Net overspend of £0.432 million, with the most significant variance in this area being an overspend of £3.655 million on Remaking Beamish Capital Project, which was due to the timing of claims received from Beamish Museum. This expenditure is funded from a contribution from Beamish Museum and as such has no effect on prudential borrowing.

Other significant variances include:

- £1.485 million overspend (acceleration of spending) on NETPark Phase 3 in year, due to an interim payment made to the contractor for works completed in the first 2 weeks of March to maximise LEP funding, funded from accelerating future year's budget;
- £0.278 million underspend on Future Hight Street Fund North Bondgate & Fore Bondgate due to delayed site progress caused by utility issues, party wall matters, gas leak & additional demolition, with budget reprofiled to 2024/25;
- £0.274 million underspend on Future Hight Street Fund Town Centre Property Reuse Fund due to Subsidy Control issues on 47 Newgate Street which have held up payment; two schemes have been unable to start on site due to contractor availability. Budgets have been reprofiled to 2024/25;
- £0.465 million underspend on Future Hight Street Fund Newgate Street Food & Beverage Units due to delayed site progress

caused by utility issues, party wall matters & discovery of basement, with budgets reprofiled to 2024/25;

- £0.300 million underspend on Bishop Auckland Towns Deal Newgate Market Place due to delays to public consultation and scheme revisions, which led to programming of first elements of works in quarter one of 2024/25 and so the budget has been reprofiled in line with this;
 - £0.536 million underspend on Bishop Auckland Towns Deal Springboard to Employment due to delayed start to third party contract and insufficient evidence to process further claims. Work is ongoing and evidence is currently being provided, with the contract due to complete in full during quarter two 2024/25. The budget has been reprofiled into 2024/25 to match the revised profile;
 - £0.300 million underspend on Aykley Heads Project Development, with budget reprofiled to future years. Although the capital spend is shown as not being achieved, this is because external grant was secured to cover these works but can only be claimed in 2024/25. Development works have however been progressed;
 - £0.284 million underspend on Neighbourhood Retailing, due to three public realm enhancement schemes not commencing and one awaiting further delivery of materials In addition, Business Grants have not been completed due to weather and finishing off works and the service was unable to release the grants. The budget has been reprofiled to 2024/25; and
 - £0.445 million underspend on Town & Village Centres Walking and Cycling schemes due to the progression with two elements (Hownsgill Viaduct and Relley Bridge) being delayed in 2023/24 Q4, which meant that expected spend was not incurred. The budget has been reprofiled to 2025/26.
- b) **Culture and Sport.** Net underspend of £0.928 million, with the most significant variance being an overspend of £1.144 million on the refurbishment of Louisa Leisure Centre due to additional works that have been added to the scope for further maintenance items and the works aligned to the original scope has moved more quickly than initially anticipated, resulting in higher spend than previously forecast. The budget was accelerated from 2024/25.

Other variances include:

- £0.288 million underspend on Woodhouse Close Leisure Centre New Build due to early enabling works around utility diversions

being deferred because of the length of time taken by utility companies and their processes which are outside the Council's control or influence. The budget has been reprofiled to future years;

- £0.586 million underspend on DLI Redevelopment due to a delay in appointing a main contractor to the project thereby impacting upon both consultant fees and construction costs being pushed into 2024/2025. The contracts are in place now and the budget has been reprofiled with spending starting to flow through in 2024/25; and
- £0.321 million underspend on Weardale Railway due to the programme of works delivered by Weardale Railway Ltd being delayed, which resulted in grant claims not being submitted. The budget has been reprofiled to 2024/25.

c) **Transport and Contracted Services.** Net underspend of £7.223 million, with the most significant variance being a £3.260 million underspend on Newton Aycliffe Housing Infrastructure Fund, which was due to ongoing discussion with Homes England regarding the updated Grant Funding Agreement conditions combined with ongoing utility co-ordination that led to a later than expected commencement on-site. The net £3.260 million consists of £0.195 million internal transfer from Strategic Highways, with a total of £3.455 million reprofiled into future financial years.

Other variances of note include:

- an overspend of £2.065 million on Durham Bus Station and North Road Development which was funded from accelerating the 2024/25 budget approved;
- £0.526 million underspend on Jade Business Park Development due to the discovery of unexpected Utility Apparatus during construction and re-phasing considering impact on neighbouring businesses delayed completion of some elements. The budget has been reprofiled to 2024/25;
- £0.904 million underspend on Sniperley Park and Ride Extension due to issues in finalising the land acquisition and confirmation of contractor which have delayed a commencement of the main construction. The budget has been reprofiled to 2024/25;
- £0.390 million underspend on Transforming Cities Fund Walking and Cycling Northern Corridor schemes due to change in procurement route linked to delivery resource availability, which resulted in specific packages now having to be tendered for

external delivery and delays in confirming Statutory Undertaker work orders. The budgets have been reprofiled to 2024/25;

- £1.111 million underspend on Bishop Auckland Bus Station due to delays in the procurement of the main works contractor which have delayed the expected progress. The budget is part of the Future High Street Fund Programme and has been reprofiled to future years;
 - £0.395 million underspend on Bishop Auckland Road Junction Capacity Improvements due to significant delays with internal design process which meant that external designers had to be appointed. Further delays in utility diversion commencement where the service is awaiting confirmation from the companies. The budget is part of the Future High Street Fund Programme and has been reprofiled to 2024/25;
 - £0.304 million underspend on Locomotion Car Park, part of the LUF Programme, due to later than expected start with construction following delayed discharge of planning conditions. The budget has been reprofiled to 2024/25; and
 - £2.755 million underspend on Locomotion Walking and Cycling, part of the LUF Programme, due to delays relating to land acquisition. The budget has been reprofiled to 2024/25.
- d) **Corporate Property and Land.** Net underspend of £0.147 million, with the most significant variance being an overspend of £0.541 million on Aykley Heads Plot C, which relates to accelerated external works (car park, additional overflow car park and additional footpath), with this budget accelerated from 2024/25.
- e) **Planning and Housing.** Net underspend of £0.599 million, with the most significant variance being an overspend of £2.479 million on Disabled Facilities Grant, which was due to an increase in number of grants requested and increased material/labour costs. The budget was accelerated from 2024/25.

Other variances of note include:

- £0.773 million underspend on Afghan Resettlement Scheme due to the acquisition of Hartley Gardens properties not completing prior to year-end. In addition, not all B&FM recharges were processed by year-end. The budget was reprofiled to 2024/25;
- £0.315 million underspend on Care Connect Digital Upgrade due to procurement delays. Circa £0.314 million equipment spend

was not completed within 2023/2024 with the order completed in 2024/25. The budget was reprofiled to future years; and

- £2.250 million underspend on Green Homes HUG Phase 2 with the budget, which was fully funded from a Dept for Energy, Security and Net Zero (DESNZ) grant, deleted from the Capital Programme. This is largely due to the knock on effect from the difficulties faced in the Local Authority Delivery (LAD) programme, including staff capacity issues and DESNZ embargoing any activity for Home Upgrade Grant (HUG) until March 2023, meaning no publicity or procurement could get underway. Procurement activity has now taken place. Issues with Energy Performance Certificates (EPC) data held by the government has also led to difficulties in identifying qualifying properties. Other local authority areas are facing the same issues and have also been asked to reduce their delivery profile accordingly. Following discussion with the principal contractor, they are confident that if the properties are identified delivery of up to 125 properties can be completed in the financial year 2024/25 and on that basis the funding will be returned to the Council.

172 The underspend of £1.571 million in Resources is mainly due to:

- a) **Policy Planning and Performance.** Net underspend of £0.658 million, consisting of:
 - £0.382 million for Corporate Business Intelligence System, due to delays in the programme which has now been rebased and the budget reprofiled to 2024/25; and
 - £0.275 million underspend for Changing Places, where budgets have been reprofiled from 2023/24 to 2024/25 due to revised schedule of works. The projects are funded mainly from a DLUHC grant which must be spent by the end of June 2024, however it is estimated that all works will be completed before the deadline.
- b) **Digital and Customer Services.** Net underspend of £0.912 million, which includes:
 - £97,017 for the fit-out of the Rivergreen Centre, which was reprofiled to 2024/25 ;
 - £0.146 million for Wide Area Network (WAN) Capacity Upgrade & Remodel where the budget has needed to be reprofiled due to capacity issues within the Telecoms team;

- £0.141 million for Decommissioning and Refurb of rooms at Comeleon House which is proving to be logistically and technically complex. The service is currently reviewing the plan and timeline for 2024/25 to reprofile and complete the necessary work;
- £0.150 million for Mobile 5G where budget was reprofiled to 2024/25;
- £0.282 million for Digital Durham – Contract 2 which is an underspend following contract closure and must be repaid to other public sector partners that invested in the contract to provide superfast broadband. The budget was reprofiled to 2024/25 and final payments are now being made;
- £0.118 million overspend for Digital Durham-Top Up Scheme, which has been accelerated from 2024/25; and
- £70,000 for Vulnerability Assessment Platform which was no longer required and was realigned to the Unified Communications, to supplement an MTFP(14) capital bid for that scheme.

2024/25 to 2027/28 Capital Programme

173 Considering the above amendments, which include the reprofiling of capital budgets from 2023/24 to future years and budget additions and deletions described earlier in the report the revised Capital Programme for 2024/25 to 2027/28 is summarised in the table below:

Service Grouping	2024/25	2025/26	2026/27	2027/28	TOTAL
	£ Million	£ Million	£ Million	£ Million	£ Million
Adult and Health Services	0.740	-	-	-	0.740
Children and Young People's Services	98.275	21.864	2.175	-	122.314
Neighbourhoods and Climate Change	84.828	36.639	1.206	-	122.673
Regeneration, Economy and Growth	169.396	169.154	42.803	4.505	385.857
Resources	8.662	4.877	-	-	13.539
TOTAL	361.901	232.533	46.184	4.505	645.123

174 The capital programme is financed from various funding sources which include grants, capital receipts, revenue contributions, contributions from earmarked reserves and prudential borrowing. Financing of the 2024/25 to 2027/28 Capital Programme is detailed in the following table:

Financed by	2024/25	2025/26	2026/27	2027/28	TOTAL
	£ Million	£ Million	£ Million	£ Million	£ Million
Grants and Contributions	125.995	85.558	2.432	-	213.986
Revenue and Reserves	3.991	2.211	0.455	0.447	7.105
Capital Receipts	3.446	3.661	2.274	-	9.380
Borrowing	228.469	141.103	41.023	4.057	414.652
TOTAL	361.901	232.533	46.184	4.505	645.123

Prudential Indicators

175 The Local Government Act 2003 requires the council to have regard to the Chartered Institute of Public Finance and Accountancy's Prudential Code for Capital Finance in Local Authorities (the Prudential Code) when determining how much money it can afford to borrow.

176 The objective of the Prudential Code is to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable. To demonstrate that the council has fulfilled these objectives, the Prudential Code sets out indicators that must be monitored and reported quarterly.

Capital Financing Requirement (CFR)

177 The CFR is a measure of the council's underlying borrowing need for capital purposes. It includes other long-term liabilities (PFI schemes and finance leases), though these arrangements include an integral borrowing facility, so the council does not need to borrow separately for them.

178 In the table below, the original CFR estimate for 2023/24 is the position reported to Council on 22 February 2024 as part of the council's Annual Treasury Management Strategy. The council's actual CFR at 31 March 2024 of £586.318 million will be reported to Council on 17 July 2024 as part of the Treasury Management Outturn Report, with that report

having been scrutinised by the Audit Committee on 28 June 2024 The position as at 31 March 2024 together with updated estimates for the next two years are as follows:

	2023/24	2023/24	2023/24	2024/25	2025/26
	Estimate	Actual	Variance	Estimate	Estimate
	£ Million	£ Million	£ Million	£ Million	£ Million
Opening CFR	525.618	525.618	0.000	586.318	811.594
Add net borrowing requirement for the year	100.500	70.942	-29.558	228.469	141.103
Add leasing & PFI requirement for the year	10.709	6.619	-4.090	16.871	7.854
Deduct MRP/VRP and other financing movements	-18.435	-16.861	1.574	-20.064	-21.861
Closing CFR	618.392	586.318	-32.074	811.594	938.690

Gross Debt and the Capital Financing Requirement (CFR)

179 To ensure that debt held will only be for capital purposes, the council should ensure debt does not, except in the short term, exceed the CFR in the preceding year, current year and next two financial years. This is a key indicator of prudence. The table below shows how the council plans to comply with this requirement, which shows gross borrowing continues to be less than the CFR. The council will be required to borrow significant additional sums in the future at a time when interest rate levels are below budgeted levels:

	2022/23	2023/24	2024/25	2025/26
	Actual	Actual	Estimate	Estimate
	£ Million	£ Million	£ Million	£ Million
Borrowing	439.652	411.632	376.064	372.890
Finance leases	48.769	48.760	56.033	54.188
PFI liabilities	34.779	33.887	32.995	32.104
Total Gross Debt	523.200	494.279	465.092	459.182
Capital Financing Requirement	525.618	586.318	811.594	938.690
Headroom (Internal Borrowing)	2.418	92.039	346.502	479.508

Operational Boundary

- 180 This is the limit which gross debt is not normally expected to exceed and approximates to the CFR for a given year. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached:

	2023/24 £ Million
Operational Boundary Limit	619.000
Gross Debt 31 March 2024	494.279
Headroom	124.721

Authorised Limit

- 181 This represents a control on the maximum level of borrowing and is a statutory limit determined under section 3 (1) of the Local Government Act 2003. It reflects the level of external borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term:

	2023/24 £ Million
Authorised Limit	674.000
Estimated Gross Debt 31 March 2024	494.279
Headroom	179.721

Maturity Structure of Borrowing

- 182 This indicator is set to control the council's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing for 2023/24 are shown in the table below alongside actual figures at 31 March 2024:

	Lower Limit	Upper Limit	2023/24 Actual
Under 12 months	0%	20%	9%
12 months to 2 years	0%	40%	1%
2 years to 5 years	0%	60%	12%
5 years to 10 years	0%	80%	17%
10 years and above	0%	100%	62%

Council Tax and Business Rates Collection Funds

Council Tax

- 183 Council Tax is charged for all residential dwellings in bandings agreed by the Valuation Office Agency, which is part of His Majesty's Revenues and Customs (HMRC). Exemptions, reliefs and discounts are awarded dependent upon the state of the property, its use and occupiers' personal circumstances.
- 184 The in-year collection rate at 31 March 2024 was 95.37%, a 0.54% point reduction on the 2022/23 position (95.91%) and a 0.09% point decrease on the position as at the 31 March 2022 when in year recovery for 2021/22 stood at 95.46%.
- 185 The council is continuing to provide extensive support to economically vulnerable households with their council tax payments. In 2023/24 the Council Tax Support Fund was used to reduce bills for current working age and pension age Local Council Tax Support (LCTS) claimants, with £1.852 million having been awarded to 31 March 2024. This was the last year of such awards being made.
- 186 The in-year collection rates at the year-end for the current and last two financial years, are detailed below:

Billing Year	Position at 31 March each year %
2023/24	95.37
2022/23	95.91
2021/22	95.46

- 187 The income shown in the Council Tax Collection Fund is the amount collectable from council taxpayers in the long run, rather than the actual cash collected in the year the charges are raised. Likely bad debts are

accounted for by maintaining a bad debt provision. The amount estimated to be collectable is calculated each year by reference to the actual council tax base for all domestic properties in the county (schedule of all properties, discounts and reliefs) with an allowance for non-collection.

