



Audit Committee

Date **Friday 28 February 2025**

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 29 November 2024 (Pages 5 - 16)
3. Declarations of interest, if any
4. Quarter three 2024/25 Health, Safety and Wellbeing Performance Report - Report of the Corporate Director of Resources (Pages 17 - 46)
5. Changes to the Code of Practice for Local Authority Accounting in the UK for 2024/25 - Report of the Corporate Director of Resources (Pages 47 - 52)
6. Agreement of Accounting Policies for Application in the 2024/25 Financial Statements - Report of the Corporate Director of Resources (Pages 53 - 82)
7. Overhauling the Local Audit System in England – Ministry of Housing, Communities and Local Government (MHCLG) Consultation on Local Audit Reform - Report of the Corporate Director of Resources (Pages 83 - 92)
8. Final Accounts Timetable for the year ended 31 March 2025 - Report of the Corporate Director of Resources (Pages 93 - 100)
9. Corporate Governance Review 2024/25 – Key Dates - Report of the Corporate Director of Resources (Pages 101 - 106)
10. Strategic Risk Management Progress Report for 2024/25 Review 3: 1 October 2024 – 31 December 2024 - Report of the Corporate Director of Resources (Pages 107 - 168)

11. Risk Management Policy and Strategy - Report of the Corporate Director of Resources (Pages 169 - 182)
12. Internal Audit Progress Update Report Period Ended 31 December 2024 - Report of the Corporate Director of Resources (Pages 183 - 200)
13. Emergent Internal Audit Plan for the period from 1 April 2025 to 31 March 2026 - Report of the Chief Internal Auditor and Corporate Fraud Manager (Pages 201 - 218)
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 31 December 2024 - Report of the Corporate Director of Resources (Pages 219 - 232)
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 February 2025

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

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DURHAM COUNTY COUNCIL

At a Meeting of **Audit Committee** held in **Committee Room 1A , County Hall, Durham** on **Friday 29 November 2024 at 9.30 am**

Present:

Councillor A Watson (Chair)

Members of the Committee:

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

Co-opted Members:

Mr F Barnish, Mr C Robinson and Mr I Rudd

Also Present:

Councillor D Sutton-Lloyd

1 Apologies for absence

Apologies for absence were received from Councillor Louise Fenwick.

2 Minutes

The minutes of the meeting held on 30 September 2024 were agreed as a correct record and signed by the Chair.

3 Declarations of interest

There were no declarations of interest.

4 Empty Homes Update

The Committee received a presentation of the Corporate Director of Regeneration, Economy and Growth which provided an update on empty homes within County Durham as requested by the Audit Committee on 30 September 2024 (for copy see file of minutes).

Councillor A Watson thanked the Building Safety and Housing Standards Manager for an explicit presentation. He acknowledged that it would take years to deal with all the empty homes in County Durham.

Councillor D Sutton-Lloyd questioned whether targets should be revised if the team were exceeding them.

The Building Safety and Housing Standards Manager agreed that the team suppressed targets last year which had included easy wins. However, it was unrealistic to adapt targets as the team had to focus on properties which caused real issues in the community which were not as easy to resolve.

Councillor D Sutton-Lloyd queried what percentage of empty homes were held up due to probate.

The Building Safety and Housing Standards Manager confirmed there were 12% of properties held up due to probate. The teams main focus was on these properties as they caused the main issues and were often complex to resolve.

Mr F Barnish thanked the Building Safety and Housing Standards Manager for the presentation. He had found that empty properties were a serious subject in his community and was delighted that the Council had a hard-hitting approach to the issue. He asked what impact the council had on increasing council tax on these properties and what was action was taken on those people who did not pay. He queried how many compulsory purchase orders (CPOs) took place and how complex these processes were.

The Building Safety and Housing Standards Manager responded that the Environmental Health team focused enforcement powers on some owners. Lobbying was underway to make the process easier by transferring these powers to the Empty Homes team so they could also focus on enforcement going forward.

P Darby gave clarity on the comment made by Mr F Barnish that some empty homeowners did not pay council tax was incorrect. He added that every empty home which was unoccupied for up to 12 months had a 100% council tax levied against the property. If the property was empty and unoccupied for 1 year to 5 years this doubled, if the property was empty for 5 years to 10 years 300% was charged, and if the property was empty for more than 10 years 400% was applied. If the homeowner did not pay, then enforcement action would be taken, and the homeowner would be taken to court or even put in prison. Empty homeowners were more inclined to pay rather than engage with the empty homes team. Recovery of council tax was made in most cases and the council had set a target of 80% recovery.

Mr F Barnish was not aware of this information as these factors were not communicated. He asked if there were performance indicators and queried if this information could be made available.

P Darby stated that council tax levies and recovery was provided in Audit reports. In relation to performance indicators this came under the remit of the Corporate Management Overview and Scrutiny Board to monitor.

Councillor R Ormerod asked how far the council came to collecting enhanced council tax rates on empty homes.

P Darby replied that the council achieved the collection of enhanced council tax rates. Within the finances it was estimated to collect 80% when calculating council tax accounts as there were issues collecting 99% due to more difficult properties.

Councillor B Kellett queried why people bought coastal houses if they were not going to be lived in as the asset depreciated and accumulated council tax debt. He asked how council tax was collected if people lived out of the area and if this was an expensive process.

P Darby responded that there were different motivations for owners to buy properties, one being that they were bought in areas of potential high regeneration where CPOs could be issued therefore making them money. Enforcement Agencies pursued homeowners for nonpayment of council tax irrespective of where they lived. He acknowledged it was an expensive process.

Mr C Robinson referred to the new focused Empty Homes Strategy and queried what the key changes were.

The Building Safety and Housing Standards Manager stated that the new Empty Homes Strategy would implement a reassignment of focus for the Empty Homes Team. At present the team relied on Neighbourhood Wardens and other officers within the council to undertake their roles to make properties safe. The changes would focus on those long-term empty properties that caused the real issues and took a significant amount of resources to resolve.

Mr C Robinson stated that the strategy did not underline a difference just a shift in focus.

The Building Safety and Housing Standards Manager added that there would be subtle changes, but the important one would be focussing on those properties which caused the biggest issues and had the biggest impact on the community with the aim to make significant positive changes.

Mr F Barnish declared that Ferryhill Town Council were desperate to help in this ambition. He that queried if there were any powers that could be deployed to them to help.

The Building Safety and Housing Standards Manager believed it was important to involve town and parish councils as they had the local knowledge when it came to empty properties which were causing issues in the area.

Councillor A Watson asked how homeowners could access the grants to enable properties to be put back into use.

The Building Safety and Housing Standards Manager confirmed that there were loans available which could be accessed through the Empty Homes Team, who would determine whether an owner was eligible.

Resolved:

That the presentation be noted.

5 Audit Completion Report 2023/2024 - Durham County Council

The Committee received the Audit Completion Report of the External Auditor for Durham County Council relating to the year ended 31 March 2024 which provided a summary of audit conclusions (for copy see file of minutes).

Councillor D Sutton-Lloyd, Chair of the pension committee expressed how amazed he was at the speed at which the audited accounts had been reviewed and complete.

P Darby thanked all the External Auditors for all their hard work in completing the audit of the accounts. He appreciated that this work was complex and he stated that Durham County Council was the first local authority in the North East to finalise their 2023/2024 accounts.

Mr I Rudd had looked at the significant findings and the issues which had been experienced with the plant/machinery valuations that were a perennial issue every year. He queried if something could be done to make things go more smoothly in future years.

M Outterside explained that the valuations would most probably always be a risk as this was a complex area to examine.

Resolved:

That the report be noted

6 Audit Completion Report 2023/2024 - Durham County Council Pension Fund

The Committee received the Audit Completion Report of the External Auditor relating to the Durham County Council Pension Fund, for the year ended 31 March 2024 (for copy see file of minutes).

Mr I Rudd referred to the government's budget for 2024 which stated that local authorities should amalgamate the pension funds and asked if there was any integrity to this.

P Darby responded by confirming that Durham County Councils pension fund was already pooled with eight other local authorities within the Border to Coast arrangements which were in place. There was nothing in the recent 2024 budget that would change the position for Durham. The recent headlines had been misleading and was aimed at other local authorities who were not in as strong a position as Durham was.

Councillor D Sutton-Lloyd agreed that the headlines had been misleading. The Council worked with professional partners within the Border to Coast arrangements and the structure that was in place was being used as an example to other local authorities as a way forward for consideration for their pension funds. He reassured the committee that Durham was well ahead of the game.

Resolved:

That the report be noted

7 Annual Governance Statement for the year ended 31 March 2024

The Committee received a report of the Corporate Director of Resource which sought approval of the Annual Governance Statement (AGS) for 2023/24 which was attached in appendix 2 (for copy see file of minutes).

Mr F Barnish asked if there were any update on the selective licensing programme which now had a 54% sign up as to whether this would be extended for another two years.

P Darby explained that a report had been submitted to a recent Overview and Scrutiny Committee who were reviewing and monitoring the programme. The programme was for a 5 year fixed term and a review on its success would take 12-15 months to complete. A report would be submitted to Cabinet if there was a need to apply to the Secretary of State to extend the programme.

Resolved:

That the AGS as attached at Appendix 2 be approved

8 Statement of Accounts for the year ended 31 March 2024

The Committee received a report of the Corporate Director of Resources which presented the Council's audited statement of accounts for the financial year ended 31 March 2024 (for copy see file of minutes).

Resolved:

That the audited statement of accounts for the Council, for the financial year ended 31 March 2024 including the Pension Fund financial statements be approved.

9 Annual Governance Statement for the year ended 31 March 2024: Actions Update

The Committee received a report of the Corporate Director of Resources which provided an update on the progress being made in relation to the actions arising from the Council's Annual Governance Statement (AGS) for the year ended 31 March 2024 (for copy see file of minutes).

Resolved:

That the progress that had been made against each of the improvement actions, as set out in Appendix 2 be noted.

10 Quarter two 2024/25 Health, Safety and Wellbeing Performance Report

The Committee received a joint report of the Corporate Director of Regeneration, Economy and Growth and the Corporate Director of Resources which provided an update the council's Health, Safety and Wellbeing (HSW) performance for Quarter two 2024/25 (for copy see file of minutes).

Mr I Rudd asked if there were any special ways in which to dispose of vapes.

The Corporate Health and Safety Compliance Manager responded that vapes should not be disposed of in normal household waste. There were designated points and they should be disposed of in the similar way to batteries. The council tried to encourage and educate residents to dispose of batteries in the correct manner as they were the cause of fires in bin lorries.

Mr I Rudd referred to the Durham bus station and queried whether there had been an issue with the design or specification of the building or whether the external cladding had been incorrectly fitted to cause the issues that had been found with the cladding system.

The Head of Corporate Property and Land responded that the bus station was in her remit. She advised that the Council were in the process of resolving the issues that had been highlighted. It continued to be a delicate situation which highlighted no issues with the design, but instead with workman installation.

Councillor D Sutton-Lloyd informed the committee of an excellent scheme called the WEEE (waste electrical and electronic equipment) which the Council ran to recycle undamaged vaping devices. There was a map on the council's website of all collection points.

Councillor B Kellett referred to Table 1 in the report regarding fire safety audits. He thought that the Fire and Rescue service carried out audits on care homes.

The Corporate Health and Safety Compliance Manager declared that there were two layers to the process. There were internal fire safety officers who carried out internal health and safety checks on the council's properties and the Fire and Rescue Service also carried out audits which were in relation to enforcement for assurance purposes.

Resolved:

That the contents of the report be agreed and noted

11 Mid-Year Review Report on Treasury Management for the period to 30 September 2024

The Committee received a report of the Corporate Director of Resources which provided information on the treasury management mid-year position for 2024/25. It provided a summary of the Council's treasury position, borrowing activity, investment activity, treasury management and prudential indicators as at 30 September 2024 and an overview of activity during the first six months of 2024/25. The report included a brief update on the implementation of changes in accounting for leases that came into effect from 1 April 2024, which impacts on the level of debt commitments included in the balance sheet. It set out proposals to amend the Minimum Revenue Provision Policy Statement, to change the way the Council accounts for the repayment of debt.

It was proposed to amend this policy retrospectively from 1 April 2024 to allow for MTFP savings to be delivered in 2025/26 to assist with balancing the Council's budget next year. The report also set out proposals to amend the monetary limits for institutions on the Council's counterparty list, to mitigate the risk of the Council holding a relatively high proportion of its cash balances with one counterparty. The amendment to the monetary limits reflects the reduction in the overall quantum of cash balances being held currently (for copy see file of minutes).

Councillor B Kellett referred to the table at paragraph 19 in the report and asked why the net debt had decreased by £60 million.

The Head of Corporate Finance and Commercial Services explained that the Council had to borrow for the capital programmes which was needed long term to fund the programme. However, the Council did not need to borrow if they had the cash which could be used to finance debt whilst interest rates were high. However, this was not a sustainable position and this would be seen during quarter one of next financial year. There was a set minimum revenue position to work out annuity for charging the repayment of debt and for levels for the bench marking of interest rates.

P Darby clarified that this approach was applied in the council and was factored into the Medium-Term Financial Plan. The levels of assurance for self-prudent provision would be too complex to explain in full council with 126 members. If this didn't happen then we may have to look at service cuts, but the budget statement was positive. Funding was a higher challenge along with high deprivation and this need to be rectified in recognition of the position beyond 2026 to improve what was forecast to build savings in the next financial year.

Mr I Rudd referred to the table at paragraph 19 compared to the balance sheet figures in March 2024 for the short term position, as this did not have the cash equivalent and he asked if this was difficult to include.

The Head of Corporate Finance and Commercial Services noted that this related to the cash balance held by schools. Debt was paid over a period with interest rates set.

P Darby stated that when other councils made provision for MRP in the year they built into their budget for the following year via their reserves but he did not recommend for DCC to take this approach.

Mr C Robinson asked if savings would rise to £3.6 million, then what would the net affect be in the year and if this remained to be the case for a year, then would it cost more to make the long term saving.

The Head of Corporate Finance and Commercial Services stated that the net position over the long term would be nil as this would not affect the underlining debt or the interest payment. Instead it would improve the profile set aside where there would be a reduction in last year and a higher revenue provisional change in later years. The wider fund sources would inflate council tax and the resourcing level of debt over time and the value of money in later years would be eroded.

P Darby noted that there would be the same amount of savings as revenue provision.

Mr I Rudd asked what was set aside and how much council tax must be paid in the year to repay the full amount of the loans.

The Head of Corporate Finance and Commercial Services responded by explaining that the council demonstrated through the audit statement the amount set aside, which showed that there was plenty of revenue in the budget to repay the debt. The profile would be changed to account for council tax during the financial year.

Resolved:

- i) That scrutiny and challenge be provided to issues set out in the report.
- ii) That the findings and recommendations of the report be endorsed in advance of 11 December 2024 when it would be submitted to Full Council.

12 Strategic Risk Management Progress Report for 2024/25. Review 2: 1 June 2024 - 30 September 2024

The Committee received a report of the Corporate Director of Resources which supported the Council's Risk Management Strategy. It highlighted the strategic risks facing the Council and provided an insight into the work carried out by the Corporate Risk Management Group between June and September 2024 (for copy see file of minutes).

Mr I Rudd referred to the new risk of reinstatement values on the council's property asset. He asked why the review of asset value had stopped.

P Darby replied that this would have been caught up in the downsizing of the organisation where a function previously carried out ceased. This had been reintroduced due to the insurance requirements of the council and that measures were now in place to rectify the matter.

The Chief Internal Auditor and Corporate Fraud Manager added that the Corporate Insurance Team came under her service her remit. She reassured the committee that this issue was not unique to this local authority and that this was a recognised issue throughout the insurance industry.

P Darby stated that the net values had grown in years and this would be looked at by the Chief Internal Auditor and Corporate Fraud Manager and the Head of Corporate Property and Land.

Resolved

That assurances provided that strategic risks were being effectively managed within the risk management framework across the Council be confirmed.

13 Updated Local Code of Corporate Governance

The Committee received a report of the Corporate Director of Resources which sought approval for the updated Local Code of Corporate Governance, following the annual review, and to approve that full Council adopted the Code at its meeting on 22 January 2025 (for copy see file of minutes).

Resolved:

- i) That the updated Local Code of Corporate Governance be approved;
- ii) That full Council adopts the Code at its meeting on 22 January 2025 be recommended.

14 Protecting the Public Purse – Update Activity Report as of 30 September 2024

The Committee received a report of the Corporate Director of Resources which provided an update on activity relating to Protecting the Public Purse that had been carried out by the Corporate Fraud Team during the first six months of 2024/25 (for copy see file of minutes).

Mr F Barnish queried how much the whistle blow policy was promoted and used.

The Corporate Fraud Manager explained that intelligence was regularly received and addressed as required.

Mr I Rudd asked what type of fraud was being investigated and had it changed over the years like the management of the covid grant.

The Corporate Fraud Manager confirmed that all covid grant investigations were complete and that money had been recovered. The main fraud cases that were investigated included council tax, disabled parking and adult social care.

Resolved:

That the contents of the report be noted which included:

- i) The work carried out by the Corporate Fraud Team.
- ii) Progress made against the Fraud Key Performance Indicators (KPI's) during the first 6 months of 2024/25.

15 Internal Audit Progress Update Report Period Ended 30 September 2024

The Committee received a report of the Corporate Director of Resource which provided 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 (for copy see file of minutes).

Resolved:

- i) That the amendments made to the Internal Audit Plan during quarter one be noted.
- ii) That the work undertaken by Internal Audit during the period ending 30 September 2024 be noted.
- iii) That the performance of the Internal Audit Service during the period be noted; and
- iv) That the progress made by service managers in responding to the work of Internal Audit be noted.

16 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.

17 Protecting the Public Purse Update Activity Report as of 30 September 2024

The Committee received a report of the Corporate Director of Resources which presented the appendix referenced in the Protecting the Public Purse Annual Update Activity report in Part A of the agenda (for copy see file of minutes).

Resolved:

That Appendix 2 be noted.

18 Internal Audit Progress Report Period Ended 30 September 2024

The Committee received a report of the Corporate Director of Resources which presented Appendix 6 and Appendix 7 as referenced in the Internal Audit Progress report in Part A of the agenda (for copy see file of minutes).

Resolved:

That Appendix 6 and Appendix 7 be noted.

19 Milburngate Update

The Committee received a joint presentation by the Corporate Director of Regeneration, Economy and Growth and the Corporate Director of Resources which provided a response to questions raised at the Audit Committee on 30 September 2024 regarding the Milburngate development (for copy see file of minutes).

Resolved:

That the presentation be noted.

Audit Committee**28 February 2025****Quarter three 2024/25 Health, Safety and Wellbeing Performance Report****Report of Paul Darby, Corporate Director of 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 three 2024/25.

Executive summary

- 2 There were 537 accidents, incidents and near misses which was an increase from the previous quarter but statistics for quarters one to three indicate an average for the year so far. The increase in reports in quarter three was predominantly caused by reports being submitted from special educational needs establishments and a number of challenging young persons in children's homes. There were four Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) specified injuries and nine incidents which caused employees over seven day reportable absence from work. The main causes of these specified injuries were slips, trips and falls.
- 3 A RIDDOR reportable dangerous occurrence occurred in quarter three. This followed the collapse of a scaffold at Stanhope wear bridge in October 2024. The scaffold, which was erected by an external contractor, collapsed following high rainfall and rising river levels which it was partially situated in. A recovery operation was put in place to recover the scaffold and further works on the bridge will take in place in spring 2025 due to ecology factors on site delaying an immediate restart. A full investigation has been completed in relation to the incident and provided to highways operational services management.
- 4 During Quarter three there were seven fire related incidents. Once again, a trend of fires in refuse and recycling vehicles continues with three incidents reported as a result of discarded batteries in waste. Once again it was positive to see that emergency procedures were

again used appropriately to result in no personal injury or significant property damage.

- 5 There was County Durham and Darlington Fire and Rescue Service (CDDFRS) enforcement related activity at Freemans Quay leisure centre which resulted in an outcome of major deficiencies of fire safety legislation. Several issues were identified by the CDDFRS inspecting officer and whilst some have been resolved immediately a number of findings have been challenged by council fire safety officers. Dialogue with CDDFRS continues regarding the findings.
- 6 There were 146 risk based 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 95.36% which is an increase from quarters one and two. Once again, the majority of noncompliance issues were of a low priority and almost 300 opportunities for improvement were identified. H&S and fire safety audit actions completion statistics were improved for the third consecutive quarter with 815 of actions being completed within timescales.
- 7 The completion of the radon gas management assessment programme has been achieved on target which was the end of 2024. A small number of results are awaited from the UK Health Security Agency (UKHSA) laboratories and sites will now be subject to further tests within 10 years, part from one site which had elevated levels and will be subject to annual testing.

Recommendation(s)

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

537

Accidents, incidents and near misses reported. (406 Q2 2024/25, 399 Q1 2024/25)

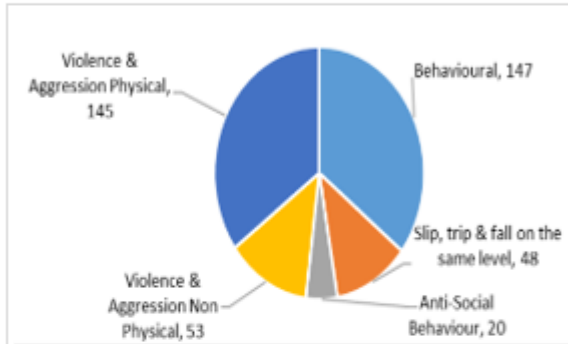


93.37%

Of all reported accidents are either no injury or near miss



Main Accident/Incident Causes Q3 2024/25



5 RIDDOR 'specified' injury, and 10 over 7 days absence RIDDOR injuries.



Better Health at Work Award

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



27 psychological work-related incidents in Q3 2024/25. (25 in Q2 2024/25, 27 in Q1 2023/24)

7 fire related incidents



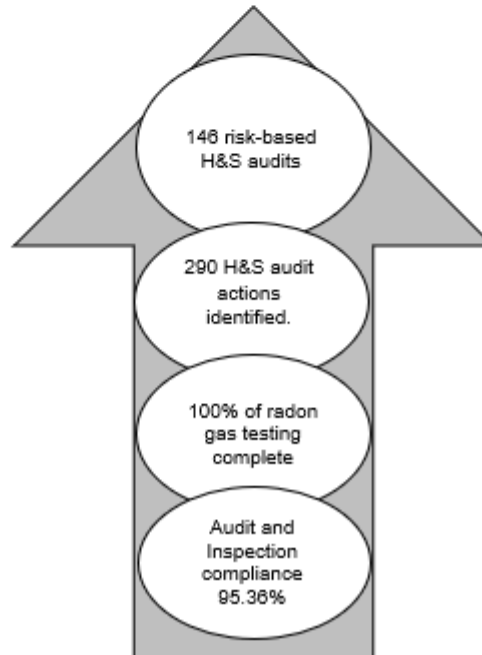
1 CDDFRS inspection of council premises



H&S/Fire Safety management audit action completions rates remained at 81% in Quarter 3 2024/25, an increase from 77% in Q2.

1

Enforcement related action from CDDFRS following inspections and audit activity.



Background

- 9 The Health, Safety and Wellbeing Strategic Group (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.

Consultation/Communication

- 10 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. There were no joint inspections undertaken in quarter three.
- 11 A working group has been established to review the requirements of the Worker Protection (Amendment of Equality Act 2010) Act 2023. The law came into effect on 26 October 2024. H&S input has been provided regarding the approach to risk assessment across the council, as required by the act. Organisational and service based risk assessment templates have been developed along with guidance for completion. These will be distributed to strategic managers for completion by April 2025 to ensure the requirements of the act are met.

Audits and Inspections

- 12 There were a total of 146 audits and inspections undertaken by the H&S team during quarter three. The audit and inspection activity provided almost 300 opportunities for improving H&S performance.

Chart 1 – Audit and Inspection Activity for Quarter three.



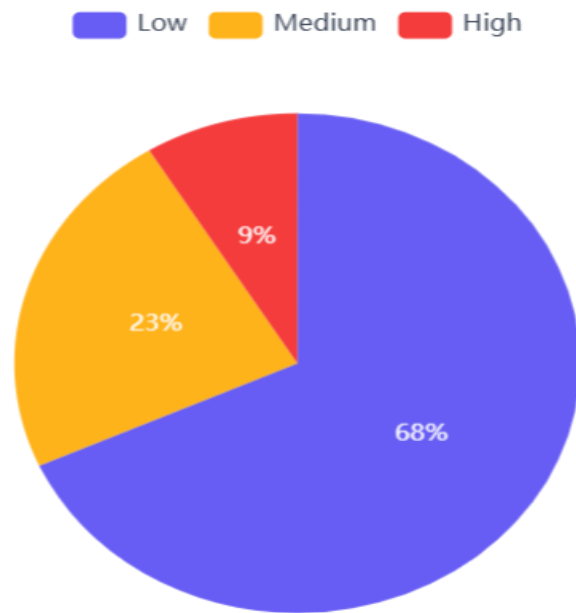
- 13 From the audits undertaken the following headline percentage compliance scores can be determined for each service area where audits took place:

Table 1 Compliance scores

| Audit Area | INSPECTIONS | SCORE (%) |
|--|-------------|-----------|
| | Total | Average |
| Arbor Work | 1 | 100% |
| Fire Safety Audit | 26 | 96.88% |
| Waste Transfer Stations | 1 | 96.83% |
| School Audit | 45 | 96.80% |
| Refuse and Recycling | 13 | 96.25% |
| AHS General Audit | 8 | 93.35% |
| CYPS General Audit | 9 | 93.27% |
| Clean & Green Activities Audit | 5 | 88.86% |
| Civil Engineering and Construction Sites | 18 | 86.39% |
| Fleet Workshops Audit | 3 | 83.21% |

- 14 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 |
|------------------------------|---------------------------------|
| Buildings Construction Sites | 23 |
| Schools | 14 |
| Leisure Centre | 3 |
| Refuse and Recycling East | 2 |
| Family Hubs | 2 |

Table 2- Audit Actions completion statistics

| Summary | Low | | Medium | | High | | Totals | | | |
|--------------------|-------|------|--------|------|-------|------|--------|------|---------|-----------|
| | To Do | Done | To Do | Done | To Do | Done | To Do | Done | Overall | Overall % |
| AHS | 3 | 16 | 7 | 4 | 0 | 2 | 10 | 22 | 32 | 69% |
| CYPS | 10 | 23 | 9 | 13 | 1 | 5 | 20 | 41 | 61 | 67% |
| Maintained Schools | 8 | 98 | 11 | 13 | 6 | 5 | 25 | 116 | 141 | 82% |

| | | | | | | | | | | |
|-------------------|----|-----|----|----|---|----|----|-----|-----|-----|
| NACC | 5 | 40 | 0 | 16 | 0 | 3 | 5 | 59 | 64 | 92% |
| REG | 8 | 8 | 2 | 24 | 1 | 26 | 11 | 58 | 69 | 84% |
| Resources | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | N/A |
| Corporate Affairs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | N/A |
| <i>Total</i> | 34 | 185 | 29 | 70 | 8 | 41 | 71 | 296 | 367 | 81% |

Fire Incidents

- 15 There were seven fire related incidents at Durham County Council owned premises or on vehicles during quarter three.

Maften Court Sedgefield

- 16 At approximately 14:00 hours on Tuesday 1 October 2024, the refuse crew were carrying out normal household waste bin collection duties in Maften Court. They observed smoke coming from the hopper of the vehicle and shortly afterwards flames appeared. There is large green area nearby, so the driver reversed the Refuse Collection Vehicle (RCV) onto the green area and ejected the load. At the time it was raining, and the ground was very wet, so once the load was ejected the flames went out. Due to the fire being extinguished, the crew did not summon the Fire service. Arrangements were then made to have the rubbish removed from the area the RCV vehicle was inspected and there was no damage to the vehicle, normal collection duties were resumed. The rubbish was examined to identify what caused the fire, but it was not possible to identify the cause, however on the balance of probability it was believed to be a discarded battery.

Bank Top Terrace Trimdon Village

- 17 At approximately 08:15 hours on Tuesday 22 October 2024 the refuse crew were collecting 240 litre recycling bins in the above location, when one of the crew observed smoke coming out of the hopper. He immediately informed the driver, who used the fire extinguisher from the vehicles cab and deployed it, which knocked down the fire. The driver contacted his team leader, who advised him to drive the vehicle to a nearby lay-by, the driver proceeded to the lay-by and tipped the load, the remainder of the contents of the fire extinguisher was used on the waste, as well as some water which extinguished the fire.

- 18 A short time later the team leader arrived on site and due to the fire being extinguished the fire service were not summoned. The team leader ensured that the crew were okay, and the vehicle was safe to use. The crew carried on with their normal duties, without any further incident. The waste pile was monitored until it was removed a few hours later and taken to Thornley waste transfer station. The cause of the fire was believed to be a discarded battery.

Village Green Gainford

- 19 At approximately 08:56 hours on Friday 21 November 2024 the refuse crew were collecting recycling materials in Gainford main street when they observed a fire in the hopper. The driver contacted his team leader who contacted the fire service. Whilst awaiting the fire service, the driver of the vehicle deposited the hot load onto the village green. The fire service arrived a short time later and extinguished the fire. The crew carried on with their normal duties for the rest of the day.
- 20 Arrangements were made to have the recycling material removed approximately five tonnes, this was removed with an hour and taken to Stainton Grove waste transfer station. Although it was not possible to identify the cause of the fire its strongly believed to be due to a discarded battery.

Durham Light Infantry Museum Construction Site

- 21 The works to the museum are being carried out by Willmott Dixon who are the principal contractor for the works. Hewitson limited have been contracted by Willmott Dixon to carry out the civil works on the project. On Monday 9 December 2024 at approximately 12:50 hours two site operatives were tasked with pumping out water from the lift shaft to allow for waterproofing works to take place within the shaft. To dry out the area it was decided that a propane gas torch would be used. A hot works permit was issued by the principal contractor for the task and the operatives also had a foam and dry powder fire extinguisher to hand. One of the site operatives started using the torch to dry off sheet metal piles when they observed that flames were present around the valve attached to the cylinder. The operative attempted to turn off the valve but was prevented from doing so by the fire. The other site operative used the foam extinguisher to try and put the fire out but was unsuccessful. The fire alarm was raised by a nearby site operative, and one of the Hewitson operatives got into the excavator and placed the bucket over the gas bottle to give some protection if the propane bottle did explode.

- 22 The site gateman rang the fire service and informed them that a propane cylinder was on fire, a full site evacuation took place, and all site operatives were accounted for. They arrived approximately five minutes later who extinguished the fire. The officer in charge confirmed that the fire was due to a faulty regulator attached to the cylinder.
- 23 A subsequent investigation by Hewitsons H&S manager identified that the root cause of the incident was leaking gas valve regulator fitted to the cylinder and that it was positioned too close to the torch. It was also identified that the wrong type of fire extinguisher was used to try and extinguish the fire. The use of a dry powder extinguisher would have been the correct type to use.

Copeland Barns Residential Children's Home

- 24 It was reported that at approximately 22:00 hours on Friday 15 November 2024 the young person (YP) who resides there returned to the home and had in his possession a lighter, after repeated requests by staff to hand it over he refused and went to his bedroom. A short time later staff could smell smoke and upon entering the bedroom, staff observed the YP burning sheets of paper in the plastic bin. The police were called to assist the staff to obtain the lighter, however before they arrived the YP had smashed the lighter and were cancelled. The YP was warned about his behaviours, and a referral was made to community fire safety team to arrange a visit to the home.
- 25 A further incident took place on Thursday 12 December 2024 at 22:55 hours whereby the YP stated to staff that he intended to burn the house down, with two lighter he had brought into the house. Staff tried to get the lighters from the YP but had placed them down their tracksuit bottoms. Staff followed the YP around the house to ensure they didn't set a fire. They then ran upstairs into their bedroom and locked the door. Shortly afterwards staff opened the door and discovered that they had set fire to a birthday card. Staff phoned 999 for the fire service and police as the YP was still making threats to burn the house down. Staff managed to stamp it out the card that had been set alight. The YP was arrested at 23.30 for arson and assault of a police officer.
- 26 The YP has subsequently been charged with arson and is due to appear in court next month. Arrangements are in place to have to YP moved to secure accommodation and the premises fire risk assessment has also been updated to include the arson risk presented by the YP and a lighter action plan has been introduced, as well as the removal of most of the fuel sources from the YP's bedroom.

Stanley Education Centre

- 27 It was reported that at approximately 06:30 hours on Friday 13 December 2024 the cleaner on site reported via telephone to the premises assistant/caretaker that she could smell smoke. The premises assistant arrived six minutes later and called the fire service, as it was identified that a zip water boiler within the west corridor had developed an electrical fault, the resulting smoke produced was significant enough to activate the premises fire warning and detection system. The fire service arrived on site within five minutes and isolated the water heater from the electrical supply. Once they were satisfied that there was no risk of fire they left site.
- 28 An in-house electrician attended site and removed the water boiler from the site. There were no reported injuries, and the site was opened for normal working activities the same morning.

Significant Incidents, Enforcement Activity and Interventions

- 29 There was one CDDFRS inspection of council premises during quarter three. This was at Freemans Quay Leisure Centre. The outcome of the inspection was that it was considered by the inspecting officer that there were major deficiencies of fire safety legislation. The items highlighted were that the fire risk assessment had not been completed by a competent person and that the issues regarding breaches of fire stopping had not been identified in the risk assessment, the pool plant room had some breaches of fire stopping, there were sources of ignition within a protected corridor and that two fire doors in the pool plant room required self – closing devices fitting. And a more suitable Personal Emergency Evacuation Plan (PEEPS) system was required for persons with disabilities using the centre.
- 30 The senior fire safety advisor has revisited the premises and rewritten the premises fire safety risk assessment to address the points raised from the inspection. In addition, the senior fire safety advisor has challenged some of the deficiencies identified within the letter and raised this with the fire safety manager at CDDFRS. The premises are due to be revisited by the inspecting officer on or after the 3 February 2025 to check that the requirements of the actions required have been carried out.

Durham Bus Station

- 31 Progress has been made in quarter three regarding solutions for further works to be undertaken in quarter four following concerns being raised via an independent inspection of the external cladding structure in July 2024. These solutions which involve replacement of small vertical

sections of stone to all external elevations of the cladding system have been agreed and with input from various stakeholders including designers, structural engineers, installers, and the council's construction consultancy service. It is envisaged that the works will be undertaken in February 2025.

- 32 Until the works have been completed and in the continued interest of public safety, the current controls measures will remain in place which include pedestrian diversion, protective scaffold and segregation of footpaths. When the works have been successfully completed all temporary protective measures will be removed.

Stanhope Bridge Scaffold Collapse

- 33 On 17 October 2024, a scaffold collapsed at Stanhope wear bridge. The scaffold was erected by an external contractor working for the council. Fortunately, there were no operatives working on the scaffold at the time of the collapse. The work to the bridge was required following a series of vehicle strikes to the parapet of the bridge. The first incident occurred in August 2023, but there were subsequent strikes in October 2023 and January 2024 which increased the scope of works and length of parapet that needed to be repaired.

- 34 The immediate cause of the collapse was due to high levels of rainfall and subsequent river levels rising and fast flowing water where the untied scaffold was partially situated. A recovery operation was put in place to recover the scaffold from the river using lifting cranes. A full investigation was undertaken by the H&S team in conjunction with the councils highways service and external contractors involved to identify the immediate, root and underlying causes. Numerous lessons learned have been identified relating to risk assessments and method statements, temporary works, construction design and management regulations, design risk assessments and work at height. Contractor management and performance monitoring was also identified as an area requiring improvement.

- 35 The incident was reported in accordance with RIDDOR reporting requirements as a dangerous occurrence to the Health and Safety Executive. Further works to the bridge have now been deferred to spring 2025 as a result of ecological issues on the bridge. A full investigation report has been completed and provided to highways services operational strategic management for action.

Employee Health and Wellbeing

- 36 The employee better health at work group, chaired by Interim 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.

- 37 There was again a wide range of activities and promotions of health and wellbeing related topics during the quarter. During the months of October, November and December there were a range of awareness activities and promotions.
- 38 Promotion and awareness of world mental health day on 10 October was undertaken and included various activities across council sites. There was also extensive coverage of national white ribbon day which included 16 days of action across various council sites to raise awareness of domestic abuse.
- 39 The Flu vaccination programme commenced during quarter three with flu jab clinics set up across various workplaces for prioritised staff to attend. These clinics also included stop smoking and blood pressure checks. World menopause day was also promoted along with men's health events and drop-in sessions and information stands at strategic sites.

Open Water Safety

- 40 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. There were no significant incidents reported and reviewed during quarter three.
- 41 The city centre river corridor continues to undergo monthly public rights of way inspections and also weekly inspections of public rescue equipment provided.
- 42 The County wide open water safety group also convened during quarter three. The group reviewed incident data and concluded that there were no incidents of significance requiring investigation during quarter three. A process of continuous review of priority risk assessments at higher risk locations across the county is ongoing. Winter related proactive awareness campaigns and initiatives are being planned via the group.
- 43 Work is progressing in relation to coastal risk assessments with initial discussions being held with the Royal National Lifeboat Institution (RNLI) regional safety team who have historically been responsible for assessments of the coastline areas. Discussions have taken place following confirmation that RNLI are not routinely undertaking these inspections anymore and to establish a revised process taking into

account significant changes since the previous assessments were undertaken.

- 44 Further work was undertaken in December 2024 to review the landowner licence to occupy process following an independent review of Durham safety advisory group in relation to events. Strategic Property and Land officers have identified several improvements opportunities for external event organisers in relation to signposting key event safety related information and also the extent of assurance checks required for Council land prior to a license to occupy being granted. Further work will continue in quarter four in relation to improvements.

Radon Gas Management

- 45 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.
- 46 The total number of buildings in scope requiring radon gas assurance testing was 650. Radon monitors were installed in all of the buildings in scope at the end of quarter three all of the monitors have now been collected from sites and results are now awaited for only 14 monitors via UKHSA.
- 47 It remains that from the 985 of results returned, 99.2% are all under the radon gas thresholds. For all buildings not above the thresholds, these will revert to a further radon monitoring test within the next ten years.

Violence and Aggression – Potentially Violent Persons Register (PVPR)

| The total number of live entries at the end of Q3 was 154. | | | | The total number of additions at the end of Q3 was 29. | | | |
|---|-------|-------|-------|---|-------|-------|-------|
| Live Entries | 22-23 | 23-24 | 24-25 | Additions | 22-23 | 23-24 | 24-25 |
| Q1 | 85 | 137 | 178 | Q1 | 22 | 41 | 36 |
| Q2 | 89 | 173 | 157 | Q2 | 21 | 50 | 25 |
| Q3 | 100 | 199 | 154 | Q3 | 35 | 50 | 29 |
| Q4 | 113 | 191 | | Q4 | 38 | 23 | |

| | | | |
|--------------|------------|------------|--|
| Total | 116 | 164 | |
|--------------|------------|------------|--|

The total number of **extensions** at the end of Q3 was 21.

| Extensions | 22-23 | 23-24 | 24-25 |
|--------------|-----------|-----------|-------|
| Q1 | | 10 | 21 |
| Q2 | | 21 | 16 |
| Q3 | 9 | 18 | 21 |
| Q4 | 8 | 7 | |
| Total | 17 | 56 | |

**Data was not recorded pre Q3 (22-23)*

The total number of **removals** at the end of Q3 was 36.

| Removals | 22-23 | 23-24 | 24-25 |
|--------------|-----------|-----------|-------|
| Q1 | 12 | 17 | 41 |
| Q2 | 17 | 17 | 50 |
| Q3 | 24 | 19 | 36 |
| Q4 | 29 | 40 | |
| Total | 82 | 93 | |

The total number of **warning letters** sent at the end of Q3 was 17.

| Warning Letters | 22-23 | 23-24 | 24-25 |
|-----------------|-----------|-----------|-------|
| Q1 | 12 | 10 | 9 |
| Q2 | 4 | 13 | 11 |
| Q3 | 11 | 18 | 17 |
| Q4 | 10 | 12 | |
| Total | 37 | 53 | |

The total number of **appeals** at the end of Q3 was 2.

| Appeals | 22-23 | 23-24 | 24-25 |
|--------------|----------|----------|-------|
| Q1 | 1 | 0 | 2 |
| Q2 | 0 | 2 | 4 |
| Q3 | 3 | 2 | 2 |
| Q4 | 1 | 0 | |
| Total | 5 | 4 | |

The appeals during Q3 were all rejected.

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

| Service | People Viewed | How many times |
|-------------------|----------------------|-----------------------|
| NACC | 40 | 220 |
| REG | 106 | 984 |
| Resources | 132 | 2972 |
| CYPS | 72 | 224 |
| AHS | 84 | 306 |
| Corporate Affairs | 0 | 0 |
| Unions | 0 | 0 |
| Members | 3 | 10 |

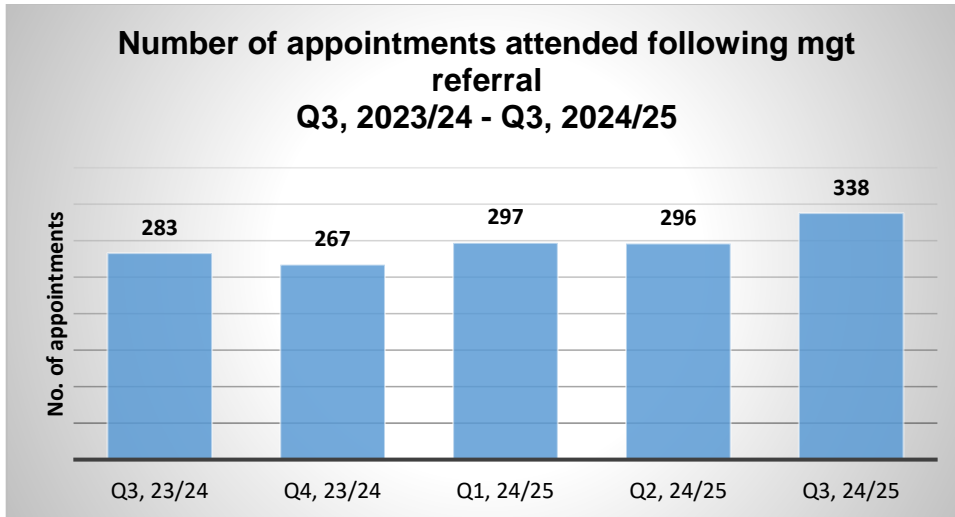
Occupational Health Service (OHS)

- 48 The OHS have reaccredited with Safe Effective Quality Occupational Health Service (SEQOHS) following a five yearly submission of evidence and an assessment visit. Some of the comments made by the assessors in the final report included reference to a high standard of service delivery, knowledge, leadership and a committed team with excellent clinical governance.
- 49 An Occupational Health physiotherapist has been recruited to join the Occupational Health clinical team to enhance the provision available to support musculoskeletal health in the workplace.
- 50 Dr Wynn, Senior Occupational physician retired at the end of the year and a recruitment of an Occupational Health Physician has been completed and Dr Mark Leeming was appointed to start in post on 1 December 2024.

Management Referrals

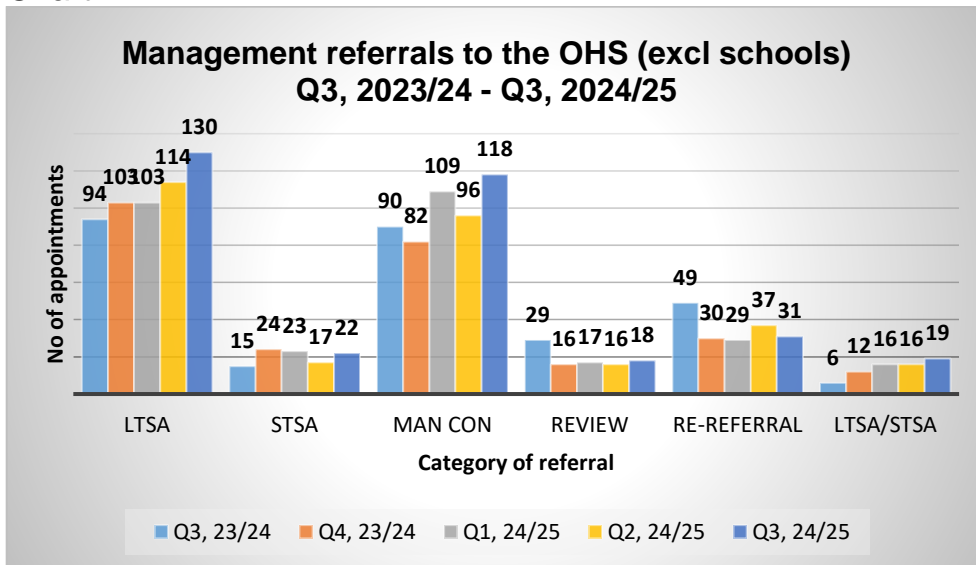
- 51 During Quarter three, 338 employees participated in clinical consultations with the OHS, following management referral in relation to Long Term Sickness Absence (LTSA), Short Term Sickness Absence (STSA), Management Concerns (Man Con) Reviews, and Re referral appointments, Long Term Sickness Absence/Short Term Sickness Absence (LTSA/STSA) and Covid.