- 188 Actual cash collected as at 31 March 2024 was £334.684 million compared with £320.692 million as at 31 March 2023. When the council tax increases for 2023/24 are factored in this represents a year-on-year real terms increase of £6.912 million in terms of council tax income received.
- 189 Due to changes in the number of properties (including new build and demolitions), eligibility of discounts and reliefs during the year, the actual amount collectable increases or decreases from the estimate on a day-to-day basis. In addition, adjustments for previous billing years take place during each accounting year. All of these adjustments mean that the actual amounts collected will always differ from the original budget.
- 190 Such differences at the end of each accounting year, after taking into account the calculated change required in impairment allowance, determines whether a surplus or deficit has arisen, which is then shared proportionately between the council and its major preceptors, these being Durham Police Crime and Victim's Commissioner and County Durham and Darlington Fire and Rescue Authority.
- 191 At 31 March 2024, the final outturn for the Council Tax collection fund is an in year deficit of £1.539 million in year, with the council's share of the deficit being £1.294 million.
- 192 After taking into account the undeclared 2022/23 deficit of £0.235 million and the in year deficit of £1.539 million, the overall outturn for the council tax element of the Collection Fund is a £1.774 million deficit. The council's share of this deficit is £1.491 million. At quarter three the in-year deficit was forecast to be £2.408 million, with a cumulative deficit of £2.643 million to 31 March 2024. Durham County Council's share of this forecast net deficit was previously forecast to be £2.220 million. The council's year end position has improved by £0.729 million from the quarter three reported position.
- 193 The total position for the Council Tax element of the Collection Fund for 2023/24 is detailed in the following table:

	£ Million
Net Bills issued during Accounting Year 2023/24	401.726
LCTRS and previous years CTB adjustments	-62.699
Calculated change in provision for bad debts required and write offs	-3.161
Net income receivable (a)	335.866
Precepts and Demands	
Durham County Council	268.371
Parish and Town Councils	15.143
Durham Police Crime and Victim's Commissioner	37.183
County Durham and Darlington Fire and Rescue Authority	16.708
Total Precepts and Demands (b)	337.405
Net Surplus / (-) Deficit for year (a) – (b)	-1.539
Undeclared Surplus / (-) Deficit brought forward from 2022/23	-0.235
Estimated year end deficit	-1.774

Business Rates

- 194 Business Rates Retention was implemented in 2013/14 and the council has had a vested budget interest and stake in the level of business rate yield since then. Income generated from Business Rates is shared between Central Government (50%), Durham County Council (49%) and County Durham and Darlington Fire and Rescue Authority (1%). Therefore, it is not only the accuracy and timeliness of bills levied and collected that is monitored and audited, but also the level of income anticipated for the year that is important.
- 195 The in-year collection rate at 31 March 2024 was 98.68%, which is a 2.3% point improvement on the same position last year of 96.38%. The in-year collection rates at the end of March for the current and last two financial years, are as follows:

Billing year	Position at 31 March each year %
2023/24	98.68
2022/23	96.38
2021/22	98.38

- 196 At 31 March 2024, the final outturn for the business rate element of the Collection Fund is an in-year surplus of £6.482 million of which the council's 49% share is £3.177 million.
- 197 After taking into account the undeclared 2022/23 deficit of £0.708 million and, the in year surplus of £6.482 million, the overall outturn for the business rate element of the Collection Fund is a £5.774 million surplus, of which the council's share is £2.830 million. At quarter three the in-year surplus was forecast to be £6.971 million, with a cumulative surplus of £6.263 million. Durham County Council's share (49%) of this forecast surplus was previously forecast to be £3.069 million. The year end position therefore shows a reduced surplus position when compared with the quarter three position. The council's year end position has deteriorated by £0.239 million from the quarter three reported position.
- 198 The total position for the Business Rates element of the Collection Fund for 2023/24 is detailed in the following table:

	£ million
Net rate yield for 2023/24 including previous year adjustments	117.947
Estimate of changes due to appeals lodged and future appeals	3.767
Estimated losses in Collection – Provision for Impairment and Write-offs	-1.066
Net income receivable (a)	120.648
Agreed allocated shares:	
Central Government (50%)	56.319
Durham County Council (49%)	55.483
County Durham and Darlington Fire and Rescue Authority (1%)	1.132
Cost of Collection Allowance and Renewable Energy (paid to Durham County Council)	1.228
Total fixed payments (b)	114.162
Net surplus for year (a) – (b)	6.482
Undeclared Deficit brought forward from 2022/23	-0.708
Estimated year end deficit	5.774

- 199 Taking into account the positions at the end of the 2023/24 financial year for council tax and business rates, the overarching position for the council in terms of the 2023/24 Collection Fund are as set out below, which is an overall £1.339 million surplus. This compares to an overall £0.849 million net surplus forecast at quarter three.

200 From a budget viewpoint however the forecast net surplus position on the Collection Fund was agreed in the Council Taxbase setting report agreed at Cabinet on 15 November 2023. At that time, the council forecast net surplus on the Collection Fund was £0.686 million. On that basis there will be an undeclared surplus on the Collection Fund for the council of £0.653 million. This will be included in the forecast Collection Fund position throughout 2024/25.

	£ Million
Council Tax Deficit	-1.491
Business Rates Surplus	2.830
NET SURPLUS	<u>1.339</u>

Section 31 Grant - Small Business Rate Relief

201 Small businesses (ratepayers occupying with properties with rateable values under £15,000) benefit from relief on their rates payable. The government has awarded local authorities a Section 31 grant to cover their share of the shortfall in business rates that these small business ratepayers would have paid had the relief scheme not been in place.

202 Small business ratepayers with properties with rateable values up to £12,000 are now being granted full relief, and properties with rateable values between £12,000 and £15,000 have a tapered relief applied to them ranging from 100% down to 0%.

203 The government has agreed to pay Section 31 grant for any additional small business rate relief in respect of business rates bills and adjustments thereof relating to the period commencing 1 April 2013. Any adjustments that relate to bills for years prior to this will be dealt with as part of the normal rate retention shares.

204 At 31 March 2024, the gross small business relief awarded against the 2023/24 business rates bills and adjustments to 2013/14 to 2022/23 bills is £17.869 million, and the council will receive £6.617 million in Section 31 grant, including the capping adjustment and threshold change adjustments.

Other Section 31 Grants

205 In the Autumn Statement 2016, Spring Budget 2017 and Autumn Statement 2018 additional business rate relief schemes were announced on which Section 31 grants would be payable. These relief schemes include Rural Rate Relief and Local Newspaper Reliefs, Supporting Small Business, Local Discretionary Relief Scheme, Pub Relief and Retail Relief Schemes. In 2021 the Non-Domestic Rating

(Public Lavatories) Bill came into force which gives public lavatories 100% relief from business rates, this applies retrospectively from 1 April 2020. Funding for these schemes is provided through Section 31 grants.

- 206 When assessing estimated outturn income from business rates, due regard must also be given on the effect that changes in estimated reliefs will have on the Section 31 grants.

Update on Progress towards achieving MTFP(13) savings.

- 207 The delivery of the MTFP (13) agreed savings considers:
- (a) the duties under the Equality Act;
 - (b) appropriate consultation;
 - (c) the HR implications of the change including consultation with employees and trade unions;
 - (d) communication of the change and the consultation results;
 - (e) sound risk management.
- 208 MTFP (13) savings proposals for 2023/24, agreed by County Council on 22 February 2023 totalled £12.383 million.
- 209 At 31 March 2024 savings totalling £11.761 million, representing 95% of the £12.383 million total savings target had been delivered in year. Where savings were not fully delivered in year mitigating actions are being delivered by service management teams – the underachievement of the saving targets were in the main timing issues in terms of the delivery of the proposals.

Consultation

- 210 During the year, public consultation was carried out in respect of the MTFP (13) proposed review of Area Action Partnerships. This concluded on Sunday 23 April 2023. No other public consultation reflecting any of the remaining MTFP (13) initiatives took place during the year.

HR implications

- 211 Equality data relating to the 24 employees leaving through voluntary redundancy, early retirement, and ER/VR during quarter four of MTFP (13) showed that 41.67% were male and 58.33% were female.

- 212 In terms of race, 54.17% of leavers had not disclosed their ethnicity; 45.83% of leavers declared their ethnicity, with all stating that they were white British or white English.
- 213 Regarding disability status, 4.17% of employees said they had a disability, 29.17% had no disability and 66.67% did not disclose their disability status.
- 214 Equality data relating to the four employees leaving through compulsory redundancy during quarter four showed that 25% were female and 75% were male.
- 215 In terms of race, 50% of compulsory redundancy leavers had not disclosed their ethnicity and the remaining 50% stated that they were white British or white English. Regarding disability status, no employees disclosed a disability, 50% had no disability and 50% did not disclose their disability status.
- 216 Since austerity began in 2011, equality data relating to employees leaving through voluntary redundancy, shows that 65.41% were female and 34.59% were male. The higher proportion of female leavers is likely due to the exercises which took place in previous years which focused on traditionally female occupied professions, (these included the closure of care homes, reduction in service in the Pathways and Youth service and a restructure and change of working pattern for Care Connect). These figures also align to the overall gender split of the council's employees.
- 217 In terms of race, since 2011, 45.28% of leavers had not disclosed their ethnicity, with 54.26% stating that they were white British or white English. Regarding disability status 2.90% said they had a disability, 14.31% had no disability and 82.8% did not disclose their disability status.

Equality Impact Assessments (EIA)

- 218 Services have completed EIA screenings and assessments where necessary as part of the decision-making process for 2023/24 MTFP (13) proposals.
- 219 Projects to deliver growth proposals will be supported to ensure robust planning and that EIA screening are also completed.

Appendix 1: Implications

Legal Implications

The consideration of regular budgetary control reports is a key component of the council's Corporate and Financial Governance arrangements. This report shows the spend against budgets agreed by Council in February 2023 in relation to the 2023/24 financial year. The information contained within this report has been prepared in accordance with standard accounting policies and procedures.

Finance

The report details the financial outturn for the council for 2023/24 for revenue (incorporating details of sums treated as outside the cash limit and funded corporately through general contingencies) and the financial outturn for capital. The report covers the General Fund for revenue and capital and the outturn position for general and earmarked reserves at 31 March 2024, plus the Collection Fund outturn, covering council tax and business rates. The report also sets out details of proposed 2024/25 – 2027/28 Capital programme budget.

Consultation

None.

Equality and Diversity / Public Sector Equality Duty

None specific to this report. There is an overview of the protected characterisers of staffing leaving the Council as a result early retirement, voluntary redundancy and compulsory redundancies as a result of MTFP (13) savings proposals implemented in year contained within the report.

Climate Change

None.

Human Rights

None.

Crime and Disorder

None.

Staffing

The report includes details of under and overspending against employee budgets, with underspends mainly due to vacancies and overspends due to delays in implementing restructures or managed positions due to workload.

The report includes details of the staffing implications arising from MTFP(13) savings proposals that were factored into the 2023/24 budget.

Accommodation

None.

Risk

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

Procurement

None.

Appendix 3: Revenue Summary by Expenditure / Income 2023/24

	Original Budget 2023/24	Revised Budget	Proposed Budget Revisions	Budget - incorporating adjustments	Service Groupings Final Outturn	Final Outturn (including Corporate Costs)	Contribution to / (Use of) Contingencies , sums outside the cash limit, DSGAA	Contribution to / (Use of) Cash Limit Reserve	Contribution to / (Use of) Earmarked Reserves	Adjusted Variance	Adjustment for inflationary-related sums outside the cash limit included in Final Outturn			Cash Limit Position
											Energy	Fostering	Pay Inflation 23/24	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Employees	571,861	581,135	0	581,135	565,377	565,680	353	0	4,309	-10,793	0	0	1,134	-9,659
Premises	60,764	60,264	0	60,264	64,689	64,689	-847	0	-419	3,159	3,183	0	0	6,342
Transport	64,792	64,856	0	64,856	67,841	67,841	-524	0	-611	1,850	0	0	0	1,850
Supplies & Services	117,757	115,898	0	115,898	153,072	155,255	-238	0	-1,301	37,818	0	0	0	37,818
Agency & Contracted	551,775	580,015	0	580,015	607,890	610,098	-906	0	0	29,177	0	-590	0	28,587
Transfer Payments	152,814	155,916	0	155,916	169,861	170,985	-2,193	0	0	12,876	0	0	0	12,876
Central Costs	143,125	124,701	0	124,701	150,378	150,534	5,979	-1,699	-19,931	10,182	0	0	0	10,182
DRF	456	455	0	455	9,931	9,931	0	0	-213	9,263	0	0	0	9,263
Capital Charges	55,916	55,917	0	55,917	64,089	64,089	-893	0	0	7,279	0	0	0	7,279
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0
GROSS EXPENDITURE	1,719,260	1,739,157	0	1,739,157	1,853,128	1,859,102	731	-1,699	-18,166	100,811	3,183	-590	1,134	104,538
Income														
Government Grants	633,142	630,761	0	630,761	669,254	669,657	199	0	-2,513	36,582	0	0	0	36,582
Other Grants and Contributions	91,231	101,074	0	101,074	116,725	116,858	-642	0	-1,291	13,851	0	0	0	13,851
Sales	6,937	6,569	0	6,569	6,235	6,232	0	0	39	-298	0	0	0	-298
Fees and Charges	114,789	124,952	0	124,952	140,527	140,495	1,560	0	-818	16,285	392	0	0	16,677
Rents	11,312	11,527	0	11,527	19,467	19,467	-152	0	-69	7,719	0	0	0	7,719
Recharges To Other Services	320,669	308,308	0	308,308	319,695	319,695	2,345	0	-610	13,122	0	0	0	13,122
Other	9,549	9,014	0	9,014	70,546	70,546	-42,907	0	-5,732	12,893	0	0	0	12,893
Total Income	1,187,629	1,192,205	0	1,192,205	1,342,449	1,342,950	-39,597	0	-10,994	100,154	392	0	0	100,546
NET EXPENDITURE	531,631	546,952	0	546,952	510,679	516,152	40,328	-1,699	-7,172	657	2,791	-590	1,134	3,992

Appendix 4: Earmarked Reserves Position as at 31 March 2024

EARMARKED RESERVES AND CASH LIMIT RESERVES	SERVICE GROUPING	OPENING BALANCE £'000	USE OF RESERVES £'000	CONTRIBUTION TO RESERVES £'000	TRANSFERS BETWEEN RESERVES £'000	TOTAL MOVEMENT ON RESERVES £'000	CLOSING BALANCE AT 31/03/24 £'000
EARMARKED RESERVES							
Corporate Reserves							
Business Support Reserve	Corporate	-1,250	263	-923	1,243	583	-667
Cabinet Priorities Reserve	Corporate	-755	108		539	647	-108
Capital Expenditure reserve	Corporate	-642			642	642	0
Commercialisation Support Reserve	Corporate	-9,107	13		-5,000	-4,987	-14,094
Equal Pay Reserve	Corporate	-4,479			2,000	2,000	-2,479
ER/VR Reserve	Corporate	-10,354	2,877		-2,500	377	-9,977
Feasibility Study Reserve	Corporate	-500			500	500	0
Insurance Reserve	Corporate	-5,965	13	-1,176	3,000	1,837	-4,128
Levelling Up Feasibility Reserve	Corporate	-94	90		4	94	0
MTFP Reserve	Corporate	-36,996	10,027		-9,330	697	-36,299
Resources DWP Grant Reserve	Corporate	-2,295	432	-156	852	1,128	-1,167
Resources Elections Reserve	Corporate	-1,208			-1,000	-1,000	-2,208
Total Corporate Reserves		-73,645	13,823	-2,255	-9,050	2,518	-71,127
Sums held for other organisations/grants							
Collection Fund Deficit Reserve	Corporate	-4,722	4,735	-13		4,722	0
Local Taxation Income Guarantee Reserve	Corporate	-355	355			355	0
North Pennines AONB Partnership Reserve	NCC	-2,152		-1,018		-1,018	-3,170
Resources Council Tax Hardship Reserve	Resources	-1,342	788		544	1,332	-10
Resources COVID-19 Support Grants	Resources	-620	113			113	-507
Social Care Reserve - Community Discharge Grant	AHS	-737	3	-27	-40	-64	-801
Social Care Reserve - CCG	AHS	-21,737	3,999	-1,000	346	3,345	-18,392
Total Sums held for other organisations/grants		-31,665	9,993	-2,058	850	8,785	-22,880
Other Specific Reserves							
Business Growth Fund Reserve	REG	-604	334			334	-270
CEO Grant Reserve	CEO	-284	198			198	-86
CEO Operational Reserve	CEO	-208	26		182	208	0
CEO Transformation Reserve	CEO	-853		-2,000		-2,000	-2,853
Children's Services Reserve	CYPS	-1,630	645	-265	49	429	-1,201
Community Protection Reserve	NCC	-3,370	494	-535	299	258	-3,112
Corporate Property & Land Reserve	REG	-2,789	702	-2,106	427	-977	-3,766
Culture and Sport Reserve	REG	-8,259	2,413	-608	-455	1,350	-6,909
Economic Development Reserve	REG	-2,427	384	-166	289	507	-1,920
Education Reserve	CYPS	-18,386	8,769	-3,309	2,155	7,615	-10,771
EHVC Reserve	CYPS	-3,924	2,998	-2,932	177	243	-3,681
Employability and Training Reserve	REG	-309		-155	-151	-306	-615
Environmental Services Reserve	NCC	-3,091	1,039	-1,302	75	-188	-3,279
Funding and Programmes Management Reserve	REG	-418	50	-23	173	200	-218
Grant Reserve	CEO	-86			86	86	0
Housing Regeneration Reserve	REG	-2,170	65		198	263	-1,907
Housing Solutions Reserve	REG	-3,880	801	-1,639	169	-669	-4,549
Partnerships and Community Engagement Reserve	NCC	-13,159	2,849	-750	1,288	3,387	-9,772
Planning Reserve	REG	-439	210	-26	-65	119	-320
Public Health Reserves	AHS	-6,220	1,517	-1,416	933	1,034	-5,186
REG Match Fund Programme Reserve	REG	-605	234	-20	327	541	-64
Resources Corporate Reserve	Resources	-562	294	-467	258	85	-477
Resources Customer Services Reserve	Resources	-239			239	239	0
Resources Financial Services Reserve	Resources	0		-33	33	0	0
Resources Human Resources Reserves	Resources	-297	106		26	132	-165
Resources ICT Reserves	Resources	-970	163		386	549	-421
Resources Internal Audit & Corporate Fraud Reserve	Resources	-249	50		135	185	-64
Resources Legal Reserves	Resources	-389	118		124	242	-147
Resources Operations and Data Reserve	Resources	-50				-50	-50
Resources Revenue and Benefits Reserve	Resources	-528	32		164	196	-332
Resources System Development Reserve	Resources	-197			197	197	0
Social Care Reserve - Specific Purpose	AHS	-1,320	58	-103	175	130	-1,190
Technical Services Reserve	NCC	-1,862	77	-832	2	-753	-2,615
Town and Villages Regeneration Reserve	REG	-686	112			112	-574
Transport Reserve	REG	-2,710	256	-3,505	36	-3,213	-5,923
Total Other Specific Reserves		-83,170	24,994	-22,192	7,931	10,733	-72,437
TOTAL EARMARKED RESERVES		-188,480	48,810	-26,505	-269	22,036	-166,444

EARMARKED RESERVES AND CASH LIMIT RESERVES	SERVICE GROUPING	OPENING BALANCE £'000	USE OF RESERVES £'000	CONTRIBUTION TO RESERVES / CASH LIMIT POSITION £'000	TRANSFERS BETWEEN RESERVES £'000	TOTAL MOVEMENT ON RESERVES £'000	CLOSING BALANCE AT 31/03/24 £'000
Cash Limit Reserves							
Adult and Health Services		-5,329	1,968	-787	-1,686	-505	-5,834
Chief Executive's Office		0		-805	-60	-865	-865
Children and Young People's Services		0	-8,390	8,390			0
Neighbourhoods and Climate Change		-90	-150	-451	121	-480	-570
Regeneration, Economy and Growth		-1,372	254	-343		-89	-1,461
Resources		-1,264	325	-2,090	1,894	129	-1,135
Total Cash Limit Reserves		-8,055	-5,993	3,914	269	-1,810	-9,865
Total Council Reserves		-196,535	42,817	-22,591	0	20,226	-176,309
Schools' Balances							
Schools' Revenue Balance *	CYPS	-28,463	4,134	-2,902		1,232	-27,231
DSG Reserve	CYPS	0					0
Total Schools and DSG Reserves		-28,463	4,134	-2,902	0	1,232	-27,231
Total Earmarked Reserves		-224,998	46,951	-25,493	0	21,458	-203,540

* Academy transfers: the Schools' Revenue Balance movement includes an adjustment of £2.992 million of deficit balances to be written off, £0.148 million surplus transfer for schools converting in Q4 of 2022/23 and £6.921 million of surplus balances to be transferred to the new trusts (a net reduction of £4.077 million before the movement in respect of maintained schools)

This page is intentionally left blank

Audit Committee

30 September 2024



Addressing the Local Audit Backlog in England - Update

Paul Darby, Corporate Director of Resources

Electoral division(s) affected:

None

Purpose of the Report

- 1 To provide the Audit Committee with an update on addressing the Local Audit Backlog in England following the statement by the Minister of State for Housing, Communities and Local Government in July 2024 and subsequent change to legislation on 9 September 2024.

Executive summary

- 2 Effective local audit ensures transparency and accountability for public money and builds public confidence.
- 3 The Minister of State for Housing, Communities and Local Government wrote to all councils and published a written ministerial statement on 30 July 2024 in which he acknowledged that the current Local Audit System is broken resulting in significant and unacceptable backlog in the publication of the audited accounts of local bodies in England.
- 4 These delays have and continue to result in local bodies and their auditors being unable to focus on up-to-date accounts, where assurance is most valuable. The current situation undermines trust and transparency in the way taxpayers' money is being spent.
- 5 To tackle the backlog, the previous government introduced backstop dates for the periods to 2027/28. The Minister of State has now laid secondary legislation as well as a new code of audit practice. This secondary legislation amends Accounts and Audit Regulations (2015) to implement an updated series of backstop dates.
- 6 In addition, for the financial years 2024/25 to 2027/28, the date by which Category 1 bodies should publish 'draft' (unaudited) accounts **will change from 31 May to 30 June following the financial year to**

which they relate. This will give those preparing accounts more time to ensure they are high-quality accounts. This in turn will benefit auditors while still ensuring publication shortly after financial year end.

- 7 The public inspection period for the Statement of Accounts for 2024/25 through to 2027/28 must be commenced on the first working day of July.
- 8 The regulations detail a series of conditions under which an authority will be exempt from the backstop requirements. Authorities within scope will be required to issue a notice advising of the reason for non-publication. Non-exempt authorities which fail to comply with the backstop dates will be required to publish an explanation and acknowledgement that the authority must publish the accounts as soon as practicably possible. This notice must be sent to the Secretary of State.
- 9 The External Auditor has advised that Durham County Council remains scheduled as a phase one audit within their plan and therefore the backstop proposals or change in the draft accounts publication date should not impact on the existing opinion timeframes for the Council.
- 10 The letter received from the Minister of State along with the link to the Ministerial Statement are attached at the end of the report for Members' information.

Recommendation

- 11 Members are asked to note the Local Audit backlog update, and its considered impact on the Council.

Background

- 12 The Minister of State for Housing, Communities and Local Government published a written ministerial statement on 30 July 2024 regarding the backlog in the publication of audited accounts of local bodies in England.
- 13 In his statement, he acknowledged that the broken Local Audit System in England has resulted in a significant and unacceptable backlog of audited accounts which is likely to increase to around 1000 and ‘without decisive action will continue to rise further’.
- 14 To tackle the backlog, the previous government introduced backstop dates for the periods to 2027/28. On the 9 September 2024, the Minister of State laid before parliament, secondary legislation to amend the Accounts and Audit Regulations (2015) with an updated series of backstop dates.

Addressing the Local Audit backlog

- 15 The updated series of backstop dates are as follows:

2022/23 and earlier financial years	13 December 2024
2023/24	28 February 2025
2024/25	27 February 2026
2025/26	31 January 2027
2026/27	30 November 2027
2027/28	30 November 2028

- 16 It is expected that, there will be full assurance, with “clean” opinions for many bodies by the first backstop date of 13 December 2024, however the Government recognises that given the size of the audit backlog, it is unlikely that all outstanding audits up until 2022/23 will be completed in full ahead of the first backstop date and that auditors are likely to issue disclaimed or modified audit opinions on many accounts. It is further likely that disclaimed opinions (no audit assurance) for some bodies will continue for several years.

- 17 The Regulations detail the conditions/ scenarios under which an authority will be exempt from the backstop requirements. These are as follows:

On the day before the backstop date:

- the auditor is considering an objection to the accounts,
 - an elector who has made an objection still has rights of appeal against the auditor's decision not to act,
 - the auditor is considering whether to apply to the courts for a declaration that an item of account is unlawful (or an application has been made for which due process is incomplete)
 - The auditor is not yet satisfied that the authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
- 18 If an authority does have an exemption, it will need to issue a notice stating that it has not been possible to publish the statement of accounts and the reasons for this. Publication of the accounts must then follow as soon as reasonably practicable.
- 19 Local Bodies that are non-exempt but have failed to comply with a backstop date will be required to publish a notice of explanation along with an acknowledgement that the authority must publish the statement as soon as reasonably practicable.
- 20 The notice must also be sent to the Secretary of State. The Government also intends to publish a list of bodies and auditors that do not meet the proposed backstop dates, which will make clear where 'draft' (unaudited) accounts have also not been published.
- 21 Local bodies should **not be unfairly judged** based on disclaimed or modified opinions, caused by the introduction of backstop dates that are largely beyond their control. Auditors will be expected to provide clear reasons for the issuing of such opinions to mitigate the potential reputational risk that local bodies may face.
- 22 Issuing a disclaimed or modified audit opinion and a subsequent return to being able to fully complete audits will require differing levels of work by auditors. PSAA will set scale fees and determine fee variations where the auditor undertakes substantially more or less work than assumed by the scale fee and will consult with bodies where appropriate. In doing so PSAA will apply the following principles:

- Where auditors have worked in good faith to meet the requirements of the Code of Audit Practice in place at the time the work was conducted (and have reported on work that is no longer required), then they are due the appropriate fee for the work done, and the body is due to pay the applicable fee, including where there is a modified or disclaimed opinion.
- Conversely, where an auditor has collected audit fees in part or in full, and the backstop date means that the total work done represents less than the fee already collected, then the auditor must return the balance and refund the body the appropriate amount – this ensures that the bodies pay only for work that has been done and reported.

23 The government will work with the FRC and other key organisations across the local audit sector to support local bodies, auditors and the wider world to understand the different types of modified opinions and to provide communications support across the system.

24 In addition, for the financial years 2024/25 to 2027/28, the date by which Category 1 bodies should publish ‘draft’ (unaudited) accounts **will change from 31 May to 30 June following the financial year to which they relate**. This will give those preparing accounts more time to ensure they are high-quality accounts. This in turn will benefit auditors while still ensuring publication shortly after financial year.

25 The public inspection period for the Statement of Accounts for 2024/25 through to 2027/28 must be commenced on the first working day of July.

26 The action undertaken by Government to tackle the backlog, while vital, does not provide a long-term, sustainable solution to the wider, broken local audit system. The Government has acknowledged the need to undertake significant reform to overhaul the system, as committed to in their manifesto. In his 30 July statement, the Minister of State concluded:

‘I recognise that aspects of these proposals are uncomfortable. Given the scale of the failure in the local audit system that this Government inherited, however, we have had to take this difficult decision to proceed. Without this decisive action, the backlog would continue to grow, and the system will move even further away from timely assurance. The secondary legislation I will lay, will give effect to these proposals and start to repair the foundations of local governance. Significant reform is needed to overhaul the local audit system to get the house in order and open the books. I will continue to review the evidence, including considering the recommendations of external reviews to date, and will update the House in the Autumn on the Government’s longer-term plans to fix local audit.’