Chart 1



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

Chart 2



Management Referrals - Non Attendance

53 During quarter three, 51 employees did not attend their allocated appointment following management referral. This represents a 13% non-attendance rate and equates to 10.2 days of clinic time. See Charts 3 & Table 1.

Chart 3

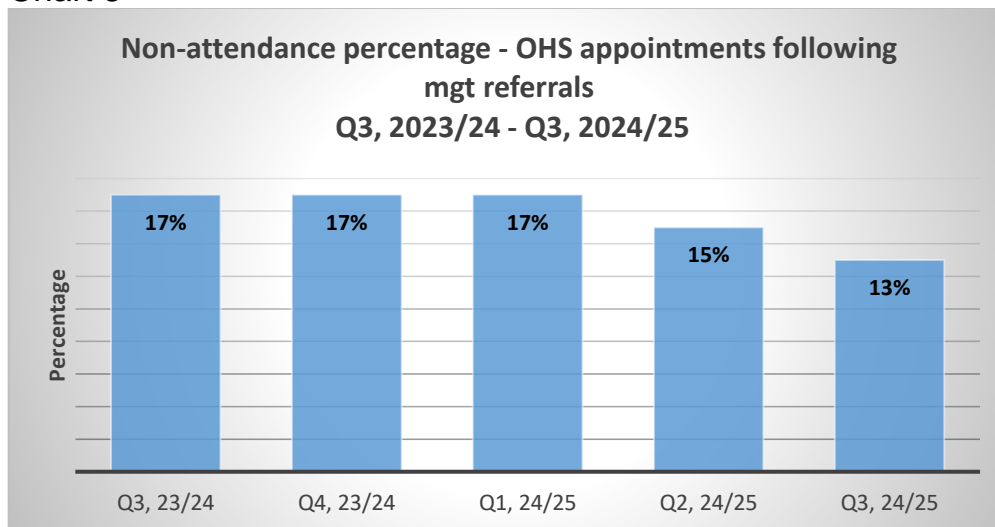


Table 1

| Non-attendance - OHS appointments following mgt referral by Service | AHS | CYPS | NCC | REG | Res | Q3 | Q2 | Q1 | Q4 | Q3 |
|---|-----|------|-----|-----|-----|-------------|-------------|-------|-------|-------|
| | | | | | | 24/25 | 24/25 | 24/25 | 23/24 | 23/24 |
| Q3, 2024/25 | | | | | | Total | Total | Total | Total | Total |
| Number failed to attend | 4 | 18 | 8 | 12 | 9 | 51 (13%) | 53 (15%) | 59 | 54 | 47 |
| Days Clinic time lost | 0.8 | 3.6 | 1.6 | 2.4 | 1.8 | 10.2 | 10.8 | 11.8 | 10.8 | 9.4 |
| Of which | | | | | | | | | | |
| Doctor | 0 | 3 | 2 | 4 | 3 | 12 | 14 | - | - | - |
| Nurse | 4 | 15 | 6 | 8 | 6 | 39 | 39 | - | - | - |

Management Referrals – Employee Attribution

54 During Quarter three, 130 employees were seen for LTSA of which 25% (n=32) stated to the OHS that they consider the underlying cause to be due to work related factors. Of the employees, 84% (n=27) identified

this was due to 'psychological' reasons, 13% (n=4) identified as 'musculoskeletal' and 3% (n=1) identified as other. See Charts 4 & 5

Chart 4

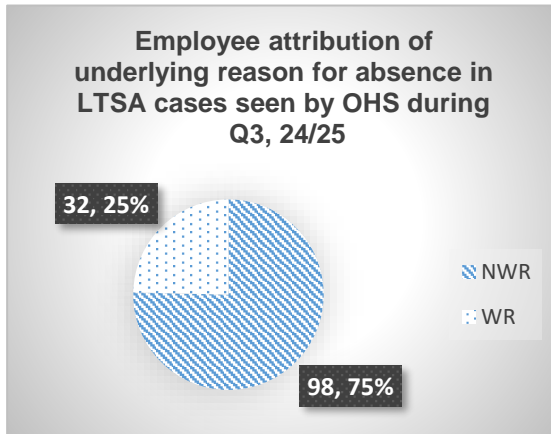
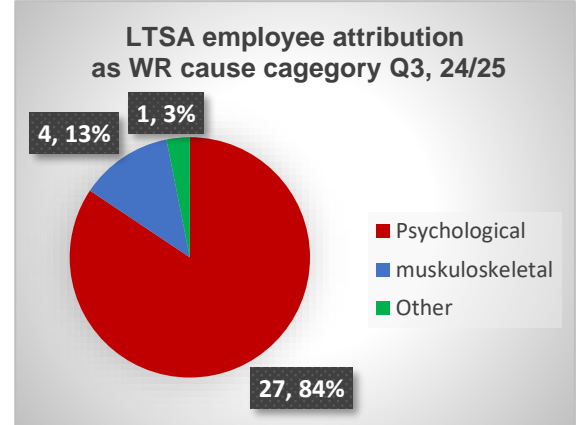
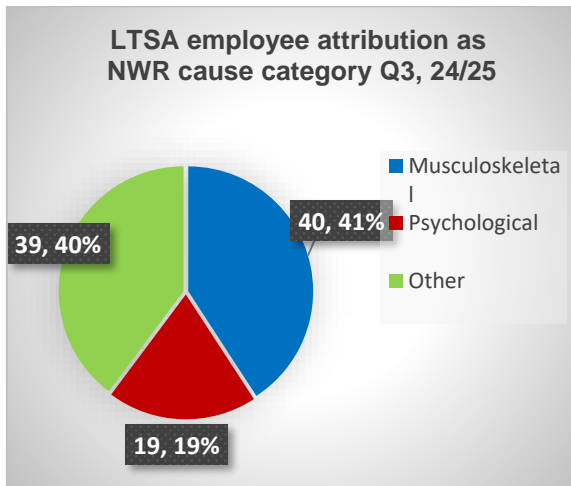


Chart 5



55 Chart 6 shows the cause of absence categories for non-work related LTSA seen in the OHS, 19% (n=19) were due to psychological reasons; 41% (n=40) were due to musculoskeletal problems and 40% (n=39) were due to other reasons.

Chart 6



56 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.

57 During quarter three, 118 employees were seen as a management concern, 15% (n=18) of these referrals stated to the OHS that they consider the underlying cause to be due to work related factors. (Chart 7) Of the employees seen 72% (n=13) of the work related and 22%

(n=22) of the non-work related were due to psychological reasons, by referring to the OHS support, advice and signposting to EAP can be given at an early stage and hopefully prevent an absence from work. Musculoskeletal problems accounted for 26% of non-work related and 6% 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. (Chart 8 & 9)

- 58 Further analysis of the data relating to management concern referrals identified that 18% of the LTSA referrals received in quarter three were seen in the previous 12 months as a management concern referral.

Chart 7

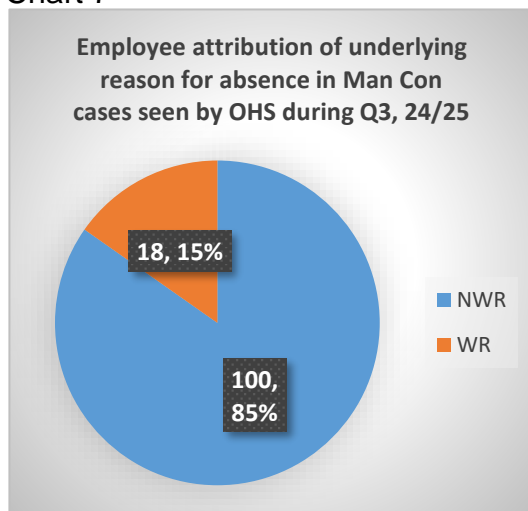


Chart 8

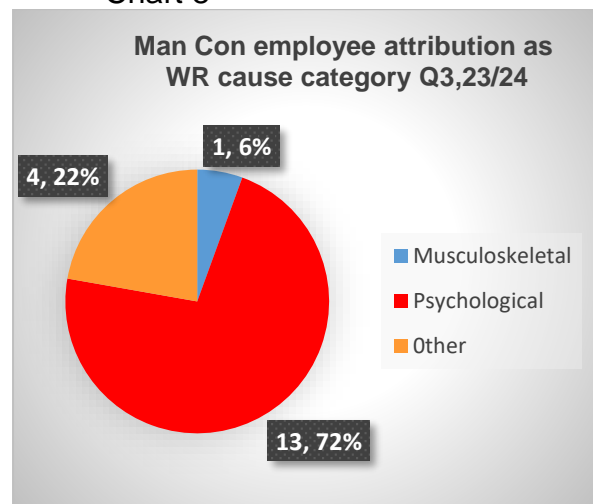
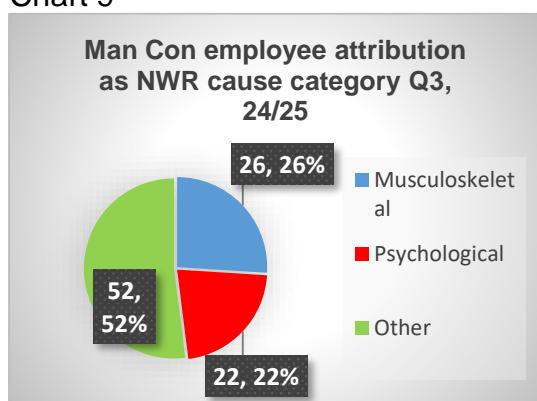


Chart 9



Support Services

- 59 During Quarter three, the OHS provided the following additional support services. See Table 2.

Table 1

| Additional Support services accessed via the OHS | AHS | CYPS | NCC | REG | Res | CE | Service not detailed | Q3 | Q2 | Q1 | Q4 | Q3 |
|--|-----|------|-----|-----|-----|----|----------------------|-------|-------|-------|-------|-------|
| | | | | | | | | 24/25 | 24/25 | 24/25 | 23/24 | 23/24 |
| | | | | | | | | Total | Total | Total | Total | Total |
| Number of routine physiotherapy referrals | 11 | 16 | 11 | 15 | 14 | 1 | - | | 48 | 67 | 70 | 48 |
| Number of routine physiotherapy sessions | 22 | 50 | 44 | 41 | 26 | 3 | - | | 188 | 232 | 159 | 123 |
| Number of 'face to face' counselling referrals | 0 | 1 | 0 | 1 | 0 | 0 | - | | 4 | 5 | 8 | 7 |
| Number of 'face to face' counselling sessions | 0 | 7 | 0 | 6 | 0 | 0 | - | | 14 | 29 | 19 | 7 |
| Total number of calls to the EAP | | | | | | | | | 124 | 112 | 115 | 104 |
| Telephone EAP structured counselling cases | | | | | | | | | 0 | 0 | 0 | 2 |
| Telephone EAP structured counselling sessions | | | | | | | | | 0 | 0 | 0 | 27 |
| Employees referred to online counselling | | | | | | | | | 17 | 12 | 10 | 3 |
| Online Counselling Sessions | | | | | | | | | 81 | 74 | 38 | 7 |
| Employees referred to online CBT | | | | | | | | | 0 | 0 | 2 | 4 |
| Online CBT sessions | | | | | | | | | 0 | 3 | 3 | 4 |

Physiotherapy

60 Routine physiotherapy clinics operate four days per week in the OHS at Annand House, the clinics are a combination of telephone assessments

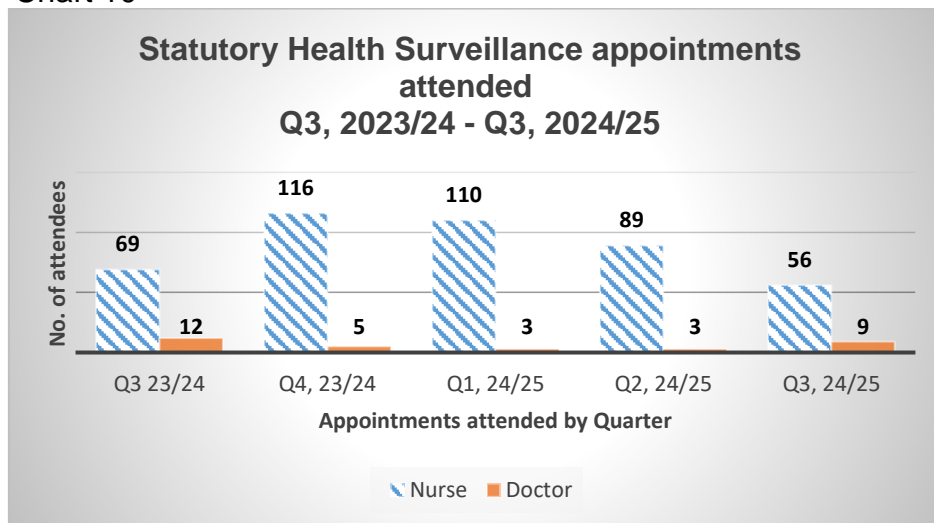
and face to face physiotherapy appointments, should following the physiotherapy initial assessment by telephone the physiotherapist deem this to be clinically required. Employees can self-refer or be referred by their manager.

- 61 At the time of preparing this report (15/01/2024) there were two working days for an initial assessment.

Health Surveillance

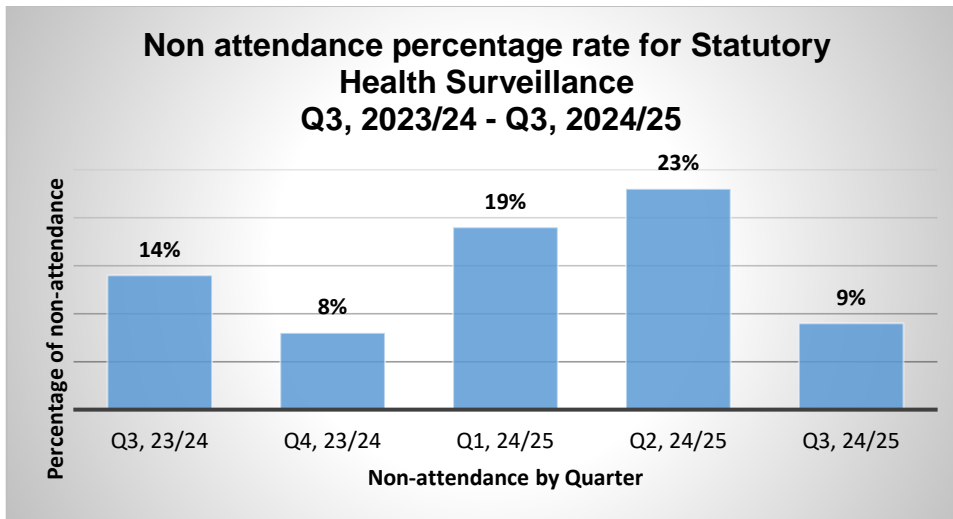
- 62 The OHS continues to provide statutory health surveillance programmes to employees in line with Health and Safety Executive guidelines. Some health surveillance clinics are carried out on site to minimise the effect on service delivery.
- 63 During Quarter three, a total of 65 employees attended OHS appointments for routine statutory health surveillance, 56 with an Occupational Health Nurse and 9 with an Occupational Health Doctor

Chart 10



- 64 During Quarter three, nine per cent (n=six) employees failed to attend their appointment with the OHS in relation to statutory health surveillance. This equates to one day of clinic time lost. See Chart 11.

Chart 11



Immunisation/Inoculation Injuries

65 During quarter three 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 11 vaccines. There were no inoculation incidents were reported to the OHS.

| Occupational Health Activity Data | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|
| DCC related activity (note this data does not include Local Authority Maintained Schools). | Q3 | Q2 | Q1 | Q4 | Q3 |
| | 2024/25 | 2024/25 | 2024/25 | 2023/24 | 2023/24 |
| Appointment category | Total | Total | Total | Total | Total |
| Pre-Employment/Pre-Placement assessments | 357 | 382 | 391 | 367 | 533 |
| Of which attended an appointment | 77 | 45 | 41 | 172 | 117 |
| Management referrals seen – Long Term Sickness | 130 | 114 | 103 | 103 | 94 |
| Management referrals seen – Short Term Sickness | 22 | 17 | 23 | 24 | 15 |
| Management Referrals seen -Long/Short Term Sickness | 19 | 16 | 16 | 12 | 6 |
| New Management Concern referrals seen | 118 | 96 | 109 | 82 | 90 |
| <i>Review appointments seen</i> | 18 | 16 | 17 | 16 | 29 |
| Re-referrals seen | 31 | 37 | 29 | 49 | 49 |
| Statutory Health Surveillance Assessments Attended (Nurse) | 56 | 89 | 10 | 116 | 69 |
| Music Service audiometry attended | 1 | 0 | 0 | 1 | 0 |
| School Crossing Patroller Routine Medicals | 14 | 4 | 6 | 11 | 11 |
| Driver Medicals (DVLA Group 2) e.g. HGV | 21 | 21 | 20 | 41 | 32 |
| Night Worker assessments (Working Time Regs 1998) | 0 | 0 | 0 | 0 | 0 |
| Immunisations against occupationally related infections | 11 | 12 | 12 | 13 | 2 |

| | | | | | |
|---|------|------|-----|------|-----|
| 'Flu' Immunisations | | 0 | 0 | 1 | 261 |
| Inoculation injury OHS Assessments – where injury has been reported to the OHS | 0 | 0 | 1 | 0 | 1 |
| HAVS Postal Questionnaires sent | 26 | 42 | 30 | 13 | 95 |
| HAVS Postal Questionnaires returned percentage rate | 100% | 100% | 93% | 100% | 27% |
| Did Not Attend (DNA) for statutory health surveillance appointment | 6 | 27 | 27 | 11 | 13 |
| Music Service DNA | 0 | 0 | 0 | 0 | 1 |
| DNA – Management Referral appointments with the OHS (excluding health surveillance) | 51 | 53 | 59 | 54 | 47 |

Corporate risks that may have an impact on Health and Safety

66 The below tables detail the corporate risk that may have an impact on Health and Safety at the end of December 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

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

Conclusions

- 68 Accident statistics in general for quarter three showed an increase from the first two quarters of 2025. It was positive that there remained a high

prevalence of no injury and minor injury incidents which is positive. Following an increase in specified RIDDOR reportable incidents in quarter two there was a reduction in quarter three.

- 69 In terms of fire related incidents, the trend continues in terms of causes relating to discarded batteries. Another three incidents occurred involving batteries catching fire in amongst waste in the rear of refuse and recycling vehicles. It is positive that the emergency fire procedures are continuing to be effective in keeping employees and the public safe when incidents occur.
- 70 It was disappointing that CDDFRS intervention was required in relation to Freemans Quay leisure where a major deficiencies letter was issued in relation to a number of fire safety issues. Whilst some issues raised have been resolved promptly there remains some challenge regarding findings and it is important that this is undertaken where the council has a differing interpretation of fire safety legislation and how it is applied.
- 71 The radon gas management programme has been completed on schedule with a small number of test results to be returned from UKHSA. As a result of this intensive work to undertake testing the councils buildings will revert to a further review period of within 10 years and only one site will be subject to annual testing from the 650 buildings tested.
- 72 There are numerous lessons learned following an investigation into the scaffold collapse at Stanhope bridge in quarter three. It is important these investigation recommendations are acted upon to ensure that future projects of this nature are planned, managed and monitored appropriately to ensure site safety standards are compliant. Further auditing of similar schemes will continue to be undertaken to ensure compliance is being achieved.
- 73 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 146 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.
- 74 It is positive that for the third quarter in succession, audit action completion statistics have now reached 81%. However there still remains opportunity for improvement, particularly within AHS and CYPS.

Other useful documents

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

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Appendix 1: Implications

Legal Implications

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

Finance

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

Consultation

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

Equality and Diversity / Public Sector Equality Duty

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

Climate change

None

Human Rights

The right to a safe work environment, enshrined in Article seven 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

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Audit Committee

28 February 2025



Changes to the Code of Practice for Local Authority Accounting in the UK for 2024/25

Paul Darby, Corporate Director of Resources

Electoral division(s) affected:

None

Purpose of the Report

- 1 This report provides the Audit Committee with a summary of the key accounting changes in the latest edition of the Code of Practice for Local Authority Accounting in the UK (the Code). These changes apply to the 2024/25 Statement of Accounts.

Executive summary

- 2 In preparing the annual Statement of Accounts we closely follow CIPFA's Code of Practice for Local Authority Accounting in the UK, which is based upon approved accounting standards.
- 3 The 2024/25 Statement of Accounts will be prepared in accordance with the CIPFA Code 2024/25.
- 4 The key accounting changes to the Code from 2023/24 to 2024/25 are outlined in Appendix 2, detailing their relevance and applicability to the council.
- 5 Other than the mandatory implementation of IFRS 16 – Leases from 2024/25, the changes have minimal impact on the Council's production of its Statement of Accounts.

Recommendation

- 6 Members are asked to note the changes detailed in the report and in Appendix 2, which will be taken into account in the preparation of the 2024/25 statements.

Background

- 7 This report is presented to the Audit Committee in accordance with paragraph 4.2.3 of the Committee's operational terms of reference which requires it 'to maintain an understanding of internal and external reporting requirements.'
- 8 In preparing the annual Statement of Accounts we closely follow CIPFA's Code of Practice for Local Authority Accounting in the UK (the Code), which is based upon approved accounting standards.
- 9 The Code is based on International Financial Reporting Standards (IFRS) and has been developed by the joint CIPFA/Local Authority (Scotland) Accounts Advisory Committee (LASAAC) Code Board overseen by the Financial Reporting Advisory Board. It is based on approved accounting standards issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee, except where these are inconsistent with specific statutory requirements.
- 10 The Code also draws on approved accounting standards issued by the International Public Sector Accounting Standards Board and the UK Financial Reporting Council where these provide additional guidance. The latest edition of the Code applies for accounting periods commencing on or after 1 April 2024. It supersedes the 2023/24 Code.
- 11 In England and Wales, the Code constitutes a 'proper accounting practice' under the terms of section 21(2) of the Local Government Act 2003.