Durham County Council's Position

- 27 Durham County Council are within a minority of Local Authorities nationally who have received external audit opinion for all previous years Statement of Accounts and are therefore not directly subject to any backstop proposals.
- 28 The 2023/24 audit opinion deadline however has now been extended to 28 February 2025. The Council's 2023/24 external audit programme is under-way and assurance received, that resources will not be redirected from the Council's audit to fulfil backstop duties elsewhere within the system.
- 29 The Council and External Auditor are therefore continuing to work towards achieving a 2023/24 deadline of 30 November 2024.
- 30 The External Auditor has also advised that Durham County Council remains scheduled as a phase one audit within their plan and therefore the backstop proposals or change in draft accounts publication date should not impact on any existing opinion timeframes for the Council.
- 31 The Council and External Auditor will continue to work towards a July 2025 audit commencement date for the 2024/25 draft accounts.

Other useful documents:

- [action to tackle the local audit backlog in England.](#)



240730 Local Audit -
Letter to councils from

Contact: Jo McMahon

Tel: 03000 261968

Appendix 1: Implications

Legal Implications

The ministerial statement informs of the intention to amend the Accounts and Audit (England) Regulations 2015, with an updated series of backstop dates via secondary legislation. In addition, the Government seeks to change, for the financial years 2024/25 to 2027/28, the draft accounts publication deadline from 31 May to 30 June following the financial year to which they relate.

Finance

There are no direct financial implications arising for the council as a result of this report, although by understanding the ministerial statement and any impact on the Council, we are demonstrating efficient arrangements for the proper administration of the council's financial affairs.

Consultation

None

Equality and Diversity / Public Sector Equality Duty

None.

Climate Change

None.

Human Rights

None.

Crime and Disorder

None.

Staffing

None.

Accommodation

None.

Risk

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

Procurement - None

This page is intentionally left blank

Audit Committee

30 September 2024

**Report of the Audit Committee for the
Period September 2023 to August 2024**



Report of Audit Committee

Councillor Alex Watson, Chair of the Audit Committee

Councillor Louise Fenwick, Vice Chair of the Audit Committee

Electoral division(s) affected:

None

Purpose of the Report

- 1 To provide members of the Audit Committee with a copy of the proposed Annual Report to be presented to County Council in October, which sets out details of the work of the Audit Committee during the period September 2023 to August 2024 and how the Audit Committee continues to oversee good governance across the Council.
- 2 The report provides information on the outcome of the self-assessment evaluation of the effectiveness of the Audit Committee, carried out in February 2024 in accordance with CIPFA's Audit Committees: Practical Guidance for Local Authorities and Police 2022. The report also highlights the increase in the Audit Committee Co-opted membership from two to three members with effect from 1 May 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 provides an oversight of the matters considered by the Audit Committee in discharging its duties in line with the Council's Constitution.
- 5 Appendix 3 to this report details the outcome of the self-evaluation of the effectiveness of the Audit Committee, which took place on 13 February 2024, in accordance with the requirements prescribed by CIPFA in their document Audit Committees: Practical Guidance for Local Authorities and Police 2022.
- 6 One of the outcomes of the evaluation resulted in amendments being made to the Terms of Reference for the Audit Committee which was

presented to Audit Committee for consideration on 20 May 2024 and which was incorporated into the Part 3A of council's revised Constitution which was subsequently reviewed and approved by Full Council on 22 May 2024. A copy of the revised Audit Committee Terms of Reference is attached as Appendix 4

- 7 The self-assessment evaluation also identified improvements required to Audit Committee Members training and development needs, resulting in Audit Committee Members being provided with training on 31 July 2024. A copy of the training plan is attached as Appendix 5.
- 8 On 20 May 2024 Audit Committee were also provided with an update on the recruitment of co-opted Independent Members to the Audit Committee and on 22 May 2024, Council approval was granted to increase the Audit Committee Co-opted Audit membership from two to three members for a three-year period with effect from 1 May 2024.

Recommendation(s)

- 9 The following recommendation will be made to County Council:
 - (a) Members are recommended to note the report and the work undertaken by the Audit Committee during the period September 2023 to August 2024.

Background

- 10 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.

Review of the Audit Committee Terms of Reference and Self-Assessment of Effectiveness

- 11 The role, membership and terms of reference of the Audit Committee are set out within the Constitution, which is reviewed on an annual basis and approved by Council.
- 12 In February 2024 the Audit Committee evaluated their effectiveness in accordance with the requirements prescribed by CIPFA in their document Audit Committees: Practical Guidance for Local Authorities and Police 2022.
- 13 Although no significant gaps were identified as a result of the self-assessment and evaluation of effectiveness, several areas for improvement were identified. The completed self-assessment is attached at Appendix 3.
- 14 One area of improvement areas identified was that the Audit Committee Terms of Reference required updating and on 20 May 2024 Audit Committee Members were presented with the amended Terms of Reference for the Audit Committee, which was incorporated into the Part 3A of council's revised Constitution and subsequently approved by Full Council on 22 May 2024. A copy of the revised Audit Committee Terms of Reference is attached as Appendix 4.
- 15 As part of the process, each individual Audit Committee member was provided with a self -assessment of their core knowledge and skills to complete to ensure the Committee is as effective as possible and to identify any future training needs. As several areas of improvement were identified, a training plan for Audit Committee Members for the Municipal Year 2024/25 was compiled.
- 16 At the Audit Committee meeting on 20 May 2024 Members received a presentation that provided an oversight of the council's treasury management arrangements and activities, and it was highlighted that online treasury management training would be provided to Members in relation to their new scrutiny roles which required completing by 20 June 2024 in advance of the June 2024 Council meeting taking place.

- 17 Audit Committee members were also provided with additional training on 31 July 2024 and a copy of the training plan is attached at Appendix 5.

Audit Committee Membership

- 18 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 Bill Kellett
Cllr Richard Ormerod
Cllr Tracie Smith
Cllr Angela Hanson
Cllr Douglas Oliver

Co-opted Members: Mr Clive Robinson
Mr Ian Rudd
Mr Francis Barnish

- 19 CIPFA's Position Statement: Audit Committee's in Local Authorities and Police 2022 recommends that the audit committees of local authorities should include at least two co-opted members to provide appropriate technical expertise.
- 20 The council meets this requirement and has had two Independent Co-opted Members appointed to its Audit Committee since February 2008.
- 21 On 18 October 2023, Council considered a report, which set out the recruitment process for the appointment of Independent Co-opted Members to be undertaken in 2024 to secure co-opted members from 1 May 2024 onwards.
- 22 Recruitment commenced in January 2024 and five applications were received and the Panel (consisting of the Chair and Vice Chair of the Audit

Committee supported by the Chief Internal Auditor and Corporate Fraud Manager) decided to shortlist all five candidates. Interviews took place on 20 and 26 March 2024.

- 23 The Panel recommend Clive Robinson and Ian Rudd for reappointment, and to also recommend that a third Co-opted Independent member be appointed, Francis Barnish thus increasing the Co-opted Audit Committee membership from two to three members. All three candidates demonstrated that they met the criteria for the role and had a good understanding and an enthusiasm to support the Audit Committee.
- 24 On 20 May 2024 Audit Committee were provided with an update on the recruitment of co-opted Independent Members to the Audit Committee and on 22 May 2024, Council approval was granted to increase the Audit Committee Co-opted Audit membership from two to three members for a three-year period from 1 May 2024.

Summary of Audit Committee Meetings Over the Last 12 Months

- 25 A summary of Committee business considered at the meetings that have been held during the last twelve months is provided at Appendix 2.
- 26 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 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.

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. 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

Audit Committee (30/09/24) 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.

Appendix 2: Summary of Meetings of the Audit Committee

30 September 2023

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 2022/23.
- (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 2023/24.
- (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 23 to May 2023. 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 provided the Audit Committee with a summary of the key changes and implications of implementing accounting standard IFRS16 Leases.
- (v) A report of the Corporate Director of Resources which presented the final outturn for the General Fund and the Collection Fund 2022/23.
- (vi) A report from the Corporate Director of Resources which provided the Treasury Management Outturn for 2022/23.
- (vii) A verbal update provided by the External Auditor, Mazars on the progress made to date on the review of the council's accounts for 2022/23 and their plan to complete the external audit by the end of October 23 with a view to report back to Committee in November 23.
- (viii) A report of the Audit Committee Chair to inform Council of the work of the Audit Committee during the period September 2022 to August 2023 and how the Committee continues to provide good governance across the Council (this report being subsequently considered by Council in October 2023).
- (ix) A report from the Corporate Director of Resources setting out proposals for the completion of CIPFA's Audit Committee Arrangement: Self-Assessment of Good Practice document which allowed the Audit Committee to review their effectiveness.

- (x) A report of the Corporate Director of Resources which informed members of work carried out by Internal Audit during April to June 2023 as part of the 2022/23 Internal Audit Plan.
- (xi) A verbal update provided by the Corporate Director of Resources on the CIPFA Financial Management Peer Review which supports good practice in financial management and assists local authorities in demonstrating their financial sustainability.

28 November 2023

The Committee considered:

- (i) A report of the External Auditor, Mazars presenting the Audit Strategy Memorandum for the year ending 31 March 2023 relating to Durham County Council.
- (ii) A report of the External Auditor, Mazars presenting the Audit completion and Annual reports for the Council 2022/23 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 Strategy Memorandum for the year ending 31 March 2023 relating to Durham County Council Pension Fund.
- (iv) A report of the External Auditor, Mazars presenting the Audit completion and Annual reports for the Pension Fund 2022/23 to the Committee which included the overall messages from the audit work that they had completed and provided an unqualified opinion on the accounts.
- (v) A report of the Corporate Director of Resources that sought approval of the final Annual Governance Statement to be published as per of the Council's audited Statement of Accounts 2022/23.
- (vi) A report of the Corporate Director of Resources which presented the Statement of Accounts for the year ended 31 March 2023 for approval.
- (vii) 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 2022 to March 2023.

- (viii) 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 2023/24.
- (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 June 23 to September 2023. Members were informed of new risks, those that had been removed and the status of all current key strategic and other risks.
- (x) 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 2024.
- (xi) A report of the Corporate Director of Resources detailing to members the Counter Fraud work completed during the period April to September 2023 in order to protect the public purse.
- (xii) 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 2023 and the assurance on the internal control environment.

28 February 2024

The Committee considered:

- (i) A presentation from the Head of Children's Social Care that provided an overview of the councils Looked after Childrens Sufficiency Strategy.
- (ii) A presentation from the Head of Pensions that provided an overview of the pension fund valuation and a general update.
- (iii) 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 2023/24.
- (iv) 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 2023/24 Statement of Accounts.
- (v) A report of the Corporate Director of Resources which presented the Accounting Policies that the Council intended to have in place to prepare the 2023/24 financial statements.

- (vi) A report of the Corporate Director of Resources that provided a summary of the proposals for addressing the Local Audit Backlog in England which had recently been published for consultation.
- (vii) A report of the Corporate Director of Resources which detailed the timetable for the preparation of the Council's Final Accounts process for 2023/24, including the key milestones for the completion of the financial statements.
- (viii) A report of the Corporate Director of Resources that gave an update on the outcome of the CIPFA Finance Review, carried out during September and October 2023.
- (ix) 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 2024.
- (x) 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 2023. Members were informed of new risks, those that had been removed and the status of all current key strategic and other risks.
- (xi) A report of the Corporate Director of Resources which contained a revised version of the Risk Management Policy and Strategy for consideration and approval.
- (xii) 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 2023 and the assurance on the internal control environment provided.
- (xiii) A report of the Corporate Director of Resources presenting the emergent Internal Audit Plan for the year 2024/25 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 2024.

24 May 2024

The Committee considered:

- (i) A presentation from the Head of Environment that provided an overview of the Climate Emergency Response Plan that had been requested by

members to understand the Council's aspirations in lowering their carbon omissions and the risks and issues associated with that commitment of the councils.

- (ii) 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 2023/24.
- (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 2022 to March 2023.
- (iv) A report of the External Auditor, Mazars presenting the Audit Strategy Memorandum for the year ending 31 March 2024 relating to Durham County Council.
- (v) A report of the External Auditor, Mazars presenting the Audit Strategy Memorandum for the year ending 31 March 2024 relating to Durham County Council Pension Fund.
- (vi) 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 2024 and the assurance on the internal control environment provided.
- (vii) A report of the Chief Internal Auditor and Corporate Fraud Manager which set out the Internal Audit Strategy, Charter and Internal Audit plan for 2024/25. Progress on delivering the plan will be regularly monitored by the Committee.
- (viii) A report of the Corporate Director of Resources that provided members with an update on the recruitment of co-opted Independent Members to the Audit Committee and to make recommendations to Council for the appointment to these roles for a three-year period from 1 May 2024.
- (ix) A report the Chief Internal Auditor and Corporate Fraud Manager that presented findings of the evaluation of the self-effectiveness of the Audit Committee that was carried out during the Audit Committee Workshop session on 13 February 2024, as prescribed by CIPFA in their document Audit Committees: Practical Guidance for Local Authorities and Police 2022. The report included the amended Terms of Reference for the Audit Committee which would be presented to Full Council for formal review and approval in May 2024.

- (x) A presentation from the Principal Accountant - Commercial Capital and Treasury that provided an update on Treasury Management that managed the council's borrowing, investments and cash flows. It highlighted the training that would be delivered to Members in relation to their new scrutiny role.

30 June 2024

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).
- (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 2023/24 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 2023 to March 2024 to protect the public purse.
- (iv) A report of the Corporate Director of Resources that provided Audit Committee with information on the Treasury Management outturn position for 2023/24.
- (v) 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.
- (vi) A report of the Audit 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 draft un-audited Statement of Accounts 2023/24.

(viii) A report of the Corporate Director of Resources which presented the draft un-audited Statement of Accounts for the year ended 31 March 2024, which were published on 31 May 2024 in line with the statutory deadlines.

Audit Committee Arrangements: Self-Assessment of Good Practice carried out on 13th February 2024

(Extract from CIPFA, Audit Committees: Practical Guidance for Local Authorities and Police, published October 2022)

CIPFA outlines that the checklist below provides a high-level review that incorporates the key principles set out in CIPFA's Position Statement on Audit Committees in Local Authorities, and broader practical guidance referred to above. Within the practical guidance CIPFA specifically states:

“Where an audit committee has a high degree of performance against the good practice principles, it is an indicator that the committee is soundly based and has in place a knowledgeable membership. These are the essential factors in developing an effective audit committee. A regular self-assessment should be used to support the planning of the audit committee work programme and training plans. It will also inform the annual report.”