Main implications

- 12 Appendix 2 provides a summary of the key accounting changes to the Code and their relevance to the council in preparing its Statement of Accounts for the year ended 31 March 2025.
- 13 The changes are minimal, other than the mandatory implementation of IFRS 16 – Leases from 2024/25. IFRS16 Implementation and Code compliance requirements have been underway since 2023 with an IFRS16 progress report considered at Audit Committee previously at its 29 September 2023 meeting. The Council has incorporated the Code requirements into its final accounts timetable and remains on target for its inclusion in the 2024/25 Statement of Accounts.

Other useful documents

- Audit Committee, 29 November 2024 – Audited Statement of Accounts for the year ended 31 March 2024.
- Audit Committee 29 September 2023 - Implementation of Accounting Standard IFRS16 - Accounting for Leases

| | | |
|-----------------|---------------|-------------------|
| Contact: | Jo McMahon | Tel: 03000 261968 |
| | Anita Hawkins | Tel: 03000 266242 |

Appendix 1: Implications

Legal Implications

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

Finance

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

Consultation

None.

Equality and Diversity / Public Sector Equality Duty

None.

Climate Change

None.

Human Rights

None.

Crime and Disorder

None.

Staffing

None.

Accommodation

None.

Risk

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

Procurement

None.

Appendix 2: Changes to the Code of Practice for Local Authority Accounting in the UK for 2024/25

The table below provides a summary of the key accounting changes in the 2024/25 CIPFA Code and their applicability to Durham County Council.

| | Change | Relevant to Durham County Council? |
|---|---|------------------------------------|
| 1 | <p>A substantial and significant accounting change in the 2024/25 edition of the Code is the full adoption of IFRS 16</p> <p>The impact can be found in the following sections:</p> <ul style="list-style-type: none"> a) Section 2.1 includes clarification on the fair value measurement of leased investment properties. b) Section 2.3 expands the definition of donated assets to include right-of-use assets and sets out the accounting treatment of leases provided at below market rate. c) Section 4.1 includes clarification on the treatment of right-of-use assets for leased property, plant and equipment. d) Section 4.2 sets out significant changes to the classification, recognition, measurement and disclosure of leases. e) Section 4.3 has been updated to set out the treatment of service concession arrangement liabilities following the principles of IFRS 16 <i>Leases</i>. f) Section 4.4 amends the treatment of leased investment properties. g) Section 4.8 includes clarification of borrowing costs in relation to leases. h) Section 4.10 includes clarification that right-of-use assets can be classified as heritage assets. i) Section 7.3 has been amended to include lease liabilities as exempt from fair value disclosures. | Yes |
| 2 | <p>Amendments to Section 3.1 to suggest that narrative reporting might reflect on the risk that a Section 114 notice might be issued.</p> | Yes |

| | Change | Relevant to Durham County Council? |
|---|---|---|
| 3 | Amendments to Section 4.2 reflecting recent amendments on the treatment of sale and leaseback arrangements. | Yes |
| 4 | Amendments to Section 4.3 reflecting changes to the treatment on initial application of IFRS 16 to service concession arrangements which provide for variable payments that depend on an index or rate. | Yes |
| 5 | Confirmation in Appendix C (Changes in Accounting Policies: Disclosures in the 2023/24 and 2024/25 Financial Statements) of the transitional reporting requirements of the new standards introduced in the 2024/25 Code, while also having regard to requirements in relation to voluntary adoption of IFRS 16. | Yes |
| 6 | Confirmation in Appendix D (New or Amended Standards Introduced to the 2024/25 Code) of the new standards introduced to the 2024/25 Code. | Yes |

Audit Committee

28 February 2025



**Agreement of Accounting Policies for
Application in the 2024/25 Financial
Statements**

Ordinary Decision

Paul Darby, Corporate Director of Resources

Electoral division(s) affected:

None

Purpose of the Report

- 1 To update the Audit Committee on the County Council's accounting policies in the preparation of the 2024/25 Statement of Accounts.
- 2 To seek confirmation from the Audit Committee that appropriate policies are being applied at this stage.

Executive summary

- 3 The material accounting policies applied within the 2023/24 Statement of Accounts remain appropriate at this stage for the preparation of 2024/25 Statement of Accounts, with the exception of:
 - (a) 1.13 Leases, due to the mandatory implementation of IFRS 16 Leases in the 2024/25 CIPFA Code
 - (b) 1.15 Property, Plant and Equipment (excluding Highways Infrastructure Assets). A minor amendment to clarify de minimis levels has been included for 2024/25.
 - (c) 1.23 Schools. The reference to Foundation Trust schools has been removed, as the council no longer has such schools under its control.

- 4 Other CIPFA Code changes for 2024/25 are considered minor and there are no further accounting policies which require amendment as a result of changes in the Code.
- 5 The list of material accounting policies the council proposes to disclose at this stage in its Statement of Accounts notes are detailed in Appendix 2.

Recommendation

- 6 The Committee is recommended to:
 - (a) review the accounting policies and the amendments to 1.13 Leases, 1.15 Property, Plant and Equipment and 1.23 Schools outlined in Appendix 2;
 - (b) approve their use in the preparation of the 2024/25 financial statements;
 - (c) authorise the Corporate Director of Resources to review the accounting policies as necessary, including for materiality, and report any changes to the Audit Committee.

Background

- 7 In preparing the annual Statement of Accounts we closely follow CIPFA's Code of Practice for Local Authority Accounting in the UK (the Code), which is based upon approved accounting standards.
- 8 The Code is based on International Financial Reporting Standards (IFRS) and has been developed by the joint CIPFA/Local Authority (Scotland) Accounts Advisory Committee (LASAAC) Code Board overseen by the Financial Reporting Advisory Board. It is based on approved accounting standards issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee, except where these are inconsistent with specific statutory requirements.
- 9 The Code also draws on approved accounting standards issued by the International Public Sector Accounting Standards Board and the UK Financial Reporting Council where these provide additional guidance. The latest edition of the Code applies for accounting periods commencing on or after 1 April 2023. It supersedes the 2023/24 Code.
- 10 In England and Wales, the Code constitutes a 'proper accounting practice' under the terms of section 21(2) of the Local Government Act 2003.
- 11 The CIPFA/LASAAC Code Board, overseen by the Financial Reporting Advisory Board, is in a position to issue mid-year updates to the Code. This will only be done in exceptional circumstances.
- 12 It is a requirement of the Local Government Act 2003 and the Accounts and Audit (England) Regulations 2015 for the Statement of Accounts to be produced in accordance with proper accounting practices.
- 13 Accounting policies are defined in the Code as "the specific principles bases, conventions, rules and practices applied by an authority in preparing and presenting financial statements."
- 14 Accounting policies need not be applied if the effect of applying them would be immaterial. Materiality is defined in the Code as it applies to omissions and misstatements:

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

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

Main implications

- 16 The proposed material accounting policies are in line with those used within the 2023/24 accounts, with the exception of:
- (a) 1.13 Leases .The section where the council is a lessee has been amended following the mandatory implementation of IFRS 16 Leases in the 2024/25 CIPFA Code.
 - (b) 1.15 Property, Plant and Equipment (excluding Highways Infrastructure Assets). A minor amendment to clarify de minimis levels has been included.
 - (c) 1.23 Schools. A minor amendment to remove the reference to Foundation Trust schools, as the council no longer has such types of school under its control.
- 17 The other CIPFA Code changes for 2024/25 are considered minor and there are no further accounting policies which require amendment as a result of changes in the Code.

Other useful documents

- Audit Committee 29 February 2024 - Agreement of Accounting Policies for Application in the 2023/24 Financial Statements
- Audit Committee 29 November 2024 – Audited Statement of Accounts for the Year Ended 31 March 2024

| | | |
|-----------------|---------------|-------------------|
| Contact: | Jo McMahon | Tel: 03000 261968 |
| | Anita Hawkins | Tel: 03000 266242 |

Appendix 1: Implications

Legal Implications

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

Finance

The report considers the Accounting Policies for the County Council's Statement of Accounts for 2024/25.

Consultation

None.

Equality and Diversity / Public Sector Equality Duty

None.

Climate Change

None.

Human Rights

None.

Crime and Disorder

None.

Staffing

None.

Accommodation

None.

Risk

None.

Procurement

None.

Appendix 2: Material Accounting Policies 2024/25

| Accounting Policy | | Status (New / Amended / No Change) | In line with Code |
|-------------------|---|--|----------------------|
| 1.1. | General Principles | No change | ✓ |
| 1.2. | Accruals of Income and Expenditure | No change | ✓ |
| 1.3. | Cash and Cash Equivalents | No change | ✓ |
| 1.4. | Exceptional Items | No change | ✓ |
| 1.5. | Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors | No change | ✓ |
| 1.6. | Charges to Revenue for Non-Current Assets | No change | ✓ |
| 1.7. | Employee Benefits | No change | ✓ |
| 1.8. | Events After the Reporting Period | No change | ✓ |
| 1.9. | Financial Instruments | No change | ✓ |
| 1.10. | Government Grants and Contributions | No change | ✓ |
| 1.11. | Interests in Companies and Other Entities | No change | ✓ |
| 1.12. | Investment Property | No change | ✓ |
| 1.13. | Leases | Amended | ✓ |
| 1.14. | Overheads and Support Services | No change | ✓ |
| 1.15. | Property, Plant and Equipment (excluding Highways Infrastructure Assets) | Amended for clarification | ✓ |
| 1.16. | Highways Infrastructure Assets | No change | ✓ |

| Accounting Policy | | Status (New / Amended / No Change) | In line with Code |
|--------------------------|--|---|------------------------------|
| 1.17. | Service Concession Arrangements (Private Finance Initiative (PFI) and Similar Contracts) | No change | ✓ |
| 1.18. | Contingent Liabilities | No change | ✓ |
| 1.19. | Contingent Assets | No change | ✓ |
| 1.20. | Reserves | No change | ✓ |
| 1.21. | Revenue Expenditure Funded from Capital under Statute (REFCUS) | No change | ✓ |
| 1.22. | Value Added Tax (VAT) | No change | ✓ |
| 1.23. | Schools | Amended to remove Foundation Trust schools | ✓ |
| 1.24. | Collection Fund Statement | No change | ✓ |

1. Material Accounting Policies

1.1. General Principles

The Statement of Accounts summarises the council's financial performance for the 2024/25 financial year and its position at the year-end of 31 March 2025. The council is required by the Accounts and Audit Regulations 2015 to prepare an annual Statement of Accounts. In line with the Regulations, the Statement of Accounts is prepared in accordance with proper accounting practices.

Those practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code).

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

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

1.2. Accruals of Income and Expenditure

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

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

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

1.3. Cash and Cash Equivalents

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

1.4. Exceptional Items

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

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

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

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

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

1.6. Charges to Revenue for Non-Current Assets

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

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

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

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

1.7. Employee Benefits

Benefits Payable During Employment

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

An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the council to terminate an officer's employment before the normal retirement date or an officer's

decision to accept voluntary redundancy in exchange for those benefits. These benefits are charged on an accruals basis to the Comprehensive Income and Expenditure Statement at the earlier of when the council can no longer withdraw the offer of those benefits or when the council recognises costs for restructuring.

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

Post-Employment Benefits

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

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

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

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

The Local Government Pension Scheme

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

- The liabilities of the Durham County Council Pension Fund attributable to the council are included in the Balance Sheet on an actuarial basis using the

projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

- Liabilities are discounted to their value at current prices, using a discount rate provided by the actuary.
- The assets of Durham County Council Pension Fund attributable to the council are included in the Balance Sheet at their fair value, which are determined as set out in the Pension Fund accounting policies later in this document.

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

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

Discretionary Benefits

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

1.8. Events After the Reporting Period

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

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

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

1.9. Financial Instruments

Financial Liabilities

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

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

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund

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

Financial Assets

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

There are three main classes of financial assets measured at:

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

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

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

Financial Assets Measured at Amortised Cost

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

Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

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

Expected Credit Loss Model

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

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

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

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

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

all such equity instruments that it holds, to designate them as assets held at fair value through other comprehensive income.

1.10. Government Grants and Contributions

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

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

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

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

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

1.11. Interests in Companies and Other Entities

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

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

1.12. Investment Property

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

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

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

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

1.13. Leases

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

The County Council as Lessee

The council classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

Initial Measurement

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

The council initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the council's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments.
- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date.
- amounts expected to be payable under a residual value guarantee.
- the exercise price under a purchase option that the council is reasonably certain to exercise.
- lease payments in an optional renewal period if the council is reasonably certain to exercise an extension option.
- penalties for early termination of a lease unless the council is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received. However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

Subsequent Measurement

The right-of-use asset is subsequently measured using the fair value model. The council considers the cost model to be a reasonable proxy except for:

- assets held under non-commercial leases.
- leases where rent reviews do not necessarily reflect market conditions.
- leases with terms of more than five years that do not have any provision for rent reviews.
- leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. In these financial statements, right-of-use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil

consideration leases have been valued using market prices or rentals for equivalent land and properties.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured at amortised cost, using the effective interest method. The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate.
- there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee.
- the council changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the Comprehensive Income and Expenditure Statement.

Low Value and Short Lease Exemption

As permitted by the Code, the council excludes leases:

- for low-value items that cost less than £10,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the council is reasonably certain to exercise and any termination options that the council is reasonably certain not to exercise).

The County Council as Lessor

Finance Leases

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

on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

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

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

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

Operating Leases

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

1.14. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service

Reporting Code of Practice 2024/25 (SeRCOP). The total absorption costing principle is used - the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of Corporate Costs. These are costs relating to the council's status as a multifunctional, democratic organisation, the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

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

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment. See accounting policy 1.16 for specific provisions regarding Highways Infrastructure Assets.

Recognition

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

De-minimis Levels

The de-minimis level for capital expenditure is £10,000 and expenditure on assets below the de-minimis level is charged to the revenue account, i.e. the asset is not included in the balance sheet. The de-minimis level is not applied to expenditure which is part of an overall project costing more than the de-minimis level, expenditure that relates to specific external funding requirements or expenditure incurred by the council's maintained schools. The treatment of items below the de-minimis level in this way has no material impact on the accounts.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management;

- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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

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

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

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

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

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

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive

Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

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

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

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

All valuations have been undertaken by or under the supervision of a fully qualified Chartered Surveyor (MRICS – Member of the Royal Institution of Chartered Surveyors). The effective date for valuations is 1 April of the financial year and assets are revalued on a five-year rolling programme. All valuations undertaken in 2024/25 were either carried out by council staff or by suitably qualified external consultants. In addition to this rolling programme, assets which have been subject to potentially material change as a result of transactions or market conditions in any given year will be revalued as and when such changes occur.

Impairment

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

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

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

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

Disposals and Non-current Assets Held for Sale

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

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

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

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

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

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

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

1.16. Highways Infrastructure Assets

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

Recognition

Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual basis, provided that it is probable that the future economic

benefits associated with the item will flow to the authority and the cost of the item can be measured reliably.

Measurement

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

Impairment

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

Depreciation

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

Annual depreciation is the depreciation amount allocated each year.

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

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

Disposals and derecognition

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

same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal).

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

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

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

Non-current Assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the council.

The amounts payable to the PFI operators each year are analysed into five elements:

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

1.18. Contingent Liabilities

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

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

1.19. Contingent Assets

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

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

1.20. Reserves

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

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

1.21. Revenue Expenditure Funded from Capital under Statue (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the council has determined to meet the

cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

1.22. Value Added Tax (VAT)

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

1.23. Schools

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

- Community
- Voluntary Aided
- Voluntary Controlled

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

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

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

1.24. Collection Fund Statement

Council Tax Income

Council tax income included in the Comprehensive Income and Expenditure Statement is the accrued income for the year. The difference between the accrued income for the year and the amount required by regulation to be credited to the General Fund will be taken to the Collection Fund Adjustment Account and included

as a reconciling item in the General Fund balance Movement in Reserves Statement. Any balances owed to or from each preceptor will be shown as a creditor or debtor in the council's accounts.

Business Rates Income

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

Audit Committee

28 February 2025



Overhauling the Local Audit System in England – Ministry of Housing, Communities and Local Government (MHCLG) Consultation on Local Audit Reform

Paul Darby, Corporate Director of Resources

Electoral division(s) affected:

None

Purpose of the Report

- 1 To provide the Audit Committee with an overview of the Government's consultation of Local Audit Reform to which Durham County Council submitted its response by the 29 January 2025 deadline.

Executive summary

- 2 On 18 December 2024, the Government opened a wide ranging consultation on Local Authority Accounts and Local Audit Reform.
- 3 The Local Audit Reform – A strategy for overhauling the Local Audit system in England, commits to a series of measures to fix the broken local audit system, including:
 - A local audit vision with 8 core principles;
 - The establishment of a statutory and independent Local Audit Office (LAO) with 5 strategic responsibilities;
- 4 The Government consulted on a number of specific proposals as part of the strategy, including:
 - Potential additional functions of the new LAO;
 - Simplifying financial reporting requirements to ensure that they are proportionate;

- Improvements to enhance capacity and capability in the local audit sector, such as the introduction of public provision;
- Strengthening the relationship between local bodies and their auditor;
- Reforming the audit regime.

5 The Council submitted a response by the 29 January deadline.

Recommendation

6 Members are asked to note the Government's Consultation on Local Audit Reform.

Background

7 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.

8 In this statement, he acknowledged the Local Audit system in England as broken and advised of his intention to update on the Government's longer term plan to fix local audit.

9 On 18 December 2024, the Government opened a wide ranging consultation on Local Authority Accounts and Local Audit Reform.

10 The current system highlights three systemic challenges:

Capacity. There is a severe lack of external auditors, with a limited number of firms operating in the sector;

Co-ordination. Multiple organisations have a statutory role to oversee and regulate audit, across various sectors, countries (within the UK) and with responsibilities for different frameworks. There is no clear ownership of the system. This limits the ability to align incentives and establish a single vision;

Complexity. Financial reporting and audit requirements are disproportionately complex, beyond the system's capacity and inadvertently incentivises risk aversion. Standards are largely modelled on corporate audit rather than the needs of local bodies.

11 The Local Audit Reform – A strategy for overhauling the Local Audit system in England, commits to a series of measures to fix the broken Local Audit system, including:

- **A local audit vision with 8 core principles;**

1. Value for Money
2. Transparency
3. Capacity and capability
4. External Scrutiny
5. Professionalism
6. Proportionality
7. Stronger Accountability
8. Timely

- **The establishment of a statutory and independent Local Audit Office (LAO) with 5 strategic responsibilities;**

1. Co-ordinating the system
2. Contract management
3. Code of practice
4. Oversight
5. Reporting, insights and guidance

- 12 In his ministerial foreword to the consultation, the Minister of State for Housing, Communities and Local Government stated that Local Audit should be the bedrock of local accountability and transparency, of trust and confidence in councils to spend taxpayers money wisely but that we have lost a key part of our early warning system over local government finances at the time when we need it most.
- 13 He adds that the challenges faced by all are insurmountable without fundamental reform to drive transparency and open the books and that the fragmented system will be streamlined into one body, The Local Audit Office which will have a focused and clear remit to lead the reform and ensure that local audit provides value for money for the taxpayers now and in the future.

Local Audit Reform Consultation

- 14 The real-world consequences of the system failure – of not having an audit, or not having a timely audit, or the delivery of accounts which are disproportionately complex - cannot be underestimated. There is a broad consensus over recent years that a new local audit body would be integral to system reform.
- 15 The proposed strategy for overhauling the Local Audit systems in England commits to establishing the Local Audit Office (LAO), to radically simplify the system, and bring as many audit functions as possible under a single organisation with a focus and expertise in local audit, as the Kingman and Redmond Reviews recommended. The proposed strategy also consults on potential additional functions for the LAO to further unify the system.
- 16 A LAO will form one of several steps towards resolving the sector's most pressing challenges. Alongside the Government's programme to clear the backlog and return to timely audit, relationships must be strengthened and capacity and capability enhanced. The proposed strategy also responds to Redmond's recommendations and provides direction in both regards.

17 The 6 key areas of required reform included in the consultation are summarised below:

- **The purpose of local audit** – Reforms must be guided by a vision statement with 8 core principles and be driven by user needs.

The proposal includes new emphases on the examination of an authority's financial resilience and the provision of early warnings of major governance and financial risks (including material fraud).

The most radical proposal requires auditors to give an opinion on whether an authority has actually achieved value for money (VFM), rather than purely assessing whether adequate arrangements to secure VFM are in place.

Any implementation of this proposal needs to consider that responsibility for VFM in local authorities sits with elected members. The need to maintain auditors' independence and whether there is a risk of being drawn into challenging political decisions also need to be taken into consideration. The capacity and capability of the system to respond to an extension of auditors' responsibilities is a further consideration requirement in this proposal

- **Local Audit Office remit** - The Government accepts the Redmond Review recommendation for a statutory and independent oversight body (the LAO), which would largely take on the roles currently performed by the FRC, PSAA and the NAO, simplifying the system and driving change.

As highlighted earlier in the report. The LAO will have 5 strategic responsibilities. A point of focus within the proposal is to improve the consistency and effectiveness of the auditors' use of special powers (e.g., highlighting issues of concerns where remedial action cannot wait for the publication of the Accounts, or the concerns exceeds the scope of the audit via Advisory Notices or Public Interest Reports).

The LAO would have overall responsibility for audit inspection (although it may delegate the work to others), and consideration is being given to whether there should be a scheme for enforcement related to the financial statements that would require authorities to make changes to the accounts.

- **Financial reporting and accounts** - Reforms should consider the needs of the user and the impact of accounting requirements on the work of the account preparers, auditors and the wider audit system.

The Government acknowledges the range of views on the purposes and users of accounts. Local accounts must be fit for purpose, proportionate

and relevant to account users. There is a clear need to ensure that accounts contain the correct level of information and disclosures to benefit the users and achieve the purpose of the accounts. The Government is committed to working with sector partners to review the content and format of local authority accounts to ensure that the requirements of the Accounting Code and those practices set out in legislation are appropriate and do not create any excessive or unnecessary burden. The review will consider the definition of the purpose and user of local accounts, any impact definitions may have on accounts and audit, as well as any unintended consequences

The consultation also highlights the Government's consideration of the now MHCLG Committee's November 2023 recommendation that decoupling the Pension Fund Accounts from the main accounts, publishing them separately and subjecting them to a separate audit certificate would have numerous benefits to local government, however there is no dedicated/ specific question around this topic for response within the consultation.

The consultation document states that infrastructure asset accounting will remain unchanged in the medium term via secondary legislation to extend the current exemption.

Views are also requested for how the reform of the Code of Practice on Local Authority Accounting in the UK (the Code) could be facilitated (e.g., by making the Code an LAO responsibility). It is also proposed that the Code should be freely available.