Good Practice Question	Does not comply	Partly Complies and extent of improvement needed			Fully Complies	Comment
	Major improvement	Significant improvement	Moderate improvement	Minor improvement	No further improvement	
Weighting of Answers	0	1	2	3	5	
Audit Committee Purpose and Governance						
1	Does the authority have a dedicated audit committee that is not combined with other functions (e.g., standards, ethics, scrutiny)?				5	Dedicated Audit Committee established as a full, politically balanced committee of Council which operates under the terms of reference set out in DCC Constitution (Section 3A-10 to 3A-11 on pages 62 and 63) and is not combined with other functions.
2	Does the Audit Committee report directly to the governing body (pcc and chief constable / full council / fire authority etc)				5	Audit Committee reports directly to Full Council (in a local authority the full council is the body charged with governance). An annual report from Audit Committee for the period September 2022 to August 2023 was provided to Full Council in October 2023.

<p>3</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 2/4</p>	<p>Has the audit committee maintained its advisory role by not taking on any decision-making powers?</p>					<p>5</p> <p>The third para on p23 of 2022 CIPFA guidance makes specific reference to approval of financial statements specifying “Currently, some authorities have delegated decisions such as the approval of the financial statements to the audit committee. This takes the audit committee beyond its advisory role.”</p> <p>In 2010, Full Council delegated Audit Committee with the responsibility for the review and approval of the following under the terms of reference set out in DCC Constitution ; <u>Approval of Final Accounts</u> - (Section 3A-10 on pages 62) “Audit Committee approves the Council’s Final Accounts” (Section 3A-11 on pages 63 item Q) approve the annual statement of accounts;</p> <p><u>Approval of Annual Governance Statement</u> - (Section 3A-11 on pages 62 item N) “approval and adoption of the Council’s Annual Governance Statement”</p> <p><u>Approval of Risk Management Policy and Strategy</u> Although there is currently no reference relating to the approval of the council’s risk management arrangements with the TOR Section for Audit Committee within the Constitution, reference is made to Audit Committee approval of the council’s Risk Management policy statement and strategy within Section AF-14 on page 230 of the Constitution)</p> <p>To summarise, Audit Committee has delegated authority for the approval of the annual statement of accounts, the Annual Governance Statement and Risk Management policy statement and strategy and this is reference within the Constitution as required.</p>
<p>4</p>	<p>Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFAs 2022 Position Statement?</p>				<p>3</p>	<p>The current terms of reference for Audit Committee does not reflect the specific 2022 CIPFA guidance wording.</p>

							Key Consideration 1 - The Terms of Reference is being revised and updated in accordance with the CIPFA 2022 Position Statement and guidance in preparation for the 2024 annual review of Constitution.	
5	Do all those charged with governance and in leadership roles have a good understanding of the role and purpose of the committee?				3		An e-form knowledge self-assessment completed for this review identified that the understanding of the role and remit of Audit Committee is variable across the Committee Membership. Therefore, a training plan has been compiled, which includes the provision to help improve the understanding of the role and purpose of the Audit Committee.	
6	Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?					5	This is often demonstrated during Audit Committee meetings e.g. during 2023 meetings, questions posed by Audit Committee Members resulted in two presentations being delivered by Officers at the Audit Committee meeting which took place on 29 th February 2024. This has proved worthwhile and there was positive feedback from Audit Committee Members.	
7	Does the governing body hold the audit committee to account for its performance at least annually?					5	Audit Committee reports annually to Full Council on the work carried out by the Committee. (last annual report was presented to AC on 29 th Sept 23 before being presented to Full Council on 18 th October 2023 by the Audit Committee Chair)	
8	Does the audit committee publish an annual report in accordance with the 2022 guidance, including:							
	<ul style="list-style-type: none"> Compliance with the CIPFA position statement 2022 					5	The next Audit Committee Annual Report for 2023/24 will include a summary of this latest review of effectiveness, which is against the latest 2022 CIPFA position statement guidance.	
	<ul style="list-style-type: none"> Results of the annual evaluation, development work undertaken and planned improvements 					5		
<ul style="list-style-type: none"> How has it fulfilled its terms of reference and the key issues escalated in the year? 						5	As per Key consideration 1 – Review wording in next revision of Constitution in relation to 4 above.	
Core Functions								
	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's position statement as follows:							

10	Governance arrangements				5	Adequately set out in DCC Constitution
11	Risk management arrangements				5	Adequately set out in DCC Constitution
12	Internal control arrangements, including <ul style="list-style-type: none"> • Financial management • Value for money • Ethics and standards • Counter fraud and corruption 			3		<p><u>Financial Management</u> is included within the Committee’s financial reporting arrangements on the accounts, but the FM Code is not set out in explicit terms within the committee’s terms of reference. However, Finance do separately take a report to Committee on the FM Code Key consideration.</p> <p>1a - As per Key consideration 1 – Consider amended wording in the ToR to encompass principles of the FM Code, but not make it explicit in case the Code changes.</p> <p><u>Value for Money</u> It is current practice for the Audit Committee to approve the final accounts (Page 230 of the Constitution), which contains an annual VFM opinion</p> <p>Page 10 of the CIPFA guidance states “When the AGS is prepared, the adequacy and effectiveness of arrangements to secure value for money (VfM) should be included, as per CIPFA guidance”</p> <p>“When the external auditor raises concerns about VfM, the audit committee should ensure there is a robust action plan to address the issues raised. A significant VfM failing is likely to lead to a formal recommendation or report in the public interest. In addition to the work of the auditor, the audit committee should consider what other assurances are available in relation to identified VfM risks and highlight areas for improvement”</p> <p>1b - As per Key consideration 1 – Consider amended wording in the ToR to ensure that the roles and responsibilities of the Audit Committee in relation to Value for Money is clearly defined.</p> <p><u>Ethics and standards</u></p>

						<p>Page 282 of the Constitution details the Code of Conduct for DCC Members</p> <p><u>Counter Fraud and Corruption</u> Page 10 of the CIPFA guidance states “The audit committee should include counter fraud and corruption within its agenda. This should not be limited to an update to the committee on a significant case of fraud or corruption. The audit committee’s responsibility to have oversight of arrangements means that they should be able to judge whether the authority’s arrangements are fit for purpose</p> <p>The audit committee should have oversight of the authority’s counter fraud strategy, assessing whether it meets recommended practice and governance standards and complies with legislation”</p> <p>DCC’s Constitution -The Audit Committee will review and endorse the Council’s Counter Fraud and Corruption Strategy and will seek assurance on its effectiveness and that of other fraud related policies and procedures (page 234)</p> <p>Counter Fraud and Corruption Strategy reported to AC 30th Sept 2022. Internal Audit and Corporate Fraud Report to the Chief Officers and the Audit Committee on the use of resources to counter fraud and corruption and of any investigatory work undertaken. (page 235)</p> <p>Bi annual PPP reporting. Annual PPP reporting 22/23 on 30th June 23 and 23/24 first quarter reported to AC on 27th Nov 23</p>
	Annual governance statement				5	<p>It is the responsibility of the Audit Committee to approve the Annual Governance Statement and to seek the necessary assurance that the Council’s corporate governance arrangements including risk management and internal control are effective (Page 232 of the Constitution).</p>

Page 248	Financial reporting				3	<p>The Audit Committee approves the final accounts (Page 230 of the Constitution). In and a suite of other financial reports are presented to AC for review e.g. Treasury Management, final outturn for the General Fund and the Collection Fund, review of accounting policies approval of the annual statement of accounts, Changes to the Code of Practice for Local Authority Accounting in the UK (CIPFA Code) as reported to Council annually.</p> <p>1c - As per Key consideration 1– Consider amended wording in the ToR to ensure that the roles and responsibilities of the Audit Committee in relation to Treasury Management activities is clearly defined.</p>
	Assurance framework				5	<p>AC is an advisory committee to both the Council and the Executive on audit and governance issues in order to provide independent and effective assurance over the adequacy of the Council's financial management and reporting, risk management framework, and other processes required to achieve the council's corporate and service objectives (as referenced within Page 221 of DCC's Constitution).</p>
	Internal Audit				5	<p>P62 of the Constitution which refers to the Head of Internal Audit's annual report and opinion, and a summary of Internal Audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements;</p> <ul style="list-style-type: none"> -consider summaries of Internal Audit reports on a quarterly basis; -consider reports dealing with the performance of the Internal Audit service; - consider a report from Internal Audit on agreed audit recommendations not implemented within a reasonable timescale;
	External Audit				5	<p>The Audit Committee currently approves the final accounts (Page 230 of the Constitution)</p>
10	Over the last year, has adequate consideration been given to all core areas?				5	Yes

11	Over the last year, has the committee only considered agenda items that align with its core functions, as set out in the 2022 guidance?					5	At DCC, Audit Committee also review Health, Safety and Wellbeing Performance reports
12	Has the committee met privately with the external auditors and head of internal audit in the last year?					3	This practice is not currently in place. Key Consideration 2 – Consideration should be given for arrangements to be made for Audit Committee to meet privately with the external auditors and head of internal audit.
Audit Committee Membership							
13	Has the committee been established in accordance with the 2022 guidance as follows?						
	<ul style="list-style-type: none"> Separation from executive 					5	Yes
	<ul style="list-style-type: none"> A size that is not unwieldy and avoids use of substitutes 					5	The current composition of AC is 9 Elected Members and 2 Independent Members.
	<ul style="list-style-type: none"> Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation 					5	There are currently 2 Independent Members
14	Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?					5	DCC Voting members - Each political group is allocated a certain number of seats on the Audit Committee in line with its political proportionality on the County Council. Group Leaders are then informed of the number of seats they are entitled to on each Committee and it is for them to let us know who they are nominating to those seats and that skills and knowledge is considering as part of this decision making. Independent Members - These are recruitment through an external recruitment exercise, which includes a personal specification setting out the skills, knowledge and experience required. All applicants meeting the essential criteria are interviewed as part of the standard recruitment process.

15	<p>Page 20 of 20</p> <p>Has an evaluation of knowledge, skills and the training needs of the chair and committee members been carried out within the last two years?</p>			3	<p>There is a program of Member Induction following each election and training for Audit Committee members is mandatory.</p> <p>The last mandatory training for Audit Committee Members was hosted by Stephen Carter on 24 June 2021 following 2021 elections.</p> <p>If any Members are appointed subsequent to this who have not received the training then a bespoke training is provided to that Member, arranged through Democratic Services and the appropriate officer within the Internal Audit Service.</p> <p>An e-form knowledge self assessment was completed by Members during this review and a training plan has been compiled to further enhance Members skills and knowledge.</p>
16	<p>Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance?</p>			2	<p>The CIPFA Position Statement specifies “While expertise in the areas within the remit of the committee is very helpful, the attitude of committee members and willingness to have appropriate training are of equal importance”.</p> <p><u>Mandatory Training Provision</u> Although there is mandatory training established for all voting Audit Committee Members, not all Members have participated in the training and development opportunities which are available.</p> <p>Key Consideration 3 – All voting Audit Committee Members are reminded of the training and development opportunities available via the Members portal and Members are encouraged to participate in the training offer provided.</p> <p>In addition, although the HIA provides Internal Audit training and support to new AC Members on appointment, this review identified one elected Member who had not been informed of the Audit Committee training offer available and as such,</p>

						<p>had not participated in the training required prior to attending Audit Committee meetings.</p> <p>Key Consideration 4 – Member training should be arranged as required.</p> <p><u>Personal Development Review (PDR)</u> All voting Audit Committee Members are offered an annual PDR but this is not a mandatory requirement.</p> <p>Key Consideration 5 – All voting Audit Committee Members are reminded that PDR's are available and Members are encouraged to participate in the PDR process.</p>	
17	Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?				3	<p>The response rate for the knowledge self-assessment carried out by Members was 73% (8 out of 11 assessments were submitted).</p> <p>Although the 10 questions posed showed that collectively Members consider there to already be a satisfactory level of knowledge, a number of areas were identified which Members considered to require improvement.</p> <p>Therefore, a training plan has been compiled, to further enhance the skills and knowledge of Audit Committee.</p>	
18	Is adequate secretariat and administrative support provided to the committee?					5	Experienced and comprehensive committee support is being provided.
19	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?				3	<p>Committee has good working relationships with key people, including internal audit, the CFO and External Auditor.</p> <p>As per Key consideration 2 – in relation to point 12 above.</p>	
Engagement and Outputs							
20	Has the committee obtained positive feedback on its performance from those interacting with the committee or relying on its work?					5	An Annual Report from Audit Committee, including a summary of work completed during the municipal calendar year, was presented to Council on 18 th October 2023. This provided Council with the opportunity to offer feedback on the work and

Page 252							<p>performance of the Audit Committee. It was noted in the minutes that Councillor Watson considered the effectiveness of the Audit Committee to be excellent and Council was requested to note the report.</p> <p>Councillor R Bell, Deputy Leader and Portfolio Holder for Finance thanked Councillor Watson for his report and paid tribute to the work of our Audit Committee over the last year. Councillor Bell also thanked thank the officers who furnished the Committee with the many detailed reports it considered which allowed it to provide robust overview and assurance of the Council's corporate and financial governance arrangements, and risk management and internal control frameworks.</p>
21	Are meetings well chaired, ensuring key agenda items are addressed with a focus on improvement?					5	Alex Watson is an experienced Chair, having previously been Council Leader and has extensive experience of audit and local government.
22	Are meetings effective with a good level of discussion and engagement from all the members?					5	Meetings are quorate and exhibit some levels of engagement, for example requesting risk and finance updates resulting in the delivery of additional items at subsequent meetings.
23	Has the committee maintained a non-political approach to discussions throughout?					5	Yes
24	Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?					5	<p>Yes, as necessary and required. The Chair and Vice Chair attend AC pre meetings with Section 151 and the Chief Internal Auditor and Corporate Fraud Manager which provides the opportunity for such discussions to take place.</p> <p>Risk discussions during meetings have resulted in updates being provided and presentations being delivered by key officers at subsequent Audit Committee meetings and key officer and action owners have been called into Audit Committee to provide updates on the progress made in implementing audit findings</p>
25	Does the committee make recommendations for the improvement of governance, risk and control arrangements?					5	This has not been required as yet, but the option is available if needed.

26	Do audit committee recommendations have traction with those in leadership roles?					5	Yes, the Director of Resources (S151 officer) and CMT regularly review and engage in discussions on the implementation of audit recommendations.
27	Has the committee evaluated whether and how it is adding value to the organisation?					5	Yes, through completion of the Annual Report from the Audit Committee to Full Council.
28	Does the committee have an action plan to improve any areas of weakness?					5	Through this assessment and reporting through the next Annual Report to Full Council
29	Has this assessment been undertaken collaboratively with the audit committee members?				3		This assessment has been subject to input from Audit Committee members meeting with the Chair, Chief Internal Auditor and the Finance Manager to discuss the roles, skill sets and responsibilities set out in the CIPFA 2022 Guidance. Can improve the outcome of the assessment further via participation from all members.
	Subtotal Score	0	0	2	27	150	
	Total Score (max score is 200 – 40 questions multiplied by 5)	179					



DURHAM COUNTY COUNCIL – AUDIT COMMITTEE

TERMS OF REFERENCE

1. Governance

- 1.1 The Audit Committee is an advisory committee to both the Council and the Executive. The Committee's purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. Its role in ensuring there is sufficient assurance over the governance, risk and control gives greater confidence to Cabinet and Full Council that the arrangements are effective.
- 1.2 The Committee has oversight of both internal and external audit, together with the financial and governance reports, helping to ensure there are adequate arrangements in place for both internal challenge and public accountability.
- 1.3 The Chair of the Audit Committee reports on the work undertaken by the Committee to Full Council.
- 1.4 To help maintain its independence, the Audit Committee has the right to meet privately with the External Auditor and the Chief Internal Auditor and Corporate Fraud Manager as considered necessary.
- 1.5 The Audit Committee can request employees, elected members, partners, contractors and the public to attend meetings in order to seek information and explanations as is considered necessary to fulfil its role.
- 1.6 The Committee has access to other committees, e.g. Overview and Scrutiny, from which it can gain assurance on the adequacy and effectiveness of the Council's governance arrangements

2. Composition and Meetings

- 2.1 The membership of the Audit Committee shall comprise of nine Members of the Council and three co-opted non-voting members.
- 2.2 A quorum of three elected members (including the Chair or Vice Chair) is required for decisions of the Committee to be ratified.

2.3 The Chair of the Audit Committee will be independent of the Executive and will not be the Chair of a Scrutiny Committee or the Standards Committee.

2.4 The Audit Committee will meet at least four times a year. Meetings will be open to the public, but they may be excluded where information of an exempt or confidential nature is being discussed.

3. Terms of Reference

Governance, Risk and Control

3.1. To review the Council's corporate governance arrangements against the good governance framework, including the ethical framework and consider the local code of corporate governance.

3.2 To monitor the effective development and operation of risk management in the Council.

3.3 To monitor progress in addressing risk-related issues reported to the Committee.

3.4 To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.

3.5 To consider reports on the effectiveness of financial management arrangements, including compliance with CIPFA's Financial Management Code.

3.6 To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.

3.7 To review the assessment of fraud risks and potential harm to the Council from fraud and corruption

3.8 To monitor the counter fraud strategy, actions and resources.

3.9 To review the governance and assurance arrangements for significant partnerships or collaborations.

Financial and Governance Reporting

Governance Reporting

- 3.10 To review and approve the Annual Governance Statement (AGS) prior to approval and consider whether it properly reflects the risk environment and supporting assurances, including the head of internal audit's annual opinion.
- 3.11 To consider whether the annual elevation for the AGS fairly concludes that governance arrangements are fit for purpose, supporting the achievement of the authority's objectives

Financial Reporting

- 3.12 To monitor the arrangements and preparations for financial reporting to ensure that statutory requirements and professional standards can be met.
- 3.13 To approve the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
- 3.14 To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.
- 3.15 To provide independent and effective assurance over the adequacy of the Council's financial management and reporting, treasury management strategy, risk management framework, and other processes required to achieve the Council's corporate and service objectives.

Arrangements for audit and assurance

- 3.16 To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the Council.

External Audit

- 3.17 To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by PSAA or the authority's auditor panel as appropriate.
- 3.18 To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.

- 3.19 To consider specific reports as agreed with the external auditor.
- 3.20 To comment on the scope and depth of external audit work and to ensure that it gives value for money.
- 3.21 To consider additional commissions of work from external audit.
- 3.22 To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.
- 3.23 To provide free and unfettered access to the Audit Committee Chair for the auditors, including the opportunity for a private meeting with the Committee.

Internal Audit

- 3.24 To approve the internal audit charter.
- 3.25 To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.
- 3.26 To approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
- 3.27 To approve significant interim changes to the risk-based internal audit plan and resource requirements.
- 3.28 To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.
- 3.29 To consider any impairments to the independence or objectivity of the Head of Internal Audit arising from additional role or responsibilities outside of internal auditing and to approve and periodically review safeguards to limit such impairments.
- 3.30 To consider reports from the Head of Internal Audit on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include:
 - updates on the work of internal audit, including key findings, issues of concern and action in hand as a result of internal audit work.

- regular reports on the results of the Quality Assurance and Improvement Programme (QUAIP).
 - reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards (PSIAs) and Local Government Application Note (LGAN), considering whether the non-conformance is significant enough that it must be included in the AGS.
- 3.31 To consider the Head of Internal Audit's annual report, including:
- the statement of the level of conformance with the PSIAs and LGAN and the results of the QAIP that support the statement (these will indicate the reliability of the conclusions of internal audit).
 - the opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control, together with the summary of the work supporting the opinion (these will assist the committee in reviewing the AGS).
- 3.32 To consider summaries of specific internal audit reports as requested.
- 3.33 To receive reports outlining the action taken where the Head of Internal Audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.
- 3.34 To contribute to the QAIP and in particular to the external quality assessment of internal audit that takes place at least once every five years.
- 3.35 To consider a report on the effectiveness of internal audit to support the AGS where required to do so by the accounts and audit regulations.
- 3.36 To provide free and unfettered access to the Audit Committee Chair for the Head of Internal Audit, including the opportunity for a private meeting with the Committee.

Accountability arrangements

- 3.37 To report to those charged with governance on the Committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements and internal and external audit functions.
- 3.38 To report to full council on a regular basis on the Committee's performance in relation to the terms of reference and the effectiveness of the Committee in meeting its purpose.

- 3.39 To publish an annual report on the work of the Committee, including a conclusion on the compliance with the CIPFA Position Statement.

Counter Fraud and Corruption

- 3.40 To review and approve the Counter Fraud Strategy and considering whether it meets recommended practices alongside approving the Council's Sanctions Policy.
- 3.42 To review and approve the Council's Confidential Reporting Code (Whistleblowing).
- 3.43 Championing good counter fraud and anti-corruption practice to the wider organisation.
- 3.44 Reviewing the fraud risk profile and estimate of fraud losses or potential harm to the organisation and the local community.
- 3.45 Reviewing the Counter Fraud Plan of activity and resource, seeking assurance that it is in line with the strategy and fraud risk profile.
- 3.46 To review and approve the Council's Anti Money Laundering Policy.
- 3.47 Monitoring the performance of the Corporate Fraud Team.
- 3.48 Overseeing any major areas of fraud identified and monitoring action plans to address control weaknesses.

Audit Committee Training Plan for the Municipal Year 2024/25

Area of Training Identified	Training Scope to include	Training to be delivered by
Audit Committee Purpose and Governance		
The Audit Committee's role and its place within the Governance structure of the organisation	<p>The Audit Committee's place within DCC's governance structure</p> <p>The Terms of Reference for Audit Committee, including the Committees' role and responsibilities</p> <p>Code of Conduct for AC Members</p>	<p>Tracy Henderson, Chief Internal Auditor and Corporate Fraud Manager</p> <p>In person training session provided on 31 July 2024</p>
Core Functions		
Governance	<p>The seven principles as outlined in Delivering Good Governance in Local Government Framework (CIPFA/Solace, 2016)</p> <p>How the principles of governance are implemented locally as set out in the local code of governance</p> <p>The requirements of the Annual Governance Statement (AGS)</p>	<p>Faith Huntington, Risk, Insurance and Governance Manager John Blowes – Risk and Governance Officer</p> <p>In person training session provided on 31 July 2024</p>
Risk Management	The principles of risk management, including how it supports good governance and decision making and the role of the Audit Committee.	<p>Faith Huntington, Risk, Insurance and Governance Manager John Blowes – Risk and Governance Officer</p> <p>In person training session provided on 31 July 2024</p>

Area of Training Identified	Training Scope to include	Training to be delivered by
	<p>Overview of the Council's risk management policy and strategy</p> <p>Overview of the organisation's risk management methodology and the current risk maturity for DCC.</p>	
Internal Audit	<p>Overview of the requirements of the PSIAS/LGAN and how these apply to DCC.</p> <p>The arrangements in place for audit planning and the delivery of the internal audit service within the council i.e. – the structure of the Internal Audit Service and its client base</p> <p>Overview of the Internal Audit Strategy and Audit Charter</p> <p>Arrangements in place for ensuring that the IAS is compliant with the PSIAS/LGAN i.e., annual review?</p> <p>Arrangements for the EQA of internal audit including: -how frequent assessments take place, who and what is involved in the assessment, how the results of the assessment are reported</p> <p>IA progress reporting</p>	<p>Tracy Henderson, Chief Internal Auditor and Corporate Fraud Manager</p> <p>Nicola Cooke – Internal Audit Manager</p> <p>In person training session provided on 31 July 2024</p>

Area of Training Identified	Training Scope to include	Training to be delivered by
	Annual Audit reporting including the provision of the annual assurance opinion.	
Financial Management	<p>How the organisation meets the requirements of the role of the CFO as required by The Role of the Chief Finance Office in Local Government (CIPFA 2016)</p> <p>An overview of how good financial management is set out in the CIPFA Financial Management Code, and the level of compliance required.</p> <p>Treasury Management – including the role of AC in the Effective Scrutiny of Treasury Management assessment tool, including Regulatory requirements, treasury risks, and the council's treasury management strategy</p>	<p>Joanne McMahon – Finance Manager In person training session provided on 31 July 2024</p> <p>Online training provided in June 2024</p>
External Audit	<p>Arrangements in place for the appointment of the external auditors and quality management undertaken by the provider.</p> <p>-Overview of the key reports and assurances that the external audit provides.</p>	<p>Mark Outterside, Mazars In person training session provided on 31 July 2024</p>
Counter Fraud and Corruption	<p>Overview of the principal Fraud Risks posed to DCC.</p> <p>The principles of good fraud risk management practice in accordance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA 2014)</p>	<p>Paul Gibbon, Corporate Fraud Manager In person training session provided on 31 July 2024</p>

Area of Training Identified	Training Scope to include	Training to be delivered by
	Overview of fraud risk management and the council's arrangements for tackling fraud Whistleblowing arrangements in place within DCC.	

This page is intentionally left blank

Audit Committee**30 September 2024****Internal Audit Progress Update
Report Period Ended 30 June
2024****Report of Paul Darby, Corporate Director of Resources****Electoral division(s) affected:**

Countywide.

Purpose of the Report

- 1 To provide Members of the Audit Committee with an update on the work that was carried out by Internal Audit during the period 1 April 2024 to 31 March 2025, as part of the Internal Audit Plan for 2024/25.

Executive Summary

- 2 The report provides an overview of performance against the Internal Audit Plan 2024/25, and aims to:
 - (a) Provide a high level of assurance, or otherwise, on internal controls operating across the Council that have been subject to an Internal Audit of systems and processes;
 - (b) Advise of any issues where controls need to be improved in order to effectively or better manage risks;
 - (c) Advise of other types of audit work carried out such as grant certification or advice and consultancy reviews where an assurance opinion on the control environment may not be applicable;
 - (d) Advise of any amendments to the Internal Audit Plan previously agreed;
 - (e) Track the progress of responses to Internal Audit reports and the implementation of agreed audit recommendations;
 - (f) Advise of any changes to the audit process; and
 - (g) Provide an update on performance against the key performance indicators agreed as part of the Audit Plan.

- 3 The appendices attached to this report are summarised below. Those marked with an asterisk are not for publication (Exempt information under Part 3 of Schedule 12a to the Local Government Act 1972, paragraph 3):
- (a) Appendix 2 – Performance against the Internal Audit Plan 2024/25;
 - (b) Appendix 3 – Final reports issued in the quarter ended 30 June 2024;
 - (c) Appendix 4 – The number of high and medium priority actions raised and implemented in 2024/25;
 - (d) Appendix 5 – Internal Audit performance indicators;
 - (e) Appendix 6* – Overdue Actions.

Recommendations

- 4 Members are asked to note:
- (a) the amendments made to the Internal Audit Plan during quarter one;
 - (b) the work undertaken by Internal Audit during the period ending 30 June 2024;
 - (c) the performance of the Internal Audit Service during the period; and
 - (d) the progress made by service managers in responding to the work of Internal Audit.

Background

- 5 As an independent consultancy service, the Council's Internal Audit Team strives to continue to add value and improve the organisation's operations as well as providing objective assurance to service managers and the Council.
- 6 The Internal Audit Plan for 2024/25, covering the period 1 April 2024 to 31 March 2025, was approved by the Audit Committee on 20 May 2024.

Progress against the Internal Audit Plan

- 7 A summary of the approved Internal Audit Plan for each Service Grouping, updated to include work in progress and any audits brought forward from last year's plan, is attached at Appendix 2. The appendix illustrates the status of each audit as at 30 June 2024 and, where applicable, also gives the resultant assurance opinion.
- 8 A summary of the status of audits is illustrated in the table below:

Service Grouping	Not Started	Preparation and Planning	In Progress	Draft Report	Final Report / Complete
Adult and Health Services (AHS)	10	1	5	2	2
Chief Executive (CE)	8	2	0	1	1
Children and Young People's Services (CYPS) *Excluding Schools	20	0	1	1	6
Neighbourhoods and Climate Change (NCC)	12	0	1	0	1
Regeneration, Economy and Growth (REG)	15	0	1	1	2
Resources (RES)	25	11	16	5	2
Schools	16	12	1	3	7
TOTAL	106	26	25	13	21

- 9 A summary of the final internal audit reports issued during quarter one is presented in Appendix 3.
- 10 The total number of productive days available during 2024/25 was originally estimated to be 2,856. As at 30 June 2024, the service had

delivered 723 productive days, representing 25.3% of the total estimated planned days for the year. The target to the end of June was for 22.5% to have been delivered, therefore performance was above the profiled target.

- 11 As at 30 June, approximately 18% of the audits in the plan had been delivered.
- 12 Although the service operated with a full complement of staff, there continues to be significant training and development requirements which need to be met. In addition, there were some instances of staff sickness during the period which impacted on the productive capacity within the team.