- **Capacity and capability** – Delays and complexity disincentivise the right skills from entering the market, leading to less timely, less effective audit. The Government will work to ensure that bodies have skilled and resourced account preparers. In order to strengthen the capacity of the sector, consideration will also be given to supplementing private sector audit with public provision

The Government is committed to ensuring that authorities have skilled and resourced account preparers and will work with the LGA and CIPFA on a programme of improvement support. The FRC's Local Audit Workforce Strategy (yet to be published) will be built upon to enable greater alignment between corporate and local audit and provide a more flexible career progression for individuals.

The eligibility criteria for Key Audit Partners will be reviewed as part of the proposal to ensure that there are no unintended barriers for partners wanting to join the profession and that the sector has the widest possible pool of qualified auditors.

The consultation also considers whether there are further ways to build public provision to supplement capacity and strengthen the sector, including consideration as to whether there should be supplemental public provision of audit.

- **Underpinning the system: relationships and audit regimes** – Existing relationships between local bodies and their auditor need to be strengthened and their respective relationship with the LAO must be clear. The collective scrutiny of audits as part of the democratic process, such as Audit Committees will be strengthened and the potential for local accounts committees for strategic authority areas in England will be considered. Audit regimes will be reviewed to ensure they are fit for purpose in the short and long term.

A key role of the LAO will be to maintain strong links between central government (in its stewardship capacity), the NAO, inspectorates of relevant bodies, and local auditors, allowing a transparent and supportive government approach when concerns are raised about particular bodies.

The strategy proposes that Audit Committees will be mandated for local authorities, with at least one independent member, and audit reports require consideration by full council. Views are also sought on whether the committee chair should be an independent member.

- **Local audit backlog** - Significant and difficult work undertaken by finance teams and auditors to clear the backlog to date is a necessary step to reform. The Government recognises that there is further work required to support the recovery process including guidance, advice and support

The Government aspiration is that disclaimed audit opinions driven by backstop dates should be limited in unexceptional cases to the next two years (i.e., up to and including 2024/25 – backstop date of 27 February 2026).

The Government recognises that further cross system work is required to support the recovery process, and the consultation informs that the Government will work with system partners to ensure that additional guidance, advice and practical support is available. Consideration may also be given to temporary measures additional to the extended exemption from normal accounting for infrastructure assets (as noted earlier in the report) to ensure that the preparer workload and cost is proportionate (subject to the appropriate management of any risks to public funds).

- 18 The Council submitted its response to the consultation on the 29 January 2025 and will continue to respond to all relevant / linked consultations as they arise.
- 19 Further updates will be provided to Audit Committee as required.

Other useful documents:

- [Local audit reform: a strategy for overhauling the local audit system in England - GOV.UK](#)
- [Redmond Review.pdf](#)
- Audit Committee 25 September 2020 - Independent Review of Local Authority Financial Reporting and Audit [Committee](#)
- Audit Committee 30 September 2021 - [07 Update on the Independent Review of Local Authority Financial Reporting and Audit.pdf](#)
- Audit Committee 1 July 2022 - Update on the Independent Review of Local Authority Financial Reporting and Audit (Redmond Review) – Government consultation response - [Committee](#)

Contact: Jo McMahon

Tel: 03000 261968

Appendix 1: Implications

Legal Implications

The consultation informs of the intention to amend the Accounts and Audit (England) Regulations 2015, with the extension of the infrastructure accounting statutory override via secondary legislation.

Finance

There are no direct financial implications arising for the council as a result of this report, although by responding to the consultation and understanding 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

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Audit Committee

28 February 2025



Final Accounts Timetable for the year ended 31 March 2025

Paul Darby, Corporate Director of Resources

Electoral division(s) affected:

None

Purpose of the Report

- 1 This report provides Audit Committee Members with information regarding the Final Accounts timetable for 2024/25. This timetable details the target dates for key actions in order to complete the Statement of Accounts in line with statutory deadlines.

Executive summary

- 2 Secondary legislation to amend the Accounts and Audit Regulations to implement and updated series of backstop dates identifies that it is the responsibility of the Responsible Finance Officer , the Council's Corporate Director of Resources to sign and certify the unaudited Statement of Accounts 2024/25 by no later than 30 June 2025.
- 3 It also identifies that it is the responsibility of the Audit Committee to approve the final, or audited, set of accounts on or before 27 February 2026 (backstop date).
- 4 In line with recent years, Forvis Mazars, the Councils External Auditors have resources scheduled to commence their audit work from the end of July 2025 and are working to a similar timetable to 2023/24 with a completion date of the end of November 2025.
- 5 The final accounts timetable is the means of communicating and gaining ownership of the deadlines for completing tasks by all those involved in the closure of accounts process and serves as a tool for monitoring progress against those target dates.

Recommendation

- 6 Members are asked to note the key dates in the Final Accounts timetable for 2024/25 detailed in Appendix 2.

Background

- 7 The report is presented in accordance with the Committee's operational terms of reference which requires it "to maintain an understanding of internal and external reporting requirements."
- 8 As reported to this Committee on 30 September 2024, the Minister of State has now laid secondary legislation to amend the Accounts and Audit Regulations to implement an updated series of backstop dates.
- 9 The Accounts and Audit Regulations 2015, subject to the Amendment Regulations 2024, set out the statutory deadlines as follows:
 - (i) the responsible financial officer, by no later than 30 June (for financial years 2024/25 to 2027/28, reverting to 31 May thereafter), signs and certifies that the Statement of Accounts presents a true and fair view of the financial position of the County Council for the year to 31 March previous, subject to the views of the External Auditor.
 - (ii) on or before 27 February 2026 for 2024/25, (reducing to 30 November by 2027/28, and reverting to 30 September thereafter), approval needs to be given to the Statement of Accounts by resolution of a committee, which for Durham County Council is the Audit Committee. This approval will take into account the views of the External Auditor.
- 10 For 2023/24, the council's accounts were certified on 31 May 2024, and the audited accounts were approved by Audit Committee on 29 November following continuing external audit delays nationally in 2024.
- 11 The council is within a minority of local authorities nationally who have received external audit opinion for all historic accounts and is therefore not directly impacted by the Local Audit backlog.
- 12 Forvis Mazars, the Councils External Auditors have resources scheduled to commence their audit work from the end of July 2025 and are working to a similar timetable to 2023/24 with a completion date of the end of November 2025.

Main implications

- 13 The Final Accounts timetable is a tool for the effective management and monitoring of the process of closing the accounts.
- 14 Each year the timetable is compiled by officers within the central Strategic Finance Team, with input from officers across the council to

ensure that deadlines are achievable and will lead to completion of a Statement of Accounts for signing by the Section 151 Officer (the responsible financial officer – in our case the Corporate Director of Resources) by the statutory deadline.

- 15 In preparing the closedown timetable new and amended processes are considered for the impact on the achievement of dates, as well as reference to any learning from the previous year, particularly where there were problems or issues in meeting of deadlines.
- 16 The timetable is based on a similar target to 2023/24 for the unaudited draft accounts to be completed by late May and for approved, audited accounts to be published by late November.
- 17 Planning meetings with the external auditors have commenced in relation to PPE and other Audit recommendations from the 2023/24 closedown process.
- 18 Officers in the Strategic Finance Team closely monitor the achievement of the dates in the timetable throughout the final accounts period, sending prompts in advance of upcoming deadlines and following up any delays and missed deadlines. This helps to ensure that the overall timetable is achieved, and to identify improvements that can be made to the next year end process.
- 19 Meetings are also held to ensure that practitioners apply accounting procedures consistently; best practice is shared; there is a shared understanding of all interdependencies across the closedown period and that any difficulties or delays being encountered are escalated. The meetings also act as forum for disseminating updated information quickly and consistently and a conduit to ensuring that any external audit queries are quickly addressed.
- 20 The key dates included in the detailed Final Accounts timetable are attached at Appendix 2 for information.

Other useful documents

- Audit Committee 30 September 2024 - Addressing the Local Audit Backlog in England - Update
- Audit Committee 29 November 2024 – Audited Statement of Accounts for the Year Ended 31 March 2024

Contact: Jo McMahon Tel: 03000 261968

Anita Hawkins Tel: 03000 266242

Appendix 1: Implications

Legal Implications

The Accounts and Audit Regulations 2015, subject to Amendment Regulations 2024, require that the Responsible Financial Officer, by no later than 30 June 2025 signs and certifies that the Statement of Accounts presents a true and fair view of the financial position of the County Council for the year to 31 March previous, subject to the views of the External Auditor.

The Amendment Regulations require that the audited accounts are approved by the Audit Committee by 27 February 2026.

Finance

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

Consultation

None.

Equality and Diversity / Public Sector Equality Duty

None.

Climate Change

None.

Human Rights

None.

Crime and Disorder

None.

Staffing

None.

Accommodation

None.

Risk

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

Procurement None.

Appendix 2: Key Dates from the Final Accounts Timetable

| Task | Responsibility | Original Timetabled date 2023/24 | Proposed completion date 2024/25 * |
|--|--|---|---|
| Circulation of Related Party declarations for completion by Members and Senior Officers | Resources – Democratic Services | Fri 1 Mar 2024 | Mon 3 Mar 2025 |
| Details of Related Party declarations for Members and Senior Officers to be returned to Democratic Services | Members / Senior Officers | Fri 15 Mar 2024 | Mon 17 Mar 2025 |
| Asset Valuations (including indexation and IFRS16 assets) completed | Asset Strategy and Property / Strategic Finance | Thurs 28 Mar 2024 | Mon 31 March 2025 |
| All bank reconciliations to 31 March completed | Strategic Finance | Tue 16 Apr 2024 | Tue 15 Apr 2025 |
| Head of Finance consideration of Collection Fund outturn and draft NNDR3 | Strategic Finance / Head of Finance | Tue 16 Apr 2024 | Tue 15 Apr 2025 |
| Head of Finance consideration of capital financing decisions | Strategic Finance Capital / Head of Finance | Thu 18 Apr 2024 | Thu 17 Apr 2025 |
| Service ledgers finalised and final reports produced and net revenue outturn for each service grouping notified to Strategic Finance | Finance & Transactional Services / Strategic Finance | Tue 23 Apr 2024 | Wed 23 Apr 2025 |
| Head of Finance consideration of revenue financing decisions, including uses of reserves | Strategic Finance / Head of Finance | Wed 24 Apr 2024 | Thu 1 May 2025 |

| Task | Responsibility | Original Timetabled date 2023/24 | Proposed completion date 2024/25 * |
|---|---|---|--|
| Chief Financial Officer to sign the Statement of Accounts (statutory deadline requirement) | Strategic Finance / Corporate Director of Resources | Fri 31 May 2024 | Mon 30 Jun 2025 |
| Start of Inspection Period | Strategic Finance | Mon 3 Jun 2024 | Tue 1 Jul 2025 |
| Start of Statement of Accounts audit | External Audit | Mon 3 Jun 2024 | Tue 1 Jul 2025 * |
| Audit Committee meeting – consideration of draft Statement of Accounts and Going Concern report | Strategic Finance | Fri 28 Jun 2024 | Fri 25 Jul 2025 * |
| Cabinet – Overall Outturn Report considered | Strategic Finance | Wed 10 Jul 2024 | Wed 9 Jul 2025 * |
| End of Inspection Period (30 working days after start) | Strategic Finance | Mon 15 Jul 2024 | Mon 11 July 2025 |
| Draft Whole of Government Accounts (WGA) return to HM Treasury | Strategic Finance | Fri 16 Aug 2024 | Fri 29 August 2025 |
| Audit Committee meeting – approval of Statement of Accounts | Strategic Finance | Mon 30 Sep 2024 | Fri 28 Nov 2025 * |
| Publication of Accounts | Strategic Finance | Mon 30 Sep 2024 | Fri 28 Nov 2025 * |
| Final WGA return to HM Treasury | Strategic Finance | Fri 13 Sep 2024 | Mon 1 Dec 2025 (Official deadline is Fri 3 Oct 2025, but the return cannot be submitted until the |

| Task | Responsibility | Original Timetabled date 2023/24 | Proposed completion date 2024/25 * |
|---|-----------------------|---|---|
| | | | Accounts have been approved) |
| Backstop date by which audited Accounts for the year must be published (statutory deadline) | Strategic Finance | Fri 28 Feb 2025 | Fri 27 Feb 2026 |

* Some dates are provisional, pending confirmation of meeting dates, audit arrangements or external deadlines.

Audit Committee

28 February 2025

**Corporate Governance Review 2024/25
– Key Dates**



Report of Paul Darby, Corporate Director of Resources

Purpose of the Report

- 1 To inform Audit Committee of the key dates for the corporate governance review for the 2024/25 financial year.

Executive Summary

- 2 This report informs Audit Committee of the key dates in the annual governance review for the 2024/25 financial year to enable the statutory deadline to be achieved.
- 3 It should be noted that the dates presented are provisional and will be confirmed when Audit Committee dates for 2025/26 are finalised post local elections.

Recommendation

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

Background

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

Key Dates

- 7 The key dates for the 2024/25 corporate governance review are in Appendix 2 of this report. It should be noted that the dates presented are provisional and will be confirmed when Audit Committee dates for 2025/26 are finalised post local elections.
- 8 It should be noted that, if there are no changes to the draft AGS after it is approved by Audit Committee in February 2025, it will not be necessary to ask CMT to approve it again before the final AGS is presented for approval to Audit Committee in September 2025.

Background papers

- None

Other useful documents

- None

Author(s)

John Blowes

Tel: 03000 263226

Appendix 1: Implications

Legal Implications

None

Finance

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

Consultation and Engagement

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

Equality and Diversity / Public Sector Equality Duty

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

Climate Change

None

Human Rights

None

Crime and Disorder

None

Staffing

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

Accommodation

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

Risk

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

Procurement

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

Appendix 2: Corporate Governance Review 2024/25 Key Dates

| <u>Action</u> | <u>Date</u> |
|--|-------------|
| Draft AGS to Resources Management Team for consultation. | 25/03/2025 |
| Corporate Director of Resources to approve Draft AGS. | 08/04/2025 |
| Directors' Assurance Statements approved by Directors. | 10/04/2025 |
| CMT to approve Draft Annual Governance Statement. | 30/04/2025 |
| Deadline for approval of the Draft Statement of Accounts by the Corporate Director of Resources. | 31/05/2025 |
| Audit Committee to approve Draft Annual Governance Statement with the annual audit opinion, as part of the final accounts process. | 30/06/2025 |
| Corporate Director of Resources to approve Final Annual Governance Statement. | 12/08/2025 |
| CMT to approve Final Annual Governance Statement. | 03/09/2025 |
| Audit Committee to approve Final Annual Governance Statement. | 30/09/2025 |

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Audit Committee

28 February 2025

Strategic Risk Management Progress

Report for 2024/25

Review 3: 1 October 2024 – 31

December 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 October and December 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 During the latter period of review 3 there has been realignment of some of the service areas previously coming under Regeneration, Economy & Growth (REG) directorate. Future reports will show the designated directorate.
- 5 Since the last update to the committee, **one new risk** (Children's Home Staff) has been included in the Corporate Risk Register. **One risk** has

been closed relating (Property and Land) which moving forward will be maintained as a Service Risk. Two risks are updated, HNB SEND and Children in Care Costs, CYPS. Lastly one risk is downrated (Leisure and Retail Units, REG), with the risk now changed from Moderate Impact / Probable Likelihood to Moderate Impact / Possible Likelihood with an overall residual Net Risk Score of 21.

- 6 There are **updates on the management of eight key risks** set out in the report, relating to Government Funding, Educational Psychologists, Inclusive Economic Strategy, Statutory Sufficiency Duty, Children's Social Workers, Climate Change, Savings Plans and Vulnerable Adults.
- 7 There are **updates on the management of 16 non-key risks** set out in the report, relating to Community Protection, A690 Land Slippage, Education Providers, Poverty, Businesses and Jobs, Public Transport, DoLS, Land Slippage, Highway Structures, Public Sector Equality Duty, Care Providers, Recruitment and Retention, Reinstatement Values, Cyberattack, Equal Value Claims and International Recruitment.
- 8 There are **updates on the management of two emerging/potential risks**, the Recycling and Waste and the Energy Recovery Facility.
- 9 In summary, the report outlines that on 31 December 2024, there were **47 risks on the strategic risk register**. Of these, there are now **eleven key risks**, relating to Government Funding, Educational Psychologists, Inclusive Economic Strategy, Statutory Sufficiency Duty, Children's Social Workers, Climate Change, Child Safeguarding, Savings Plans, Vulnerable Adults, HNB SEND and Children in Care Costs.
- 10 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

- 11 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

- 12 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.
- 13 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

- 14 On 31 December 2024, there were 47 risks included on the corporate strategic risk register, the same as on 30 September 2024.
- 15 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) Uncertain economic outlook may impede the delivery of the county's **Inclusive Economic Strategy**.
 - (d) 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.
 - (e) Inability to recruit and retain **children's social workers** and social work managers may seriously inhibit the delivery of services.
 - (f) Risk that the Council fails, in its role as a community leader, to set an example and help partners, local businesses and communities make the necessary adaptations and mitigations in pursuit of the target of being a carbon-neutral County by 2050 (**climate change**).

- (g) **Failure to protect a child** from death or serious harm (where service failure is a factor or issue).
- (h) If timely and comprehensive **savings plans** are not in place across the council, required savings may not be achieved, necessitating extensive utilisation of reserves.
- (i) Failure to protect a **vulnerable adult** from death or serious harm (where service failure is a factor or issue).
- (j) Increasing demand on the Dedicated Schools Grant budget for **HNB SEND** and inclusive education services may result in adverse impacts on finance and service delivery.
- (k) 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 (**Children in Care Costs**).

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

- 16 Since the last update to the committee, **one new risk** (Children's Home Staff) has been included in the Corporate Risk Register. **One risk** has been closed relating (Property and Land) which moving forward will be maintained as a Service Risk. Two risks are updated HNB SEND and Children in Care Costs, CYPS. Lastly one risk is downrated (Leisure and Retail Units, REG), with the risk now changed from Moderate Impact / Probable Likelihood to Moderate Impact / Possible Likelihood with an overall residual Net Risk Score of 21.
- 17 There are **updates on the management of eight key risks** set out in the report, relating to Government Funding, Educational Psychologists, Inclusive Economic Strategy, Statutory Sufficiency Duty, Children's Social Workers, Climate Change, Savings Plans and Vulnerable Adults.
- 18 There are **updates on the management of 16 non-key risks** set out in the report, relating to Community Protection, A690 Land Slippage, Education Providers, Poverty, Businesses and Jobs, Public Transport, DoLS, Land Slippage, Highway Structures, Public Sector Equality Duty, Care Providers, Recruitment and Retention, Reinstatement Values, Cyberattack, Equal Value Claims and International Recruitment.
- 19 There are **updates on the management of two emerging/potential risks**, the Recycling and Waste and the Energy Recovery Facility.
- 20 A list of all the Council's strategic risks on 31 December 2024, aligned to the strategic ambitions in County Durham Vision 2035 and the Council Plan, is included in appendix 4.

- 21 Management has identified and assessed these risks using a structured and systematic approach and is taking proactive measures to mitigate these risks to a manageable level. This effective management of our risks is contributing to improved performance, decision-making and governance across the Council.
- 22 To 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

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Appendix 1: Implications

Legal Implications

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

Finance

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

Consultation

None

Equality and Diversity / Public Sector Equality Duty

None

Climate Change

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

Human Rights

None

Crime and Disorder

None

Staffing

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

Accommodation

None

Risk

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

Procurement

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 December 2024, there were 47 risks on the corporate strategic risk register, the same as on 30 September 2024. During this period one new risk was added (Residential Children’s Homes Workers) and one was removed (Property and Land).

The following matrix profiles the strategic risks according to their net risk evaluation on 31 December 2024. To highlight changes in each category during the last period, the number of risks on 30 September 2024 is shown in brackets.

Overall number of Strategic Risks on 31 December 2024.

| Impact | | | | | |
|---------------|--------|----------|----------|----------|-----------------|
| Critical | 1 (1) | 1 (1) | 3 (3) | 1 (0) | 1 (1) |
| Major | | 4 (4) | 10 (10) | 5 (4) | 1 (1) |
| Moderate | | | 14 (13) | 5 (8) | |
| Minor | | | | 0 (0) | 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 in the short term (2025-2026) will be similar to that of 2024-2025, with a spending review due 2025, which will see the start of multi-year comprehensive funding agreements between central government and local authorities.

New risks

Non-key risks

- 1 *UR0213 – Inability to recruit **children’s homes staff** may seriously inhibit capacity to deliver essential, specialist services to children and young people from across England and Wales. (**Children and Young People Service**).*

The net risk evaluation has been assessed as major impact, possible likelihood and it is therefore recommended that this risk be escalated to the corporate risk register.

Our Sufficiency and Commissioning Strategy commits us to developing new Children’s Homes so that our children living in costly external homes can come back to live in Durham in homes which better meet their needs. Each Children’s Home must have a manager who is registered with Ofsted, responsible under the Children’s Homes Regulations for leading the staff team and ensuring the quality of care provided to the children who live in the home. The recruitment of Registered Managers is a challenge across England. As of 31 March 2024, Ofsted reported that 771 (22%) of children’s homes in England did not have a Registered Manager in post.

In Durham, recruiting Registered Managers for our Children’s Homes has been increasingly in difficulty since 2020 despite a significant number of initiatives. We currently have 2 vacant posts for Registered Managers in new homes which have been vacant for over 1 year, and we will need to recruit at least a further 2 over the next 18 months to be able to open the new homes now being developed. Salary is a major factor in our difficulty attracting Registered Managers, and we do not expect to be able to recruit to these posts without improving significantly improving our offer. Our main competitors for Registered Managers are not other local authorities, but private sector Children’s Homes. Durham is disproportionately affected, with 40 private sector Homes in the County, 29% of all the regional total.

Our recruitment is already very active, with support from our resourcing team and two agencies. In Autumn 2024 we launched a development programme designed to support our Deputy Managers to take their next step become registered managers. A £2,500 recruitment and retention allowance is already in place, and the posts have recently been updated and regraded from grade 13 to 14. This will not be sufficient to allow us to compete, so consideration is being given to the application of a market supplement. We are also considering extending the notice period for Registered Managers to 3 months to better fit with Ofsted’s

requirements and allow a longer transition period when a manager leaves. Consultation is currently ongoing with Trades Unions in connection with these changes.

Closed risks

Non-key risks

- 2 *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 (Regeneration, Economy & Growth)**.*

Regeneration Economy & Growth (REG) now considers the risk less prevalent and is downrating this risk, from:

Major Impact and Possible Likelihood to Moderate Impact and Likelihood rating of unlikely with a net risk score of 14, which means that the risk is within the council's risk appetite and moving forward will be addressed as a Service Strategic Risk.

This has been achieved through various action improvement strategies, such as delivering unitised corporate property and land service asset database training at service level, rolling out the capitalised maintenance programme and introducing Incident reporting and monitoring in collaboration with all parties, where appropriate.

Moving forward the service further intends to introduce a corporate service delivery model and establish estate management performance indicators and has secured funding to support increased maintenance requirements.

Uprated risks

Key risks

- 3 *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**). (**Children and Young People Service**).*

Demand on the High Needs Block has continued to increase significantly and remain much higher than pre COVID. This is creating further overspend in the Block and leading to significant pressures across the SEND system. This is a well-publicised national problem, and the new Government has announced its intention for significant

reform in this area in the future, although the timing and detail of this is uncertain.

In view of the above, the net risk evaluation has been updated from moderate impact, probable likelihood to critical impact, probable likelihood, making this a key risk.

- 4 *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 (Children in Care (CIC) Costs). (**Children and Young People Service**).*

High demand, especially for children and young people with complex needs requiring expensive care packages, has increased financial pressures and leads to challenges regarding the availability of suitable homes to meet the needs of children and young people.

In view of the above, the net risk evaluation has been updated from moderate impact, probable likelihood to major impact, probable likelihood, making this a key risk.

Downrated risks

Non-key risks

- 5 *UR0169 - Increased difficulty in retaining or finding tenants for Council-owned **Leisure and Retail Units**, leading to an increased risk of medium to long term losses in revenue. (**Regeneration, Economy & Growth**).*

Overall, it is considered that the risk has reduced since the market appears to have levelled, showing signs that any revenue loss occurs as a more predictable rate and the situation as it is not expected to significantly change over the next 12 months. This along with the mitigations in place is the reason for reducing the risk.

The risk is now rated changed from Moderate Impact / Probable Likelihood to Moderate Impact / Possible Likelihood with an overall residual Net Risk Score of 21.

Updates on the management of existing risks

Key risks

6 *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). (Resources).*

The Council has operated in a period of significant financial uncertainty for many years. The 2024/25 budget was approved on 28 February 2024, and the budget identified several continued challenges relating to high levels of inflation during 2022/23 and 2023/24, and a rapid / sustained increase in demand for statutory (social care) service provision in recent years.

On 18 September 2024 Cabinet considered a report which set out the scale of the financial challenge facing the Council as part of its fifteenth Medium Term Financial Strategy, covering the period 2025/26 to 2028/29 – known as MTFP (15). That report noted that the financial planning position for the Council remained very challenging over the next four financial years, with a significant budget deficit / savings requirement of £64.130 million forecast - £21.720 million of which was forecast to fall into 2025/26. It was identified that the deficit would not be addressed unless additional funding was forthcoming or further extensive savings could be found to reduce the Council's cost base, The report highlighted that a comprehensive Transformational Change Programme to address the medium-term financial challenges would be required.

A report to Cabinet on 4 December 2024 provided an update on the development of the 2025/26 budget and the Medium-Term Financial Plan (MTFP (15)), covering the period 2025/26 to 2028/29, including updated financial planning assumptions, some of which reflect announcements made in the Chancellor of the Exchequer's Autumn Budget Statement, presented to the House of Commons on 30 October 2024.

The report included details of further additional savings proposals that can be considered to help balance the budget next year and beyond, which are in addition to the savings which were approved on 28 February 2024 as part of MTFP (14) and cut across this MTFP planning period. These additional proposed savings are subject to a second phase of budget consultation, running from Friday 6 December 2024 to Friday 17 January 2025. The second consultation builds on the phase one budget consultation which closed on Friday 1 November 2024.

A further update is being provided to Cabinet in a report on 15 January 2025. The report outlines the updating four-year savings gap, following the funding announcements arising from the Provisional Local Government Finance Settlement on 18 December 2024, which was a

one-year settlement for 2025/26. The Government have sought to provide additional funding to authorities like Durham County Council who have high levels of deprivation and relatively low tax base growth in 2025/26, additional social care funding has also been provided.

Furthermore, the Government have permitted social care authorities to increase council tax by 4.99% by allocating the ability to increase the Adult Social Care Precept by 2%. However, despite this extra funding, costs associated with social care and employer payroll costs have risen further, and the extra funding does not cover these extra cost pressures – which stem from rising demand for social care, rising employer national insurance costs and higher-than-expected national living wage increases from April 2025.

Alongside the provisional Local Government Finance Settlement, the Government have indicated their commitment and launched a consultation on the approach to reforming local government finance arrangements from 2026/27. The Council will take an active part in this consultation. However, there is a risk that the impact of any local government finance reform may be delayed or dampened in terms of its redistributive effects, and the Council continues to assume and plan for a significant budget gap in later years.

7 *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. (**Children & Young People Service**).*

In October 2024 the establishment is 25.63 FTE roles, and there are 6.6 FTE vacancies (a vacancy rate of 26%).

There are real challenges recruiting both Educational Psychologists who carry out assessments, and Area Principal Educational Psychologists who manage service provision.

It is widely recognised that that the shortage of Educational Psychologists is a local, regional, and national problem.

To meet forecast demand and address the backlog CMT previously agreed temporary funding to support contracts for agency Educational Psychologists to carry out assessments up to March 2025. Following assessment of future forecast need £390,000 in growth has been agreed for 2025-2026, which will enable 4 new Educational Psychologist roles to be created and enable the commissioning of additional assessments from agency Educational Psychologists to meet expected demand. Active recruitment is underway.

8 *UR0096 - Uncertain economic outlook may impede the delivery of the county's **Inclusive Economic Strategy**. (**Regeneration Economy & Growth**).*

The government seems likely to end and replace the levelling-up programmes that were introduced by the previous government. The government is likely to devolve new funding and support to the North East Combined Authority (NECA) rather than local authorities.

NECA is working with the government to agree priorities and funding via a new Local Growth Plan and elected members, officers, and partners from County Durham are engaging with and supporting NECA where possible.

Until the government publishes its strategies and agrees arrangements with NECA there are uncertainties regarding the funding and other types of regional and national support that will be available. The government Spending Review in spring 2025, should confirm local authority and devolved funding packages, and it is expected that some devolved funding allocations (e.g. the one-year extension to the UK Shared Prosperity Fund) will be confirmed sooner.

However, the longer it takes for the government and NECA to confirm arrangements, the more difficult it will be to continue business, employability, and place-based programmes aligned to the Inclusive Economic Strategy. Plans are being put in place to review the delivery plan for Inclusive Economic Strategy in 2025, with an annual review report going to DCC Cabinet in January 2025.

9 *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 in Care and Children in Need. (**Children and Young People Service**).*

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.

Sufficiency work programme phase 2 is underway to take forward board's aims. This includes initiatives to increase the number of foster carers and the provision of in-house children's homes. Sufficiency issues are also being faced by all local authorities, and the

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.

The policy paper, 'Keeping children safe, helping families thrive' outlines the government's commitment to keeping families together and children safe. It also outlines a commitment to support children to live in family settings where children cannot remain at home, including through kinship or foster care, rather than residential care. Alongside this, the statement sets out ambitions to fix the broken care market, and ensure the system is working effectively for vulnerable children and families. Legislative proposals in the statement will be taken forward when parliamentary time allows.

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

The Council and Children's and Young Peoples Service are dedicated in their work to resolve the recruiting and retaining 'Childrens Social Worker Issue'. Such initiatives being work on include the 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 and supporting various routes into social work. In order to support this the council are increasing investment in routes into social work, further improving recruitment.

A new Children's Social Care Prevention Grant has been announced for 2025-2026 and is expected to support children's social care reform, which involves enhancing early help for families, involving family networks more in decision making and establishing specialist child protection teams. Although rules for expenditure have not yet been announced, we anticipate this will have an impact on the social work workforce across England. In addition, Corporate Management Team has agreed to an increase to the Children's Social Care budget for 2025-2026 to support the increased number of children in our care. Although this funding will primarily support placements for children, it will also support investment in key support staff including our Legal, Homefinder and Supporting Family Time teams, reducing pressure on our social work teams.

The government's policy paper, 'Keeping children safe, helping families thrive', refers to the Independent Review of Children's Social Care, which stated that, while agency social workers can play a role in managing fluctuations in demand and fill in for staff that are temporarily absent, they should not replace a permanent workforce. The paper also notes that work has already started to reform the use of agency child and family social workers in local authority delivery of children's social care.

11 ***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. (Neighbourhoods & Climate Change).***

The Council is dedicated in working towards addressing both the Council 2030 and County 2045, NET ZERO targets, however the availability of funding for decarbonisation projects, continues to be a significant ongoing concern. Whilst the support of the Northeast Combined Authority will potentially provide opportunities to secure increased funding and collaborative efforts may accelerate progress across a range projects, there needs to be a significant amount of additional support from central government, for Net Zero projects.

The key mitigation is the Climate Emergency Response Plan 2024-2027, incorporating over 200 Actions and multiple 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.

Significant improvement in addressing emissions has been made with the Council achieving a 64% reduction of its Carbon Footprint Reduction (against a (2008/09 baseline), however the remaining 36% will prove a more difficult task.

Projects that have made an impact on Council emissions include the street lighting LED replacement project, Solar PV installations across much of our portfolio, the change over from gas heating to air source heat pumps for major refurbishment projects like, Chameleon House, Abbey, Teesdale, Peterlee and Newton Aycliffe Leisure Centres amongst others. To achieve our net zero ambitions funding of major projects is critical.

Decarbonisation continues across the County with projects including the EV Infrastructure Projects (Award Winning (Inspiring People)). Business

Energy Efficiency Project remains current, aimed helping businesses reduce energy costs and carbon footprint, whilst the service is also scoping future projects, such as District Heating (Moving away from individual gas boilers to centralised boilers carry hot water instead of gas, modelled on European Energy Centres).

- 12 *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. (Resources).*

On 4 December 2024, Cabinet was provided with an update including the forecast revenue and capital outturn for 2024/25, based on the position to 30 September 2024, and details of the updated forecast use of and contributions to earmarked, cash limit and general reserves in 2024/25 and the estimated balances that will be held on 31 March 2025.

The council is continuing to operate in a period of financial uncertainty and volatility. This uncertainty is being driven by continuing short term local government finance settlements for next year. The Government has committed to providing multi-year settlements for local government from 2026/27, to provide greater certainty however, no commitment has been given to increasing the overall resources available to local government in the immediate or longer term.

A Comprehensive Spending Review will take place in 2025 to inform funding from 2026/27 onwards, with the commitment given to providing three-year settlements and Comprehensive Spending Reviews occurring biannually thereafter. At this stage it remains assumed that the local government finance settlement for 2025/26 will be a 'roll over' settlement. The Budget / Autumn Statement took place on 30 October 2024, where the Government's spending and taxation plans were published.

Unless there is a fundamental shift in funding arrangements the financial outlook for the council is forecast to remain extremely challenging for the foreseeable future.

The Council's challenging financial position is largely driven by financial pressures in Children and Young People's Budgets.

It is forecast that the overall corporate position will be a net overspend of £5.334 million (which is driven by a forecast CYPS overspend of £9.517 million), with non-CYPS directorates underspending by £2.076 million. Therefore, the Council's net forecast overspend position at Quarter 2 is £3.258 million.

As of 30 September 2024, the council has delivered savings totalling £6.033 million, representing 74.6% of the £8.083 million savings target for the year, with circa £1 million of the savings (13%) forecast not to be achieved in year due to delays in delivering some of the proposals agreed by Council. Directorates have been asked to develop updates and action plans for savings proposals which have not being delivered to explain and fully address any non-delivery.

- 13 *UR0032 - Failure to protect a **vulnerable adult** from neglect or abuse, including financial abuse (where service failure is a factor or issue). (**Adult & Health Services**).*

Independent assurance on the management of this risk has been provided through a recent CQC inspection, and Durham County Council as rated as Good overall. This will be a cyclical assessment which will be undertaken approximately every two years.

Non-key risks

- 14 *UR0019 - Demand pressures on the **Community Protection** inspections and interventions may lead to an adverse impact on public health and safety in Co Durham. (**Neighbourhoods & Climate Change**).*

Unexpected reassurance visits to circa 80 Funeral Homes arising from problems identified in the Humber & East Riding Local Authority and enhanced requirements relating to Food Standards because of the introduction of 'Natasha's Law' is placing further stress on the Community Protection Team.

Due to priority and urgency, Community Protection prioritised the assurance visits to the Funeral Care Homes which had a direct impact on Food Standard Inspections (Circa 300 inspections), with the lowest risk inspections being reprioritised. As a direct impact, the work programme for Community Protection for 2025/26 will stretch the team beyond capacity.

A new product has been procured (Arcus) with an implementation date of April/May 2025 which is more intuitive platform, giving Community Protection the ability to complete site reports at point of inspection, simplifying the process and reducing hours spent on the reporting process.

- 15 *UR0023 - There is a risk of non-compliance with the general **Public Sector Equality Duty**, which mandates that decisions consider their equality implications for communities and employees. This could lead to*

successful legal challenges and delays in implementation. (Chief Executive Service).

There is also the potential failure to meet specific public sector obligations, such as:

- Publishing equality information annually and setting equality objectives at least every four years.
- Annually under the Equality Act 2020 (Gender Pay Gap Information), there is the requirement for local authorities to report on their gender pay gap each year by 31 Mar.

The update to the risk assessment now addresses both the requirement to assess the impact of decisions and introduction of new policy on both communities and employees as it may lead to less favourable treatment and potential discrimination of people with protected characteristics as defined within the Equalities Act 2010.

Also addressed is the importance of meeting reporting deadlines and that failure to do so would result in the Council receiving enforcement action from the Equality and Human Rights Commission. This is a key theme represented through the risk assessment.

The Equality Team to the Equality Impact Assessment and references the new E Learning module on the Equality Impact Assessment.

Moving forward it is planned to conduct a review of the Equality Impact Assessment process and raising awareness with leadership teams of the importance of equality analysis and the training that is available.

- 16 *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). (Neighbourhoods & Climate Change).*

The Council's current understanding is that the land slippage continues, and ground investigation evidence demonstrates that the embankment is showing an average of 1mm movement per month.

Due to land negotiations, the project has suffered a minor setback, which is now nearing resolution. The project has also suffered a further delay due to a requirement for NWL to divert strategic utility mains, which was not originally anticipated in the original feasibility study.

The junction improvement works are now due to commence in November 2024, however this is dependent on the NWL diversion works which is due to complete 31 Mar 2025.

Works to improve the junction from Kepier Lane onto the A690 are anticipated to commence April 2025 and be completed in 6-8 weeks.

Main Piling works are anticipated to commence in June 2025 and anticipated to be complete in 10-12 months. Capital funding is in place to fund the project in 2023/24, 2024/25 and 2025/26.

17 *UR0094 - Potential financial and other pressures threaten the viability of some **Education Providers**. (**Children & Young People Service**).*

Expanding access to nursery places through early years funding is an essential to support children's development and reduce educational inequalities and address the growing demand for quality early childhood education. The Council provides support to those schools taking up early years funding opportunities, to address nursery places.

18 *UR0097 - Potential size and scope of the liabilities of **equal value claims**. (**Resources**).*

The Council is now working towards resolving these claims, by agreeing the final value and list of claimants in liaison with Trade Unions and their legal representatives. This value is close to being finalised and can be funded from an allocated earmarked reserve set aside for these claims.

The Tribunal Hearing took place on 15 November 2024 and struck out 196 individual litigant-in-person (LIP) claims. Five LIP claimants have until 31 January 2025 to be considered (these challenged the strike out and have until 31 January 2025 to provide further information to the court) and a further 72 litigant-in-person claimants were not considered for strike out as Thompsons had subsequently advised they were now representing these. Remaining claims are now close to being in a position to be resolved as response has now been received from Thompsons Solicitors (20 December) to confirm the nature of the claim. Officers are working through the response received.

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

The inclusion of GDPR training as a mandatory training offer for all staff and the inclusion of biometric single sign on for end user laptops further strengthens the Council's position.

Future improvements include the effectiveness of the Cyber Incident Response Plan and how the service is exploring changes in the cyber insurance market whilst working towards ISO 27001 (Information security, cybersecurity, and privacy protection — Information security management systems) certification.

Working with Civic Contingencies colleagues, Digital Servers have held a total of 73 Business Continuity Plan sessions with Tier 4/5 managers across all services areas and functions. Feedback from these sessions has helped Digital Services revise its own Cyber Incident Recovery plan in line with business priorities.

Monthly Phishing exercises are now in place aimed at ensuring staff can continue to recognise suspicious emails. Results are monitored, with plans in place to provide additional training to staff regularly failing these training exercises.

Additionally, as a service it is evaluating Security Operations Centre (SOC) and Security Information and Event Management (SIEM) offerings against Microsoft E5 security as a method of further improving the organisations security position.

- 20 *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. (Resources).*

The update gives the latest position relating to the 'Cost of Living Crisis' in relation to the Consumer Price Index now being at 2.6% as at September 2024 and details the increase in Private Rental prices paid by tenants in the UK rising by 8.4% in the 12 months to September 24, unchanged from the 12 months to August 24, with inflation currently running at 2.6% CPI as of September 24.

The current Council Poverty Action plan covers the period 2022 to 2026. Review and consultation activity will take place throughout 2025, including consultation meetings with AAPs, to shape the new Council Poverty strategy and action plan for the subsequent four years from 2026.

The annual poverty report for 2024/25 will be presented to Corporate Overview and Scrutiny Management Board, Cabinet and CMT during Q1 2025.

Each of the 14 AAP are allocated £10,000 from the welfare assistance reserve to support projects tackling poverty. The total allocation is £140,000 and in the first half of 24/25, £114,459 has been utilised to deliver 10 projects. This has been further supported by £136,296 in match funding (£5500 from elected members Neighbourhood Budgets, £126,896 from external sources and £3900 in internal match from other DCC departments).

These projects include outreach projects such as baby bank training courses and a food bank. The funding of these projects saw:

- (a) There is significant uncertainty in relation to future funding settlements from government, which will significantly impact upon the medium-term financial plan.
- (b) Over 1000 families benefiting from schemes aimed at improving support and outcomes for families.
- (c) 90 people undertaking training courses.
- (d) 100 people involved in initiatives aimed at improving mental health/ wellbeing.
- (e) 33 children and young people benefiting from schemes that aim to support them in achieving and maintaining optimum mental health and wellbeing.
- (f) 16 Young people supported into education, training, and employment.
- (g) 21 people engaged in voluntary work.

The Housing Poverty Group continues to work collaboratively on the issue of affordability in the current climate. A new money management and financial inclusion practitioners' group has been set up with local RPs to discuss the challenges faced by front line advisors and share good practice. An action plan is being developed to drive forward improvements.

We are also working to understand the wider issues in the housing market. As part of the development work of the Homelessness and Rough Sleeping Strategy 2024/29, we investigated the reasons why people were presenting to the Housing Solutions Service from the private rented sector. Detailed analysis concluded that reduced availability of accommodation in the private rented sector is the main reason people are presenting as homeless or at risk of being homeless. Recent interest rate rises are impacting landlords who are either selling

properties or increasing rents. This is driving an increase in evictions and is making the sector less affordable for those on lower incomes.

The Housing Poverty Group is working collaboratively on the issue of affordability in the current climate. A new money management and financial inclusion practitioners' group has been set up with local RPs to discuss the challenges faced by front line advisors and share good practice. An action plan is being developed to drive forward improvements.

- 21 *UR0154 - National and local shortages of skills and labour may cause **recruitment and retention** difficulties, resulting in capacity shortfalls. (Resources).*

A dedicated council jobs and careers Facebook page was launched in August 2023 and a jobs and careers Instagram page was launched in September 2024.

The council have worked with the LGA on the development of a recruitment campaign for local government which was piloted in the North East of England from January 2024, with learning from the pilot to inform a national roll out. The campaign creates a brand identity for the sector that helps to demystify what councils do, challenge preconceptions, and highlight the infinite variety of roles in local government to benefit and enhance the good work that authorities are doing in the region to attract new talent. This campaign is being rolled out nationally from 4 November 2024.

- 22 *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). (Adult Health and Services)*

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.

Work is underway to procure a select list for Older Person Care Homes from April 2025 (when the current contract is due to expire) for an initial term of 2 – 3 years, with optional extensions. Procurement work will

also be undertaken in 2025/26 for domiciliary care provision with new arrangements in place from April 2026 onwards.

- 23 *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. (Regeneration, Economy & Growth).*

Department for Transport (DfT) are about to commence forthcoming Bus Service Operators Grant (BSOG) reform consultation. This could result in increases or decreases to the amount of BSOG payments that either the council and / or local bus service operators receive from DfT.

Department for Transport (DfT) have issued revised guidance and reimbursement calculator for English National Concessionary Travel Scheme reimbursement paid to local bus service operators.

The Integrated Passenger Transport Group has undertaken calculations and determined no significant increase to the amount of ENCTS payments from the council to local bus service operators. DfT have however committed to further revising the guidance and reimbursement calculator in the short to medium term.

The Council are contributing £2m from an underspend of the concessionary fares budget, which will cushion the impacts on services and on bus users.

In January 2023 a fare cap was introduced, funded by central Government, limiting the cost of single journey bus tickets in England to a maximum price of £2. The 2024 budget review included details that this fares cap will increase to £3.00 on 1 January 2025 and would remain in place until 31 December 2025.

It is currently uncertain what Government plans are to continue capping bus fares after this date. NECA cabinet agreed at a meeting on 10 December 2024 to introduce a regional £2.50 cap on adult single bus fares in the North East Combined Authority region from 1 January 2025 until 31 December 2025, in addition to the suite of Bus Service Improvement Plan (BSIP) regional fares already available. It is understood that all bus operators and service providers within County Durham are participating in the scheme.

- 24 *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. (Adult & Health Services).*

A The rapid improvement event to review and improve processes has taken place and the majority of actions arising from this work almost all actions have now been completed. Performance has improved with a view to being sustained moving forward. Further improvement has also been made following the implementation of when system changes were implemented in December 2024 and are aimed at improving information management and governance.

25 *UR0185 - Challenging national, and international economic conditions beyond the control of the council risk the loss of Local **Businesses and Jobs** across the county. (**Regeneration, Economy & Growth**).*

The economic and political conditions in the region and UK continue to be challenging for businesses. Whilst the county's economy has largely recovered from Covid-19 and seen overall growth, high and rising costs and workforce shortages continue to make conditions difficult for businesses in most sectors.

The new government's industrial strategy green paper and budget have not improved overall business confidence and will lead to additional costs (with higher employer national insurance contributions and higher national minimum wages also to be considered) for many businesses.