Internal Audit activity in the quarter

Amendments to the Approved Internal Audit Plan

- 13 Two reviews were removed from the approved Internal Audit Plan in the quarter.

Service Grouping	Audit	Audit Type	Reason
Regeneration & Economic Growth	Finance Durham	Assurance	Deferred to 2025/26 due to the retirement of key contacts and to allow the new post holder a period of time to become familiar with their roles and responsibilities
Chief Executive Service	Public Interest Report - Culture and Governance	Advice & Consultancy	Service indication that no internal audit work is required at the present time but to be reconsidered as part of the strategic audit planning process.

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

Service Grouping	Audit	Audit Type	Reason
Neighbourhoods & Climate Change	Nature for Climate Peatland (Claim 3)	Grant	Grant expenditure verification required for the period September 2023 to March 2024.

Service Grouping	Audit	Audit Type	Reason
Resources	Council Tax – Refunds	Assurance	Key financial system review focused specifically on the sub system of refunds.

Outstanding Management Responses to Draft Internal Audit Reports

15 There are no overdue management responses to draft reports.

Survey Response Rate

16 The table below sets out the response rate and average score, by Service Grouping, for the customer satisfaction surveys issued during the period up to 30 June 2024. The average score of 4.9 out of 5 (where 1= Very Poor and 5 = Very Good) is above the average score from 2023/24, which was 4.7.

Service Grouping	Surveys issued	Surveys returned	% returned	Av. score
Adult and Health Services (AHS)	2	2	100%	5.0
Children and Young People's Services (CYPS) *Excluding Schools	3	2	67%	5.0
Chief Executive (CE)	1	1	100%	4.7
Neighbourhoods and Climate Change (NCC)	1	1	100%	4.3
Regeneration, Economy and Growth (REG)	2	2	100%	5.0
Resources (RES)	4	4	100%	4.9
Schools	6	2	33%	4.9
TOTAL	19	14	74%	4.9

Responses to Internal Audit Findings and Recommendations

17 Details of the numbers of High and Medium priority ranked recommendations that have been raised and those that are overdue, by Service Grouping, are presented in Appendix 4.

18 A summary of progress on the actions due, implemented and overdue, as at 30 June 2024, is given in the table below.

Service Grouping	No. of Actions Due	No. of Actions Implemented	No. Overdue by Original Target Date	No. with Revised Target Date	No. Overdue by Revised Target Date
Adult and Health Services (AHS)	12	12	0	0	0
Chief Executive (CE)	15	15	0	0	0
Children and Young People's Services (CYPS) [Excluding Schools]	10	10	0	0	0
Neighbourhoods and Climate Change (NCC)	31	31	0	0	0
Regeneration, Economy and Growth (REG)	25	25	0	0	0
Resources (RES)	228	223	5	5	0
TOTAL	321	316	5	5	0

19 It is encouraging to note that, of the 321 actions due to be implemented, 316 (98%) have been implemented. Details of the actions that are overdue, following their agreed original target dates, are included at Appendix 6. All of the overdue actions have revised dates for expected implementation.

Limited Assurance Audit Opinions

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

Performance Indicators

21 A summary of actual performance, as at the end of June 2024, compared with our agreed targets, is detailed in Appendix 5.

Background papers

- Specific Internal Audit reports issued and working papers.

Other useful documents

- Previous Committee reports.

Contact: Tracy Henderson Tel: 03000 269668

Nicola Cooke Tel: 03000 269665

Appendix 1: Implications

Legal Implications

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

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

Finance

There are no direct financial implications associated with this report.

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

Consultation

All Corporate Directors and Heads of Service.

Equality and Diversity / Public Sector Equality Duty

None.

Climate Change

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

Human Rights

None.

Crime and Disorder

None.

Staffing

None.

Accommodation

None.

Risk

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

Procurement

None.

INTERNAL AUDIT PLAN FOR PERIOD 1 APRIL 2024 TO 31 MARCH 2025

SERVICE GROUPING	SERVICE	AUDIT ACTIVITY	AUDIT TYPE	STATUS	OPINION
2023 / 2024 audits brought forward into plan					
Adult and Health Services	Adult Care	Joint Committee Development	Advice & Consultancy	Final Report	N/A
Adult and Health Services	Public Health	Stop Smoking Service	Assurance	Final Report	Substantial
Adult and Health Services	Adult Care	Extra Care Housing	Assurance	Draft Report	Moderate
Adult and Health Services	Adult Care	Azeus Panel Process	Assurance	Draft Report	Moderate
Childrens and Young People's Services	Children's Social Care	Special Guardianship and Child Arrangement Orders	Follow Up	Draft Report	
Childrens and Young People's Services	Children's Social Care	Supervised Spend - Leaving Care Service	Assurance	Final Report	Moderate
Childrens and Young People's Services	Children's Social Care	High Needs Top Up Funding Arrangements in Schools	Assurance	Not yet started	
Neighbourhoods and Climate Change	Community Protection Services	Intelligence Handling	Assurance	Final Report	Substantial
Neighbourhoods and Climate Change	Environment	Fleet Management - Hire Process	Assurance	Not Yet Started	
Regeneration, Econmoy and Growth	Planning and Housing	Homes England	Assurance	Draft Report	
Regeneration, Econmoy and Growth	Corporate Property and Land	Asset Valuation	Assurance	Final Report	Substantial
Regeneration, Econmoy and Growth	Economic Development	UK Shared Prosperity Fund	Assurance	Final Report	Substantial
Regeneration, Econmoy and Growth	Economic Development	Finance Durham	Assurance	Deferred	
Resources	Corporate Finance and Commercial Services	Leases	Advice & Consultancy	Planning & Preparation	
Resources	Corporate Finance and Commercial Services	Section 256 agreements	Assurance	Final Report	N/A
Resources	Digital Services	Change Management	Assurance	Final Report	Moderate
Resources	Digital Services	Active Directory	Assurance	Planning & Preparation	
Resources	Digital Services	Platform Security - Virtual Machines	Assurance	Draft Report	
Resources	HR and Employee Services	Payroll - Overarching	Assurance	In Progress	
Resources	HR and Employee Services	Payroll - Taxation (PAYE)	Assurance	Draft Report	
Resources	HR and Employee Services	Payroll - Allowance Payments	Assurance	In Progress	
Resources	HR and Employee Services	Agency System	Assurance	Draft Report	
Resources	Procurement, Sales and Business Services	Creditors	Key System	In Progress	
Resources	Procurement, Sales and Business Services	Creditor Payments - Supplier Masterfile	Key System	Draft Report	
Resources	Procurement, Sales and Business Services	Creditor Payments - Duplicate payment checking process	Key System	Draft Report	
Resources	Procurement, Sales and Business Services	Support for Standard Process using HALO - SLA Charging Process	Advice & Consultancy	Complete	N/A
Resources	Procurement, Sales and Business Services	Tender Opening and Evaluation Processes	Key System	In Progress	
Resources	Transactional and Customer Services	Council Tax - Overarching Report	Key System	In Progress	
Resources	Transactional and Customer Services	Council Tax: Quality Assurance & Appeals	Key System	In Progress	
Resources	Transactional and Customer Services	Housing Benefits and Council Tax Reduction - Overarching	Key System	In Progress	
Resources	Transactional and Customer Services	Housing & Council Tax Reduction - Supported Accommodation	Advice & Consultancy	In Progress	
Resources	Transactional and Customer Services	Customer Services Process Review	Advice & Consultancy	In Progress	
Resources	Transactional and Customer Services	Household Support Fund	Advice & Consultancy	Planning & Preparation	
Resources	Transactional and Customer Services	Debtors	Key System	In Progress	
Resources	Transactional and Customer Services	Debtors - Debt Referrals to services	Key System	In Progress	
Resources	Transactional and Customer Services	Debtors - Knockdown Damage Process	Key System	In Progress	
Resources	Transactional and Customer Services	Deputy and Appointee Team - Personal Allowance Payments	Assurance	Planning & Preparation	
Resources	Corporate Finance and Commercial Services	Credit Union	Advice & Consultancy	Complete	N/A
Chief Executive Service	Corporate Affairs	Data Quality	Assurance	Planning & Preparation	
Chief Executive Service	Legal and Democratic Services	Non-RIPA Surveillance	Assurance	Draft Report	Substantial
Chief Executive Service	Legal and Democratic Services	Public Interest Report - Culture and Governance	Advice & Consultancy	Cancelled	
Internal Audit Plan for period from 1st April 2024 to 31 March 2025					
Adult and Health Services	Commissioning	Workforce Development Fund	Assurance	Not yet started	
Adult and Health Services	Adult Care	Transition Arrangements between Childrens and Adult Services	Assurance	Not yet started	
Adult and Health Services	Commissioning	Commissioning of LD MH Services - Residential Care	Assurance	In Progress	
Adult and Health Services	Adult Care	New CQC Inspection Regime	Assurance	Not yet started	
Adult and Health Services	Adult Care	County Durham Care & Support - Shared Lives	Assurance	Not yet started	
Adult and Health Services	Adult Care	Adaptations Service	Assurance	Planning & Preparation	
Adult and Health Services	Adult Care	Learning Disability Task and Finish Group	Advice & Consultancy	In Progress	
Adult and Health Services	Adult Care	Rolling Respite Care	Assurance	Not yet started	
Adult and Health Services	Public Health	PharmOutcomes - Influenza Vaccination Claims	Assurance	In Progress	Substantial
Adult and Health Services	Public Health	Healthy Start Vitamin Distribution	Assurance	Not yet started	
Adult and Health Services	Adult Care	SALT - Short and Long Term Care	Assurance	Not yet started	
Adult and Health Services	Commissioning	Commissioning of LD MH Services - Supported Living	Assurance	In Progress	
Adult and Health Services	Adult Care	CITO System Review	Assurance	Not yet started	
Adult and Health Services	Adult Care	Azeus Board	Assurance	In Progress	
Adult and Health Services	Adult Care	Azeus - Data Quality	Assurance	Not yet started	
Adult and Health Services	Adult Care	Azeus - Provision Costing	Assurance	Not yet started	
Childrens and Young People's Services	Early Help, Inclusion and Vulnerable Children	Supporting Families Programme	Grant	Not yet started	
Childrens and Young People's Services	Early Help, Inclusion and Vulnerable Children	Supporting Families Programme Q1	Grant	Final Report	N/A
Childrens and Young People's Services	Early Help, Inclusion and Vulnerable Children	Supporting Families Programme Q2	Grant	Not yet started	
Childrens and Young People's Services	Early Help, Inclusion and Vulnerable Children	Supporting Families Programme Q3	Grant	Not yet started	
Childrens and Young People's Services	Early Help, Inclusion and Vulnerable Children	Supporting Families Programme Q4	Grant	Not yet started	
Childrens and Young People's Services	Education and Skills	Multiply (UKSPF) Funding	Grant	Final Report	N/A
Childrens and Young People's Services	Children's Social Care	Lifelong Links Programme Grant	Grant	Final Report	N/A
Childrens and Young People's Services	Children's Social Care	PEER Mentoring Grant	Grant	Final Report	N/A
Childrens and Young People's Services	Children's Social Care	Foster Carer Payments	Assurance	Not yet started	
Childrens and Young People's Services	Children's Social Care	Placement Resource Panel (PRP) Arrangements	Assurance	Not yet started	
Childrens and Young People's Services	Early Help, Inclusion and Vulnerable Children	SALT - Speech, Language and Communication Therapy - Shortage of	Assurance	Not yet started	
Childrens and Young People's Services	Children's Social Care	Children's Homes	Assurance	Not yet started	
Childrens and Young People's Services	Early Help, Inclusion and Vulnerable Children	Family Hubs and Start for Life	Grant	Final Report	Substantial
Childrens and Young People's Services	Children's Social Care	Children's Homes - Procurement Cards	Advice & Consultancy	Not yet started	
Childrens and Young People's Services	Early Help, Inclusion and Vulnerable Children	One Point Intensive Family Support Team and Family Hubs	Assurance	Not yet started	
Childrens and Young People's Services	Early Help, Inclusion and Vulnerable Children	Disability Commissioning Arrangements (Short Breaks)	Assurance	Not yet started	
Childrens and Young People's Services	All Service	Caldicott Compliance	Assurance	Not yet started	
Childrens and Young People's Services	All Service	Caldicott Group	Advice & Consultancy	In Progress	
Childrens and Young People's Services	Children's Social Care	Liquidlogic	Assurance	Not yet started	
Childrens and Young People's Services	Education and Skills	School Transport Budget	Assurance	Not yet started	
Childrens and Young People's Services	Education and Skills	Schools - Safe Recruitment and Selection	Advice & Consultancy	Not yet started	
Childrens and Young People's Services	Early Help, Inclusion and Vulnerable Children	Home to School Transport Procurement Workstream	Assurance	Not yet started	
Childrens and Young People's Services	Education and Skills	Arrangements for the allocation of SEN funding and its application in schools	Assurance	Not yet started	
Childrens and Young People's Services	Education and Skills	Review of Swimming SLA	Assurance	Not yet started	
Childrens and Young People's Services	Early Help, Inclusion and Vulnerable Children	Youth Justice Service	Assurance	Not yet started	
Neighbourhoods and Climate Change	Highways	Local Transport Capital Block Funding	Grant	Not Yet Started	
Neighbourhoods and Climate Change	Environment	Nature for Climate Peatland (Claim 3)	Grant	In Progress	
Neighbourhoods and Climate Change	Partnerships and Community Engagement	Community Grants Sample	Advice & Consultancy	Not Yet Started	
Neighbourhoods and Climate Change	Community Protection Services	Pollution Control	Assurance	Not Yet Started	
Neighbourhoods and Climate Change	Environment	Clean and Green	Assurance	Not Yet Started	
Neighbourhoods and Climate Change	Community Protection Services	Fees and Charges	Assurance	Not Yet Started	
Neighbourhoods and Climate Change	Community Protection Services	Civil Penalties (Civil Sanctions)	Assurance	Not Yet Started	
Neighbourhoods and Climate Change	Highways	Space on Highway	Assurance	Not Yet Started	
Neighbourhoods and Climate Change	Community Protection Services	Works in Default	Advice & Consultancy	Not Yet Started	
Neighbourhoods and Climate Change	Environment	Neighbourhood Wardens	Assurance	Not Yet Started	
Neighbourhoods and Climate Change	Environment	Utility Bills	Assurance	Not Yet Started	
Neighbourhoods and Climate Change	All Service	Advice and Guidance - NCC	Advice & Consultancy	Not Yet Started	
Regeneration, Econmoy and Growth	Planning and Housing	FAP and Property Re-Purpose Loans	Assurance	Not yet started	
Regeneration, Econmoy and Growth	Planning and Housing	Disabled Facilities Grant	Grant	In Progress	
Regeneration, Econmoy and Growth	Transport & Contract Services	Local Transport Capital Block Funding	Grant	Not yet started	
Regeneration, Econmoy and Growth	Transport & Contract Services	Bus Subsidy Ring Fenced Grant	Grant	Not yet started	
Regeneration, Econmoy and Growth	Planning and Housing	Home Upgrade Grant (HUG) 2	Grant	Not yet started	
Regeneration, Econmoy and Growth	Transport & Contract Services	Housing Infrastructure Fund - Newton Aycliffe	Grant	Not yet started	
Regeneration, Econmoy and Growth	Transport & Contract Services	Future high street - stronger town - LUF	Grant	Not yet started	
Regeneration, Econmoy and Growth	Corporate Property and Land	Health & Safety Group	Advice & Consultancy	Not yet started	
Regeneration, Econmoy and Growth	Corporate Property and Land	Asset Management	Assurance	Not yet started	
Regeneration, Econmoy and Growth	Corporate Property and Land	Surplus Property Process and Procedures	Advice & Consultancy	Not yet started	
Regeneration, Econmoy and Growth	Culture, Sport and Tourism	Consett Empire Theatre	Assurance	Not yet started	
Regeneration, Econmoy and Growth	Culture, Sport and Tourism	Gala Theatre - Box Office	Assurance	Not yet started	
Regeneration, Econmoy and Growth	Transport & Contract Services	Integrated Passenger Transport Unit - Adult Care Transport	Assurance	Not yet started	