The current UK Shared Prosperity Fund (UKSPF) period ends on 31 March 2025 and the government has launched a new one-year allocation of UKSPF funding, but this will be led by the North East Combined Authority (NECA) rather than DCC. NECA has not yet agreed how this will be distributed to DCC and the other local authorities in the region. It is also possible that some functions previously delivered at local authority level will be delivered directly by NECA. A further update will be provided in the next strategic risk review.

In the meantime, through Business Durham, the council will continue to work with businesses to mitigate business and job losses whilst seeking new funding from the North East Combined Authority and government to extend business and employability support services.

26 *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. (**Neighbourhoods & Climate Change**).*

The impacts of climate change, an increase in adverse weather, flooding events and rising water table levels have all contributed towards land slippage, unstable embankments and river erosion.

There are a number of locations across the county which Highways are currently monitoring, evaluating impacts and developing repair solutions.

The Highways Maintenance Plan along with the Local Transport Plan, capital programme and existing highways budget continue to be the main controls with supplementary funding through Capital Contingencies and MTFP capital bids.

- 27 *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. (Neighbourhoods & Climate Change).*

Structures overall are generally in 'fair' condition; however, a number of structures are coming to the "end of their design life". Additional capital funding has been secured for the development of the feasibility, detailed design and estimated cost packages which will be used to inform future investment.

The assets which are in the greatest need of significant investment in the short to medium term have been RAG rated to prioritise investment. The high-level estimate to repair these structures is estimated to be in the region of £28 million, work remains ongoing to secure the funding for these structures.

- 28 *UR0207 - Potential for unethical international recruitment practices (e.g., modern slavery) by some adult social care providers (International Recruitment Challenges) (Adult & Health Services).*

AHS Integrated Commissioning have now completed the 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 and has informed the regional protocol which has recently been put in place. 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.

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. Current activity levels mean this is not essential at present, but it could be an option should issues grow.

- 29 *UR0212 – Potential under-insurance of the Council's property assets against adverse events, leading to financial loss and reputational damage should a claim be made and the insured value not being sufficient to reinstate the building. (Reinstatement Values). (Regeneration, Economy & Growth).*

The reinstatement cost assessment report and contract procurement variation has been approved, to acquire the services of external RCI Surveyors to carry out RCA/MR's. The external service will be for a period of 3 years and worked through an asset programme determined by DCC managers, to include the CIT Manager (resources), Asset Property and Strategy Manager (REG).

The reinstatement value cost exercise commenced 21 October 2024 and to capture and record asset reinstatement valuation data, Business Services have allocated resource to the task, inputting the data onto the Asset Manager System, which will run for the same period (3 years).

Whilst NBV's are the only source of financial information available presently, to acquire some insurance cover, a percentage increase for all assets, will be agreed with the insurers. This will still leave an element of risk for which the Council will be responsible, not the insurers.

NBV is preferred to a NIL value. REG will continue to provide NBV's until the RCA/MR's are input onto the Asset Manager system and the requirement to maintain and update reinstatement values periodically will be built into the core annual processes alongside the capital accounting valuations.

Emerging/potential risks

Update on the management of existing risks

- 30 *UR0193 - Proposed changes to increase recycling and reduce plastic waste, to be implemented through the Environment Act 2021, may necessitate major service changes Countywide that are not fully funded through New Burdens funding, leading to significant additional costs to the council (Recycling and Waste). (Neighbourhoods & Climate Change).*

Capital Grant Funding received (DEFRA to pay for introduction of food wasted collections as it is a new burden on LA's), and projected revenue uncertainty based on revenue fund grant will be and that is for transitional costs for introducing the new scheme and ongoing revenue-based costs for running the service. Unsure if there will be a short fall for meeting total cost of project.

Estimates have been forecasted into MTFP(15) for financial planning purposes and from 2025, some organisations and businesses will have to pay a fee for the packaging they supply to or import into the UK market. This is called extended producer responsibility (EPR) for packaging.

The Council have been notified of the estimated EPR allocation which is currently £9.8m. However, uncertainty exists around whether the allocation will be new and additional funding and whether it will be protected for waste services, or whether there will be an impact on the central government settlement being reduced. First payment would be due to be paid end Q3 2025/26. It will cover net costs of collecting, managing, recycling, and disposing of household packaging waste.

Payments are modelled on around certain LA characteristics, such as rurality and deprivation, national policies and circumstances, the amount of waste LAs collect & manage, and the estimated composition of this waste.

31 *UR0205 - Uncertainties relating to the partnership project between the seven North East Local Authorities (7LA) to procure and deliver a large residual waste Energy Recovery Facility. (**Neighbourhoods & Climate Change**).*

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.

There are also some potential variations in costs and funding, and the grid connection date is uncertain at this stage. However, the intended benefits 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.

The Council have submitted a response to the government consultation on proposed new ETS regulations (tax on incineration), outlining the likely impacts if these regulations come into force. Whilst the Council is committed to decarbonisation, we believe the timing and implementation of the new tax are prohibitive. There is currently no viable alternative to Energy from Waste (EfW) for treating residual waste, and without it, councils would face increased reliance on landfilling, which is environmentally worse. The proposed tax would directly impact public budgets, as councils would bear the costs through contracts, rather than the private waste sector, which is better positioned to invest in new technologies.

The Councils position is supported by national waste management trade bodies and other councils. The government's decarbonisation strategy identifies Carbon Capture and Storage (CCS) as a key solution for EfW, and we are actively exploring this technology, particularly in connection with a potential project at Teesworks. We welcome the government's recycling reforms, which will help reduce the amount of residual waste needing treatment.

Previous uncertainty around the grid connection has resulted in a pause to the procurement process. The grid connection date has now been provided by NPG (2026) which has allowed the procurement process to restart and a new timetable for project implementation.

Key Risks

32. The Council's key risks are shown in the following table.
Key Risks Matrix

| Impact | Key | | High risks / Key risks | | | |
|-------------------|--------|----------|---|--|-----------------|--|
| | | | Medium risks | | | |
| | | | Low risks / within appetite | | | |
| Critical | | | 9 Child Safeguarding 10 Savings Plans 11 Vulnerable Adults | 2 HNB SEND | 1 Govt Funding | |
| Major | | | | 3 Educational psychologists 4 IES 5 Statutory Sufficiency Duty 6 Children's Social Workers 7 Climate Change 8 CIC Costs | | |
| Moderate | | | <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: auto;"> 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. </div> | | | |
| Minor | | | | | | |
| Insignificant | | | | | | |
| Likelihood | Remote | Unlikely | Possible | Probable | Highly Probable | |

Key Risks Schedule

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

| Ref | Service | Range of impact | Strategic Ambition | Risk | Net Impact | Net Likelihood | Proposed Key Actions | Anticipated duration of risk (key risks only) |
|-----|---------|-----------------|--|---|------------|-----------------|--|--|
| 1 | RES | Cross-cutting | Our Council – We want a council which is efficient and effective, financially sound and forward looking. A council which is delivering high value local services that meet the wants and needs of our residents in a sustainable manner by a motivated workforce trained for the future. | 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 Control: 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 | Range of impact | Strategic Ambition | Risk | Net Impact | Net Likelihood | Proposed Key Actions | Anticipated duration of risk (key risks only) |
|-----|---------|------------------|---|--|------------|----------------|--|---|
| 2 | CYPS | Service-specific | Our People – We want our residents to be healthy and to live independently for as long as possible. We want to reduce health inequality, improve mental health and create a sustainable high-quality care market. | 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). | Critical | Probable | <p>Main controls: SEND and Inclusion Resources Board. Collaboration with schools to make the HNB more sustainable. Schools Forum Reference Group. Monthly tracker report for SEND 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 SEND and AP Change Partnership.</p> <p>Planned improvements: Engagement with Schools Forum took place in July 24 to determine options for reducing pressure on the HNB budget and consider options for transfer from other blocks. Following discussions and consideration of the different effects on schools, it was decided not to pursue the option to transfer from other blocks and instead consider other options. Meetings are planning in with DAPH and DASH in September 24 and will be followed by a consultation and cabinet report.</p> | The duration of this risk is uncertain. |

| Ref | Service | Range of impact | Strategic Ambition | Risk | Net Impact | Net Likelihood | Proposed Key Actions | Anticipated duration of risk (key risks only) |
|-----|---------|------------------|---|---|------------|-----------------|---|---|
| 3 | CYPS | Service-specific | Our People – We want our residents to be healthy and to live independently for as long as possible. We want to reduce health inequality, improve mental health and create a sustainable high-quality care market. | 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. | Major | Highly Probable | <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 alongside further work on projects to improve capacity and confidence in early intervention to seek to reduce number of new statutory assessments. Regular reviews of activity and updating of demand forecasts to seek to ensure permanent posts and locum support meets service demands and statutory timescales.</p> <p>Planned improvements: Consideration of whether further changes to pay across the workforce are required and the introduction of an “Advanced Educational Psychologist” role.</p> | The duration of this risk is uncertain. |

| Ref | Service | Range of impact | Strategic Ambition | Risk | Net Impact | Net Likelihood | Proposed Key Actions | Anticipated duration of risk (key risks only) |
|-----|---------|------------------|---|--|------------|----------------|---|---|
| 4 | REG | Service-specific | Our Economy – We want to create a sustainable, inclusive economy with a diverse range of jobs to meet all skill levels, with targeted learning programmes from school age, aligned to the needs of businesses and innovation opportunities. | UR0096 - Uncertain economic outlook may impede the delivery of the county's Inclusive Economic Strategy . | Major | Probable | <p>Main Controls: The council will continue to maximise existing funding to achieve the greatest possible economic outcomes and engage with regional and national partners and the government where possible to lobby for an extension to, or replacement of, the UKSPF.</p> <p>Through the County Durham Economic Partnership, we will continue to develop activities identified in the IES Delivery Plan as well as new activities to start if suitable funding becomes available.</p> <p>We will continue to monitor data and update evidence in line with the IES that demonstrates our needs and opportunities and use this to inform engagement with regional partners and the government and the design of their strategies and investment plans.</p> | This risk is long term |

| Ref | Service | Range of impact | Strategic Ambition | Risk | Net Impact | Net Likelihood | Proposed Key Actions | Anticipated duration of risk (key risks only) |
|-----|---------|------------------|---|---|------------|----------------|--|---|
| 5 | CYPS | Service-specific | Our People – We want our residents to be healthy and to live independently for as long as possible. We want to reduce health inequality, improve mental health and create a sustainable high-quality care market. | 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 in Care 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.</p> <p>Sufficiency work programme phase 2 is underway to take forward board's aims.</p> <p>This includes initiatives to increase the number of foster carers and the provision of in-house children's homes. Sufficiency issues are also being faced by all local authorities, and the 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.</p> <p>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 | Range of impact | Strategic Ambition | Risk | Net Impact | Net Likelihood | Proposed Key Actions | Anticipated duration of risk (key risks only) |
|-----|---------|------------------|---|--|------------|----------------|--|---|
| 6 | CYPS | Service-specific | Our People – We want our residents to be healthy and to live independently for as long as possible. We want to reduce health inequality, improve mental health and create a sustainable high-quality care market. | 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 improvement: Increasing investment in routes into social work. Further improving recruitment. Enhancing flexibility.</p> | The duration of this risk is uncertain. |

| Ref | Service | Range of impact | Strategic Ambition | Risk | Net Impact | Net Likelihood | Proposed Key Actions | Anticipated duration of risk (key risks only) |
|-----|---------|-----------------|---|--|------------|----------------|---|---|
| 7 | NCC | Cross-cutting | Our Environment –We want to protect our natural environment for future generations, create a built environment that supports good health, make the county carbon neutral by 2045 and restore and enhance our local wildlife and habitats. | 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 | Main Controls: The key mitigation is the Climate Emergency Response Plan 3 (2024-27), incorporating over 200 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. | This risk is long term. |

| Ref | Service | Range of impact | Strategic Ambition | Risk | Net Impact | Net Likelihood | Proposed Key Actions | Anticipated duration of risk (key risks only) |
|-----|---------|------------------|---|--|------------|----------------|--|---|
| 8 | CYPS | Service-specific | Our People – We want our residents to be healthy and to live independently for as long as possible. We want to reduce health inequality, improve mental health and create a sustainable high-quality care market. | 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 (Children in Care (CIC) costs). | Major | Probable | <p>Main Controls: Monthly forecast of outturn reports from Service Management Teams are monitored by CMT. Monitoring by Quality Improvement Board. Children’s Services Improvement Plan. Oversight by CMT, Cabinet, DSCP & partners. Fostering & Adoption Strategies. Fostering to Adopt initiative.</p> <p>Placement Resource Panel, chaired Strategic Manager, provides challenge and a gatekeeping role. A risk-based approach is used to identify children to be looked after (developed with N Yorks Partners in Practice). Placement Efficiency Strategy. Pre-Birth Service & 2nd Stage of Pre-Birth Model. Restructure of Heads of Service to provide stronger leadership and management of Children's SC. Breakdown of CIC numbers is provided to the CEO weekly. Sickness Clinics held jointly between the strategic manager & Human Resources. Review of cases where intention is to return the child to their parents to ensure that appropriate arrangements are being put in place.</p> | The duration of this risk is uncertain. |

| Ref | Service | Range of impact | Strategic Ambition | Risk | Net Impact | Net Likelihood | Proposed Key Actions | Anticipated duration of risk (key risks only) |
|-----|---------|------------------|--|---|------------|----------------|---|---|
| 9 | CYPS | Service-specific | Our People – We want our residents to be healthy and to live independently for as long as possible. We want to reduce health inequality, improve mental health, and create a sustainable high-quality care market. | UR0006 - Failure to protect a child from death or serious harm where service failure is a factor or issue (Child Safeguarding). | Critical | Possible | <p>Main Controls: Durham Safeguarding Children Partnership was established in line with the statutory requirements set out in 'Working Together 2018'. A partnership learning through scrutiny mechanisms and learning reviews underpins training for front line staff and regular staff supervision takes place.</p> <p>The Councils planned implementation of 'Stable Homes built on Love' following the National Care Review.</p> | This risk is long term. |

| Ref | Service | Range of impact | Strategic Ambition | Risk | Net Impact | Net Likelihood | Proposed Key Actions | Anticipated duration of risk (key risks only) |
|-----|---------|-----------------|--|---|------------|----------------|---|---|
| 10 | RES | Cross-cutting | Our Council – We want a council which is efficient and effective, financially sound and forward looking. A council which is delivering high value local services that meet the wants and needs of our residents in a sustainable manner by a motivated workforce trained for the future. | 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 | Range of impact | Strategic Ambition | Risk | Net Impact | Net Likelihood | Proposed Key Actions | Anticipated duration of risk (key risks only) |
|-----|---------|------------------|---|--|------------|----------------|---|---|
| 11 | AHS | Service-specific | Our People – We want our residents to be healthy and to live independently for as long as possible. We want to reduce health inequality, improve mental health and create a sustainable high-quality care market. | UR0032 - 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>Planned Improvements: Following allegations of abuse at Whorlton Hall Hospital, an independent review of the Council's safeguarding adults processes has been commissioned, reviewed and updated where needed. Any learning from this and other such reviews will inform actions to reframe and further develop practice. A strategic review of Social Care Direct (Dec 2024 – May 2025) will include a focus on how we receive and triage safeguarding adult concerns.</p> <p>Nationally there has been an increased awareness of potential vulnerabilities relating to adults with care and support needs. High profile exposures heighten awareness of adult safeguarding concerns.</p> | This risk is long term. |

Appendix 4: List of all Strategic Risks (by Strategic Ambition)

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

Strategic Ambition: Our Council – We want a council which is efficient and effective, financially sound and forward looking. A council which is delivering high value local services that meet the wants and needs of our residents in a sustainable manner by a motivated workforce trained for the future.

| 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 | 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 The Storm Arwen Improvement Action Plan relating to the promotion of community resilience and resources surge planning. |

| Ref | Service | Risk | Conclusion | Main Controls and Planned Improvements |
|----------|---------|--|---|--|
| Page 150 | 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. |
| 5 | 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. |
| 6 | CE (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). |
| 7 | 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. Oversight by cross-service Corporate Health, Safety and Wellbeing Strategic Group, chaired by Corporate Director of Resources and Director of Regeneration, Economy and Growth. |
| 8 | 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 and operational approach to recruitment across the council supported by regular update reports and the recruitment function has been centralised in Human Resources and Employee Services to support this work. |

| Ref | Service | Risk | Conclusion | Main Controls and Planned Improvements |
|-----|---------|--|------------|--|
| | | | | <p>Planned improvements:</p> <p>A Corporate Communications Plan for recruitment continues to be developed as improvements are made and new initiatives are being implemented including dedicated Jobs and Careers Facebook and Instagram pages to promote vacancies, careers and working at the council and development of the council's website to include information <i>and videos</i> on careers and working in search of the council's services.</p> <p>Process improvements are also being made to support the candidate experience which includes a simplified application form.</p> <p>Looking at increasing overseas recruitment and other workforce initiatives to increase talent pipelines and support succession plan</p> <p>Revised workforce strategy 2024-27.</p> |
| 9 | REG | UR0212 – Potential under-insurance of the Council's property assets against adverse events, leading to financial loss and reputational damage should a claim be made and the insured value not being sufficient to reinstate the building. (Reinstatement Values); (REG). | Treat | <p>Main controls:</p> <p>To provide an interim solution: A reinstatement cost assessment report and contract procurement variation has been approved, to acquire the services of external RCI Surveyors to carry out Root Cause Analysis/MR's. The external service will be for a period of 3 years and worked through an asset programme determined by DCC managers, to include the CIT Manager (resources), Asset Property and Strategy Manager (REG).</p> <p>Whilst NBV's are the only source of financial information available presently, to acquire some insurance cover, a percentage increase for all assets, will be agreed with the insurers. NB this will still leave an element of risk for which the Council will be responsible, not the insurers.</p> <p>An NBV is preferred to a NIL value. REG will continue to provide NBV's until the RCA/MR's are input onto the Asset Manager system and the requirement to maintain and update reinstatement values periodically will be built into the core annual processes alongside the capital accounting valuations.</p> <p>Planned improvements:</p> <p>By mid-2027, implement a long-term solution to the RCA/MR process, whether that be using an externally qualified service provider or employing RICs qualified surveyors. Ensure Reinstatement cost assessments are made available to insurers for every DCC asset requiring insurance cover and that these are kept up to date.</p> |
| 10 | 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:</p> <p>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</p> |

| Ref | Service | Risk | Conclusion | Main Controls and Planned Improvements |
|----------|---------|--|---|--|
| Page 152 | | | | <p>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. Explore changes in the cyber insurance market. Work towards ISO 27001 (Information security, cybersecurity and privacy protection — Information security management systems) certification. Evaluate SOC and SIEM offerings against Microsoft E5 security as a method of further improving the organisations security position.</p> |
| 11 | 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. END | 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> |
| 12 | REG | UR0169 - Increased difficulty in retaining or finding tenants for Council-owned Leisure and Retail Units , leading to an increased risk of medium to long term losses in revenue. | The current controls are considered adequate. | <p>Main controls: Marketing Strategy. Proactive, national marketing of units through a specialist external agency. Tailored incentives for potential tenants.</p> <p>Business Durham connects businesses with the right funding, advice, and networks they need to grow and thrive. Budget monitoring and control.</p> <p>Regular progress reports to Corporate Management Team. Supporting businesses through discretionary rate relief schemes.</p> <p>Overall it is considered that the risk has reduced due to the fact that the market appears to have potentially levelled off so the situation as it is now not expected to significantly change over the next 12 months. This along with the mitigation that has been put in place is the reason the risk has been reduced.</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> <p>Tribunal to take place in November 2024 to strike out individual litigant-in-person claims. Remaining claims to be settled during November and December 2024.</p> |
| 14 | NCC | UR0081 - Failure to prepare for, respond to and recover from a | The current controls are | <p>Main controls: Business Continuity Management (BCM) Strategy, Policy and Steering Group. Comprehensive, up-to-</p> |

| Ref | Service | Risk | Conclusion | Main Controls and Planned Improvements |
|-----|---------|---|----------------------|--|
| | | disruptive event, leading to a major interruption to the provision of essential services by the Council (Business Interruption). | considered adequate. | <p>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> |
| 15 | CE (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> |

Strategic Ambition: Our communities – We want to develop our towns and villages to be places where people want to be. With housing that meets need, high streets that are vibrant, safe, and attractive social hubs, and with direct links between population centres and employment and leisure.

| Ref | Service | Risk | Conclusion | Main Controls and Planned Improvements |
|-----|---------|--|---|--|
| 16 | 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.</p> <p>Specialist consultants have now provided a preferred design solution and negotiations are underway to enter into a design and build contract.</p> <p>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> <p>Works to divert the NWL fee d into Durham are expected to be completed by 31st March 2025.</p> <p>Works to improve the junction from Kepier Lane onto the A690 are anticipated to commence April 2025 and be completed in 6-8 weeks.</p> <p>Main Piling works are anticipated to commence in June 2025 and anticipated to be complete in 10-12 months.</p> |
| 17 | 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> |

| Ref | Service | Risk | Conclusion | Main Controls and Planned Improvements |
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| | | | | <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> |
| 18 | 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. | <p>Main Controls: Highways Maintenance Plan. Local Transport Plan Capital Programme and Budget. Additional investment through Capital Contingencies and MTFP capital bids.</p> |
| 19 | 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. | <p>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.</p> |
| 20 | REG | UR0164 - Withdrawal of, or changes to, financial support to bus operators | The current controls are | <p>Main controls: The Council will be contributing £2m from an underspend of the concessionary fares budget, which will cushion</p> |

| Ref | Service | Risk | Conclusion | Main Controls and Planned Improvements |
|----------|---------|--|----------------------|---|
| Page 156 | | 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. | considered adequate. | 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. |
| 21 | CE (CA) | UR0023 - There is a risk of non-compliance with the general Public Sector Equality Duty , which mandates that decisions consider their equality implications for communities and employees. | | <p>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.</p> <p>Planned Improvements: Review of the equality impact assessment process and awareness raising with all staff and leadership teams of the importance of equality analysis and the training available. Roll out equality impact assessment e learning training module across management and strategic leadership persons within DCC.</p> |

Strategic Ambition: Our Economy – We want to create a sustainable, inclusive economy with a diverse range of jobs to meet all skill levels, with targeted learning programmes from school age, aligned to the needs of businesses and innovation opportunities.

| Ref | Service | Risk | Conclusion | Main Controls and Planned Improvements |
|-----|---------|--|---|---|
| 22 | REG | UR0096 - Uncertain economic outlook may impede the delivery of the county's Inclusive Economic Strategy . | Treat | <p>Main Controls: The council will continue to maximise existing funding to achieve the greatest possible economic outcomes and engage with regional and national partners and the government where possible to lobby for an extension to, or replacement of, the UKSPF.</p> <p>Through the County Durham Economic Partnership, we will continue to develop activities identified in the IES Delivery Plan as well as new activities to start if suitable funding becomes available.</p> <p>We will continue to monitor data and update evidence in line with the IES that demonstrates our needs and opportunities and use this to inform engagement with regional partners and the government and the design of their strategies and investment plans.</p> |
| 23 | CYPS | UR0094 - Potential financial and other pressures threaten the viability of some education providers . | The current controls are considered adequate. | <p>Main controls: School Strategy. Education Review Board. Sustainability Fund (early years providers). New protocols in place to support federations and shared headships. Leadership advisers support to schools. Business Continuity Planning and monitoring. Consultation on amalgamation of schools where opportunities arise.</p> <p>Support for schools taking up early years funding opportunities to address nursery places.</p> |
| 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. | <p>Main controls: Poverty Action Strategy and Plan; Child Poverty Action Plan; Poverty Action Steering Group; Housing Welfare Reform Group triage process; Child Poverty Group; Partnership working including but not exclusive to Advice in County Durham Partnership; Various practical, financial and advisory support services; and Communications programme and staff training.</p> |
| 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 | Treat | <p>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.</p> <p>The Housing Poverty Group meets every six weeks to consider issues relating to poverty, share best practice and promote joint working. Partnership working with social housing providers to understand, raise awareness and respond to key issues.</p> |

| Ref | Service | Risk | Conclusion | Main Controls and Planned Improvements |
|----------|---------|---|------------|---|
| Page 158 | | affordable housing and pressure on housing support services (Homelessness). | | <p>The Stop B4U Serve initiative encourages landlords and tenants to approach the Council about potential eviction notices to consider alternatives.</p> <p>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.</p> <p>Planned Improvements: Direct provision by the Council through the establishment of a Housing Revenue Account.</p> <p>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.</p> <p>Training and awareness to enable front line staff support and work collectively with partners.</p> <p>Improved monitoring and governance of services, including expenditure of budgets and costs. Recruitment of additional temporary staff (if needed).</p> |
| 26 | 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 with partners 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, the new government is yet to set out its plans for national, regional and local economic growth and local authority funding which makes it difficult to plan support and economic development activities beyond the 2024/25 financial year. If external funding is not secured from the Government or the North East Combined Authority some business and employment support schemes may have to be brought to an end and jobs in the council and other providers may be lost.</p> <p>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 local strategic economic weaknesses, support long-term growth, and safeguard businesses and jobs and can be modified as conditions change. Whilst the Inclusive Economic Strategy is being integrated with other corporate strategies, economic development services are discretionary and dependent on funding that sits outside the council's core funding envelope. In the past, European funding has been crucial to the delivery of economic development services and more recently levelling up funding and the UK Shared Prosperity Fund have supported the delivery of services, but the future of this funding is uncertain under the new government.</p> <p>Planned Improvements: The new government has committed to devolving funding for regeneration and economic development</p> |

| Ref | Service | Risk | Conclusion | Main Controls and Planned Improvements |
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| | | | | <p>to Mayoral Combined Authorities, but the amounts of funding available and mechanisms for local authorities accessing this funding are yet to be understood. Elected members and officers are working with the combined authority, local MPs and the government, where possible, to promote the county's needs and opportunities and try to influence new strategies and investment plans. The council and Economic Partnership will seek opportunities to respond to relevant government consultations and provide evidence to 'think tanks' and lobbying group to try to influence future policies and investments.</p> <p>The council was successful in lobbying the government to commit to investments that were announced under the previous government including the Long Term Plan for Towns investment for Spennymoor and a one-year extension to the UK Shared Prosperity Fund. This should allow DCC to continue important regeneration, employability, and business support programmes that have been designed and delivered with and for residents across the county. We continue to work with the North East Combined Authority to design new strategies and investment plans to support local, county, and regional growth and ensure alignment with our Inclusive Economic Strategy and other strategies and plans, and to secure public and private investment.</p> <p>The council is also continuing to work with local businesses, developers, and inward investors to develop new sites and properties that will support new business and job opportunities including NETPark Phase 3, the next phase of Jade Business Park phase, Forrest Park, Integra 61, and Durham City Innovation District. It is also continuing to work on regeneration schemes across the county to improve towns and villages, public transport, broadband services, and improve the supply and choice of housing. The council is also continuing to promote the county to developers, investors, innovative businesses, and visitors to generate more opportunities for growth with our economic potential being increasingly recognised.</p> |
| 27 | 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 (H2ST). | Treat | <p>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.</p> <p>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.</p> |
| 28 | CYPS | UR0149 - Pupils may not adequately recover from the impacts of Covid19, leading to ongoing or increased inequality of educational outcomes , | The current controls are considered adequate. | <p>Main controls: CYP Strategic Plan 2019 – 2022. Education Durham Support and Development Team. School governing bodies. CYP O&SC. Durham Schools Forum. DurhamWorks programme. Education Endowment Foundation. Teacher Development Trust. Various head teacher associations. Virtual-live</p> |

| Ref | Service | Risk | Conclusion | Main Controls and Planned Improvements |
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| Page 160 | | restricted employment prospects and an increase in the number of NEETS. | | training. School improvement plans. Education Durham Performance and Standards team. Engagement with North East Combined Authority Education and Skills Plan re Education and Poverty Action Group. |

Strategic Ambition: Our Environment – We want to protect our natural environment for future generations, create a built environment that supports good health, make the county carbon neutral by 2045 and restore and enhance our local wildlife and habitats.

| Ref | Service | Risk | Conclusion | Main Controls and Planned Improvements |
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| 29 | 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 | <p>Main Controls: The key mitigation is the Climate Emergency Response Plan 3 (2024-27), incorporating over 200 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.</p> |
| 30 | 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. 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. 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. A request for additional resources has been submitted as part of MTFP 15.</p> |

Strategic Ambition: Our People – We want our residents to be healthy and to live independently for as long as possible. We want to reduce health inequality, improve mental health and create a sustainable high-quality care market.

| Ref | Service | Risk | Conclusion | Main Controls and Planned Improvements |
|-----|---------|--|------------|--|
| 31 | 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 SEND). | Treat | <p>Main controls: SEND and Inclusion Resources Board. Collaboration with schools to make the HNB more sustainable. Schools Forum Reference Group. Monthly tracker report for SEND 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 SEND and AP Change Partnership.</p> <p>Planned improvements: Engagement with Schools Forum took place in July 24 to determine options for reducing pressure on the HNB budget and consider options for transfer from other blocks. Following discussions and consideration of the different effects on schools, it was decided not to pursue the option to transfer from other blocks and instead consider other options. Meetings are planning in with DAPH and DASH in September 24 and will be followed by a consultation and cabinet report.</p> |
| 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. END | 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. Regular reviews of activity and updating of demand forecasts to seek to ensure permanent posts and locum support meets service demands and statutory timescales.</p> <p>Planned improvements: Consideration of whether further changes to pay across the workforce are required and the introduction of an "Advanced Educational Psychologist" role.</p> |
| 33 | CYPS | 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 in Care 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.</p> <p>Sufficiency work programme phase 2 is underway to take forward board's aims.</p> |

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| | | | | <p>This includes initiatives to increase the number of foster carers and the provision of in-house children's homes. Sufficiency issues are also being faced by all local authorities, and the 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.</p> <p>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 improvement: Increasing investment in routes into social work. Further improving recruitment and enhancing flexibility.</p> |
| 35 | 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 (Children in Care (CIC) costs). | The current controls are considered adequate. | <p>Main Controls: Monthly forecast of outturn reports from Service Management Teams are monitored by CMT. Monitoring by Quality Improvement Board. Children's Services Improvement Plan. Oversight by CMT, Cabinet, DSCP & partners. Fostering & Adoption Strategies. Fostering to Adopt initiative. Placement Resource Panel, chaired Strategic Manager, provides challenge and a gatekeeping role. A risk-based approach is used to identify children to be looked after (developed with N Yorks Partners in Practice). Placement Efficiency Strategy. Pre-Birth Service & 2nd Stage of Pre-Birth Model. Restructure of Heads of Service to provide stronger leadership and management of Children's SC. Breakdown of CIC numbers is provided to the CEO weekly. Sickness Clinics held jointly between the strategic manager & Human Resources. Review of cases where intention is to return the child to their parents to ensure that appropriate arrangements are being put in place.</p> |
| 36 | CYPS | UR0006 - Failure to protect a child from death or serious harm where service failure is a factor or issue (Child Safeguarding). | Treat | <p>Main Controls: Durham Safeguarding Children Partnership was established in line with the statutory requirements set out in 'Working Together 2018'. A partnership learning through scrutiny mechanisms and learning reviews underpins training for front line staff and regular staff supervision takes place.</p> <p>The Councils planned implementation of 'Stable Homes built on Love' following the National Care Review.</p> |
| 37 | AHS | UR0032 - Failure to protect a vulnerable adult from neglect or abuse, including financial abuse (where service failure is a factor or issue). | Treat | <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> |

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| Page 164 | | | | <p>Planned Improvement: Following allegations of abuse at Whorlton Hall Hospital, an independent review of the Council's safeguarding adults' processes has been commissioned, reviewed and updated where needed. Any learning from this and other such reviews will inform actions to reframe and further develop practice. A strategic review of Social Care Direct (Dec 2024 – May 2025) will include a focus on how we receive and triage safeguarding adult concerns.</p> <p>Nationally there has been an increased awareness of potential vulnerabilities relating to adults with care and support needs. High profile exposures heighten awareness of adult safeguarding concerns.</p> |
| 38 | 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>2024 – staff development continues with post graduate and apprentices continuing to work in the Food and Health & Safety Team (now called the Health Protection Team).</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.</p> <p>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> |
| 39 | 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). | The current controls are considered adequate. | <p>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:</p> <p>Regular reports to the County Durham Care Partnership Executive.</p> <p>Scheduled meetings between senior officers working on the potential Joint Committee and the deployment of ICB resources in County Durham.</p> <p>Fortnightly meetings between health and care Chief Officers exercising oversight of the work on a potential Joint Committee.</p> <p>Periodic reports to Cabinet, Health and Wellbeing Board and Overview and Scrutiny Committees as needed.</p> <p>Oversight of the Better Care Fund by Health and Wellbeing Board and NHS England.</p> |

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| 40 | AHS | UR0158 - Increased demand and workforce pressures during the winter period may disrupt the council's and partners' urgent and emergency care services. END | Treat | <p>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.</p> <p>Planned controls: 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.</p> |
| 41 | CYPS | UR0213 – Inability to recruit 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: Dedicated Workforce Development to lead on training/development, recruitment initiatives and development of the workforce to support the Children's Homes Service.</p> <p>There is comprehensive monitoring and tracking of recruitment activity within the Children's Homes service to ensure a proactive approach to meet the service requirements for current staffing levels and new home developments. Recruitment initiatives include working with specialised recruitment agencies, promotion at recruitment fairs, utilising promotional facilities on the Council's North East Jobs platform, Indeed, as well as social media campaigns and promotion. Job descriptions reviews have been undertaken for key posts, alongside having recruitment and retention allowances in place.</p> <p>Planned Improvements: Promotion of clear and attainable career pathways both internally and to external candidates in recruitment.</p> <p>Development and implementation of grow your own career development programmes.</p> <p>Induction programme and supervision process reviews, alongside enhanced training offer to support in developing and retaining employees.</p> <p>Implementation of the Durham Cares Strategy which centres on creating a supportive environment for staff, advancing quality care for young people, revitalising physical spaces and systems, and empowering professional growth.</p> |
| 42 | AHS | UR0082 - Pressures nationally across residential, nursing and domiciliary / community care providers, could affect the availability, delivery, continuity, quality, sustainability and capacity of care | 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</p> |

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| Page 166 | | provision within County Durham (care providers). | | <p>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 spend 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> |
| 43 | 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 (DoLS). | 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. Refresher training has taken place for Best Interest Assessors (BIA) and signatories, DoLS is monitored closely via Data Insight group and a weekly SITREP report.</p> <p>Planned Improvements: A review of the Best Interest Assessors function to ensure that key objectives are met. A system update has recently taken place, where all new DoLS applications will be input into Azeus – this will allow for closer monitoring, assist with quality and plan for renewals. A further review is being requested to ensure actions from the rapid review have made a difference. Changes to the administrative function are still to be implemented.</p> |
| 44 | CYPS | UR0148 - Inability to recruit residential Children's Homes Staff (Aycliffe Secure Centre) 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> |
| 45 | 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 trends and patterns are monitored regularly to ensure managers are sighted on peaks and troughs. Weekly discussions are also held with safeguarding partners.</p> |

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| 46 | REG | UR0025 - Serious injury or loss of life due to Transport Safeguarding failure. | The current controls are considered adequate. | <p>Main Controls: Children's and adults' safeguarding policies. In-house fleet buses are maintained regularly. Contractors are required to maintain vehicles in a safe, roadworthy condition and comply with relevant, statutory provisions. Sample checking of vehicles in co-operation with the Police and the Driver and Vehicle Licensing Agency.</p> <p>External Contractor Staff Suitability Policy for school and social care transport.</p> |
| 47 | 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 completed 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 and has informed the regional protocol which has recently been put in place. 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. Current activity levels mean this is not essential at present, but it could be an option should issues grow.</p> |

Appendix 5: Performance of Risk Management

Performance Indicators - Tangible Measures

| Objective: To demonstrate that risks are being effectively managed | | | | |
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| 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. | To date (13 Jan 25) we sit at 75% completion rate, however the figures of those completing modules varies with each module. |
| 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. | |

Audit Committee

28 February 2025

Risk Management Policy and Strategy



Report of Corporate Management Team

Paul Darby, Corporate Director of Resources

Councillor Richard Bell, Deputy Leader and Cabinet member for Finance

Purpose of the Report

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

Executive summary

- 2 A copy of the Risk Management Policy and Strategy is attached at appendix 2 of this report for consideration and approval.
- 3 Following reviews in early 2025 by the Corporate Risk Management Group, Resources Management Team and CMT, three changes, detailed in paragraph 8 below, have been made to the Risk Management Policy and Strategy.
- 4 The document aligns with guidance from the Chartered Institute of Public Finance and Accountancy, the international risk management standard ISO 31000:2018, and the Council's Financial Management Standard 10 (Risk Management).

Recommendation

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

Background

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

Review

- 7 The policy and strategy were subjected to an in-depth review in January 2022 and significant changes were made to improve the format and content of the document. This review also ensured that the document aligns with guidance from the Chartered Institute of Public Finance and Accountancy, the international risk management standard ISO 31000:2018, and the Council's Financial Management Standard 10 (Risk Management).
- 8 Following a review in early 2025 by the Corporate Risk Management Group, Resources Management Team and CMT, the following changes have been made to the Risk Management Policy and Strategy: -
- (a) Paragraph 11 has been tweaked to refer to the Risk Management online training package available through the Councils training platform Durham Learning and Development System.
 - (b) Paragraph 18 has been tweaked to make reference to the strategic ambitions contained in the Council Plan 2025 – 2029.
 - (c) Paragraph 20 has been tweaked to better reflect the arrangements for submitting risk update reports to CRMG and committees.
- 9 A track-changed version of the revised Risk Management Policy and Strategy is attached as appendix 2.

Background papers

- None

Other useful documents

- None

Author

John Blowes

Tel: 03000 263226

Appendix 1: Implications

Legal Implications

As Failure to prevent Fraud Act becomes effective from 1st September 2025 this policy will be further reviewed and updated to reflect future changes as required.

Finance

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

Consultation

None

Equality and Diversity / Public Sector Equality Duty

None

Climate Change

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

Human Rights

None

Crime and Disorder

None

Staffing

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

Accommodation

None

Risk

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

Procurement

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

Risk Management Policy and Strategy

| Version Date | Version Ref. | Revision History | Reviser | Approved By | Review Date |
|------------------|--------------|------------------|-------------|-----------------|---------------|
| 28 February 2025 | 11 | | John Blowes | Audit Committee | February 2026 |

Risk Management Policy Statement

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

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

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

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

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

Risk Management Strategy

Aim

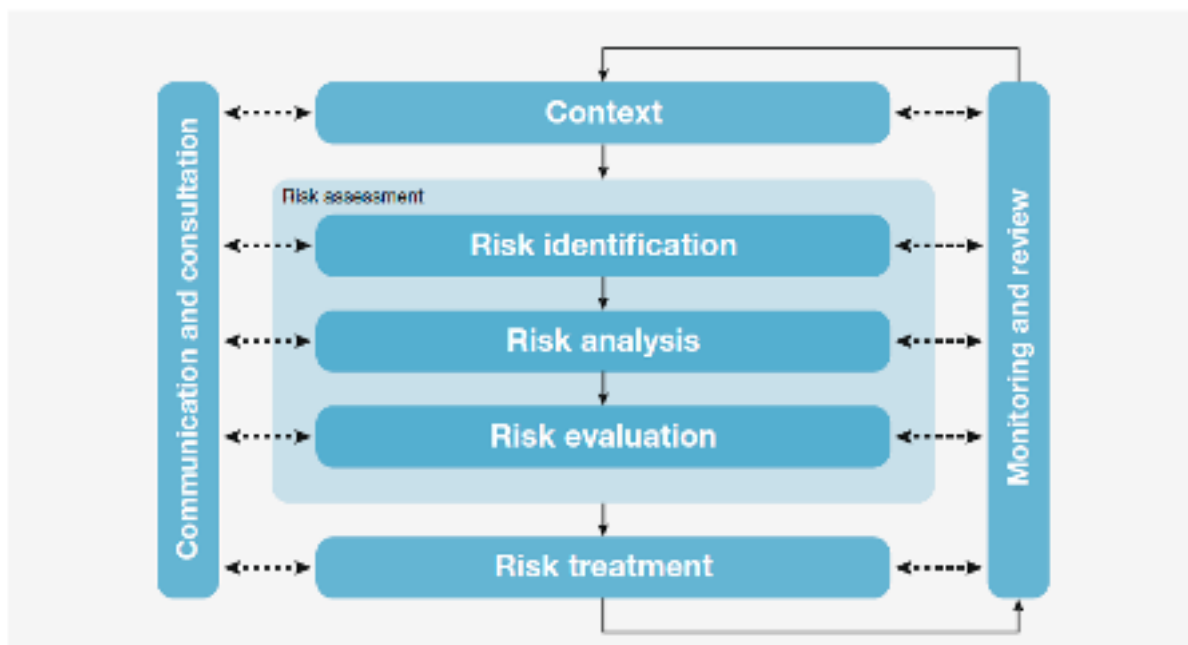
1. The aim of the risk management strategy is to make risk management an integral part of management and decision-making, aligned with the structure, operations, and processes of the Council.

Strategy Objectives

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

Risk Management Approach

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



IRM process as described in ISO 31000

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

9. Corporate risk management support will be provided by the Internal Audit and Risk Service and a dedicated Risk, Insurance and Governance Manager.
10. Each service grouping should have a designated officer (the service risk manager) to lead on risk management at a service grouping level and to act as a first point of contact for employees who require any advice or guidance on risk management.
11. Training will be provided regularly to ensure that employees and members have the necessary knowledge and skills related to risk management. This will be an ongoing process, ensuring that individuals are equipped to identify, assess, and mitigate risks effectively within their respective roles. In addition to this, advisory support will be available to assist in addressing any complex or specific risk-related queries.

The training aims to enhance understanding and capabilities in risk management through Durham County Council's dedicated online training platform, the Durham Learning and Development System. The platform ensures that training is easily accessible to key personnel, enabling them to stay up to date with the latest practices and guidelines in risk management.

12. The Corporate Risk Management Group (CRMG) will be made up of the risk champions, service risk managers and the Corporate Risk, Insurance and Governance Manager.
13. The CRMG will monitor the progress of risk management across the Council, advise on strategic risk issues, identify and monitor corporate cross-cutting risks, and agree arrangements for reporting awareness training.
14. The Audit Committee will be responsible for reviewing the effectiveness of the Council's risk management arrangements, including approving any changes to the Council's Risk Management Policy Statement and Strategy.
15. Each risk identified will be assigned to a named owner, who will be responsible for completing a risk assessment and be accountable for ensuring that adequate mitigation of that risk is in place.
16. Risk assessments will include an evaluation of the impact on finance, service delivery and stakeholders should the risk materialise, and the likelihood that the risk will occur over a given period. The assessment will be confirmed by the service grouping management team, and chief officer will agree their risk register with the cabinet member responsible for their portfolio service.

17. Based on the appetite for risk, management will either tolerate, treat or transfer the risk, or where appropriate, terminate the activity which causes the risk to occur.
18. Strategic risk registers will be compiled with each risk linked to the relevant strategic ambition and objective, with a prioritised action plan to direct its risk management activity.
19. The risk management process will be continuous, and monitoring will be in place to regularly review the effectiveness of risk reduction strategies and to help identify and assess new or emerging risks and suitable controls.
20. Strategic risks will be reviewed three times each year in line with the risk management annual plan and status reports will be submitted to the Corporate Risk Management Group, Corporate Management Team, and the Audit Committee. Quarterly performance reports to Cabinet will include a link to the latest Strategic Risk Management Progress Report to provide an insight into the work carried out by the Corporate Risk Management Group.
21. To supplement, and to seek assurance on the effectiveness of, the Council's arrangements for comprehensively identifying risks that threaten the achievement of objectives or the successful execution of strategies, systematic monitoring of external, relevant information sources will be undertaken regularly. Examples include the World Economic Forum's annual Global Risks Report and the Institute of Internal Audit's Risk in Focus reports.
22. To supplement the reviews outlined above, the Audit Committee Chair and Vice-Chair will be given formal briefings by officers, as is necessary, on any risk issues arising between reviews, subject to approval by the Chief Finance Officer. These briefings will be informed by consultation with relevant Audit Committee members, heads of service and other risk owners.
23. Provision will be made for losses that might result from the risks that remain.
24. Acceptable levels of risk will be determined and insured against where appropriate.

25. The Council will maintain business continuity plans for implementation in the event of disaster that may result in significant loss or damage to its resources.
26. Internal Audit will provide independent assurance on the adequacy and effectiveness of the corporate strategic risk management process and work closely with service managers to help embed operational or inherent risk management. This helps ensure risk management is embedded across the council and supports the achievement of service and corporate objectives.
27. The Council will work closely with partners to mitigate joint risks.
28. For partnerships and collaborative working, services will identify, assess, and manage the risk to the Council. Key areas of concern will be reported to service management teams and where applicable to the