INTERNAL AUDIT PLAN FOR PERIOD 1 APRIL 2024 TO 31 MARCH 2025

SERVICE GROUPING	SERVICE	AUDIT ACTIVITY	AUDIT TYPE	STATUS	OPINION
Regeneration, Economy and Growth	Transport & Contract Services	Transport Contract Management - Contract Documentation and Invoice	Assurance	Not yet started	
Regeneration, Economy and Growth	Transport & Contract Services	Transport Contract Management - Operator and Driver Verification	Assurance	Not yet started	
Regeneration, Economy and Growth	All Service	Advice and Guidance - REG	Advice & Consultancy	Not yet started	
Resources	Resources	Advice and Guidance - Resources	Advice & Consultancy	Not yet started	
Resources	Corporate Finance and Commercial Services	Direct Debit Payments	Assurance	Not yet started	
Resources	Corporate Finance and Commercial Services	VAT	Key System	Not yet started	
Resources	Corporate Finance and Commercial Services	Collection Fund	Key System	Not yet started	
Resources	Corporate Finance and Commercial Services	Section 256 agreements	Grant	Not yet started	
Resources	Corporate Finance and Commercial Services	Section 75 Agreements - Better Care Fund	Grant	Not yet started	
Resources	Digital Services	Mobile Phones	Assurance	Planning & Preparation	
Resources	Digital Services	Information Governance Group	Advice & Consultancy	Not yet started	
Resources	Digital Services	Environmental Information Requests	Assurance	Not yet started	
Resources	Digital Services	Backup Procedures	Assurance	Planning & Preparation	
Resources	Digital Services	SharePoint	Assurance	Planning & Preparation	
Resources	Digital Services	Digital Programme	Assurance	Planning & Preparation	
Resources	Digital Services	Digital Durham	Grant	Not yet started	
Resources	Digital Services	IT Asset Management	Advice & Consultancy	In Progress	
Resources	HR and Employee Services	Payroll: Access to Data - Records	Assurance	Not yet started	
Resources	HR and Employee Services	Payroll - Overarching	Assurance	Planning & Preparation	
Resources	HR and Employee Services	ResourceLink Programme Board	Advice & Consultancy	In Progress	
Resources	HR and Employee Services	Recruitment and Selection	Assurance	Not yet started	
Resources	HR and Employee Services	Attendance Management Framework	Assurance	Not yet started	
Resources	Procurement, Sales and Business Services	Payment Cards Workstream	Advice & Consultancy	In Progress	
Resources	Procurement, Sales and Business Services	Procurement Cards	Key System	Not yet started	
Resources	Procurement, Sales and Business Services	Creditor Payments	Key System	Not yet started	
Resources	Procurement, Sales and Business Services	Contract Management	Key System	Not yet started	
Resources	Procurement, Sales and Business Services	Contract Variations	Key System	Not yet started	
Resources	Transactional and Customer Services	Council Tax	Key System	Not yet started	
Resources	Transactional and Customer Services	Insolvency-Bankruptcy	Key System	Not yet started	
Resources	Transactional and Customer Services	Business Rates	Key System	Not yet started	
Resources	Transactional and Customer Services	Housing and Council Tax Benefits: Assessment - New Claims & Change in	Key System	In Progress	
Resources	Transactional and Customer Services	Welfare Assistance Scheme	Key System	Not yet started	
Resources	Transactional and Customer Services	Welfare Rights	Advice & Consultancy	Not yet started	
Resources	Transactional and Customer Services	County Durham Outreach and Support (CDOS)	Key System	Not yet started	
Resources	Transactional and Customer Services	Debtors	Key System	Not yet started	
Resources	Transactional and Customer Services	Cash Management	Key System	Planning & Preparation	
Resources	Transactional and Customer Services	Cash Management - Bishop Auckland Town Hall	Key System	Planning & Preparation	
Resources	Transactional and Customer Services	Financial Deputies	Assurance	Not yet started	
Resources	Transactional and Customer Services	Council Tax - Refunds	Key System	Not yet started	
Chief Executive Service	Corporate Affairs	Changing Places Toilets (CPTs)	Grant	Planning & Preparation	
Chief Executive Service	Corporate Affairs	Corporate Performance Management Framework	Assurance	Not yet started	
Chief Executive Service	Corporate Affairs	Corporate Business Intelligence	Assurance	Not yet started	
Chief Executive Service	Legal and Democratic Services	Police and Crime Panel Grant	Grant	Final Report	Substantial
Chief Executive Service	Legal and Democratic Services	Members Expenses	Assurance	Not yet started	
Chief Executive Service	Legal and Democratic Services	Electorals Services	Assurance	Not yet started	
Chief Executive Service	Legal and Democratic Services	RIPA Officers Group	Advice & Consultancy	Not yet started	
Chief Executive Service	Legal and Democratic Services	RIPA Officers Group - CF time	Advice & Consultancy	Not yet started	
Chief Executive Service	Legal and Democratic Services	Company Governance Group	Advice & Consultancy	Not yet started	
Chief Executive Service	Legal and Democratic Services	Registrars	Assurance	Not yet started	

FINAL REPORTS ISSUED IN PERIOD ENDING 30 JUNE 2024

AUDIT AREA	BRIEF DESCRIPTION OF SCOPE OF THE AUDIT	FINAL OPINION
ADULT AND HEALTH SERVICES (AHS)		
Joint Committee Development	Review the governance arrangements and decision making processes of the Joint Committee.	N/A
Stop Smoking Service	Review of the quit smoking data that is recorded on 1 System 4 Health and the supporting NRT e-voucher data that is recorded on the PharmOutcomes system.	Substantial
CHILDREN AND YOUNG PEOPLE’S SERVICES (CYPS)		
Supporting Families Programme Q1	Review of a sample of families from quarterly claim to confirm evidence supports the achievement of outcomes in accordance with the Supporting Families Programme Guidance.	N/A
Multiply (UKSPF) Funding	Review of grant payments to confirm they have been made in accordance with the terms of the grant.	N/A
Lifelong Links Programme Grant	Review of grant payments to confirm they have been made in accordance with the terms of the grant.	N/A
PEER Mentoring Grant	Review of grant payments to confirm they have been made in accordance with the terms of the grant.	N/A
Supervised Spend - Leaving Care Service	Review of Setting Up Home Allowance (SUHA) applications and payments.	Moderate
Family Hubs and Start for Life	Review of grant payments to confirm they have been made in accordance with the terms of the grant.	Substantial
NEIGHBOURHOODS AND CLIMATE CHANGE (NCC)		
Intelligence Handling	Assurance review of the arrangements in place to mitigate against the risks of; <ul style="list-style-type: none"> • Information received is lost/misfiled/incomplete. • Poor quality information is recorded. • Records breach confidentiality. • Records out of date or no longer relevant. • Unauthorised/Inappropriate Information requests are received and actioned. • Information in and out is communicated insecurely. • Access to records is inappropriate. 	Substantial

	<ul style="list-style-type: none"> • Outgoing information requests are unjustified/inappropriate. • Staff are unaware of information handling requirements and legislation. 	
--	---	--

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

REGENERATION, ECONOMY AND GROWTH (REG)		
UK Shared Prosperity Fund	To provide assurance on the management of the risk that funding is not spent in accordance with the grant conditions and, or, is spent on ineligible schemes leading to claw back by the Government.	Substantial
Asset Valuation	To provide assurance on the management of the risk of material misstatement of the value of assets in the statement of accounts.	Substantial

RESOURCES (Res)		
Section 256 agreements	Grant certification	N/A
Change Management	Assurance review of the arrangements in place to mitigate against the risks of: <ul style="list-style-type: none"> • Amendments/updates to the IT estate do not align with agreed standards. Program changes are not authorised and actioned in a controlled environment.	Moderate
Police and Crime Panel Grant	Grant Certification	Substantial
Durham Credit Union	Advice & guidance on the bank reconciliation process / data matching for Durham Credit Union	N/A
Support for Standard Process using HALO - SLA Charging Process	Advice & guidance on the process developed for the billing of SLA charges via the HALO system to replace a spreadsheet system	N/A

	Actions Due	Actions Implemented	Overdue Actions by original target date	Number of Actions where the original target has been revised	Overdue Actions following a revised target date
ADULT AND HEALTH SERVICES (AHS)					
2022/23					
High	0	0	0	0	0
Medium	4	4	0	0	0
Total	4	4	0	0	0
2023/24					
High	0	0	0	0	0
Medium	8	5	3	3	0
Total	8	5	3	3	0
2024/25					
High	0	0	0	0	0
Medium	0	0	0	0	0
Total	0	0	0	0	0
Overall Total	12	9	3	3	0
CHIEF EXECUTIVE					
2022/23					
High	0	0	0	0	0
Medium	15	15	0	0	0
Total	15	15	0	0	0
2023/24					
High	0	0	0	0	0
Medium	0	0	0	0	0
Total	0	0	0	0	0
2024/25					
High	0	0	0	0	0
Medium	0	0	0	0	0
Total	0	0	0	0	0
Overall Total	15	15	0	0	0
CHILDREN AND YOUNG PEOPLE'S SERVICES (CYPS)					
2022/23					
High	0	0	0	0	0
Medium	4	4	0	0	0
Total	4	4	0	0	0
2023/24					
High	0	0	0	0	0
Medium	6	5	1	1	0
Total	6	5	1	1	0
2024/25					
High	0	0	0	0	0
Medium	0	0	0	0	0
Total	0	0	0	0	0
Overall Total	10	9	1	1	0
NEIGHBOURHOODS AND CLIMATE CHANGE (NCC)					
2022/23					
High	9	9	0	0	0
Medium	16	16	0	0	0
Total	25	25	0	0	0
2023/24					
High	0	0	0	0	0
Medium	5	5	0	0	0
Total	5	5	0	0	0
2024/25					
High	0	0	0	0	0
Medium	1	1	0	0	0
Total	1	1	0	0	0
Overall Total	31	31	0	0	0
REGENERATION, ECONOMY AND GROWTH (REG)					
2022/23					
High	0	0	0	0	0
Medium	7	7	0	0	0
Total	7	7	0	0	0
2023/24					
High	2	2	0	0	0
Medium	16	15	1	1	0
Total	18	17	1	1	0
2024/25					
High	0	0	0	0	0
Medium	0	0	0	0	0
Total	0	0	0	0	0
Overall Total	25	24	1	1	0
RESOURCES (RES)					
2019/20					
High	0	0	0	0	0
Medium	105	104	1	1	0
Total	105	104	1	1	0
2020/21					
High	0	0	0	0	0
Medium	57	57	0	0	0
Total	57	57	0	0	0
2021/22					
High	1	1	0	0	0
Medium	15	15	0	0	0
Total	16	16	0	0	0
2022/23					
High	0	0	0	0	0
Medium	15	15	0	0	0
Total	15	15	0	0	0
2023/24					
High	1	1	0	0	0
Medium	34	30	4	4	0
Total	35	31	4	4	0
2024/25					
High	0	0	0	0	0
Medium	0	0	0	0	0
Total	0	0	0	0	0
Overall Total	228	223	5	5	0
TOTAL COUNCIL					
2019/20					
High	0	0	0	0	0
Medium	105	104	1	1	0
Total	105	104	1	1	0
2020/21					
High	0	0	0	0	0
Medium	57	57	0	0	0
Total	57	57	0	0	0
2021/22					
High	1	1	0	0	0
Medium	15	15	0	0	0
Total	16	16	0	0	0
2022/23					
High	9	9	0	0	0
Medium	61	61	0	0	0
Total	70	70	0	0	0
2023/24					
High	3	3	0	0	0
Medium	69	60	9	9	0
Total	72	63	9	9	0
2024/25					
High	0	0	0	0	0
Medium	1	1	0	0	0
Total	1	1	0	0	0
OVERALL TOTAL	321	311	10	10	0

Performance Indicators as at 30 June 2024

Efficiency		Objective: To provide maximum assurance to inform the annual audit opinion	
KPI	Measure of Assessment	Target & (Frequency of Measurement)	Actual
Productive audit time achieved	% of planned productive time from original approved plan completed.	90% (Annually)	25.3% as at 30 June 2024
Timeliness of Draft Reports	% of draft reports issued within 20 working days of end of fieldwork/closure interview	100% (Quarterly)	100% (24 out of 24)
Timeliness of Final Reports	% of final reports issued within 10 working days of receipt of management response	100% (Quarterly)	100% (14 out of 14)
Quarterly Progress Reports	Quarterly progress reports issued to Corporate Directors within one month of end of period	100% (Quarterly)	100%
Quality		Objective: To ensure that the service is effective and adding value	
KPI	Measure of Assessment	Target & (Frequency of Measurement)	
Recommendations agreed	% of recommendations made compared with recommendations accepted	95% (Annually)	100%
Post Audit Customer Satisfaction Survey Feedback	% of customers scoring audit service satisfactory or above (3 out of 5) where 1 is poor and 5 is very good	100% (Quarterly)	100% (14 out of 14) Av. score of 4.9
Customers providing feedback response	% of customers returning satisfaction returns	70% (Quarterly)	74%

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank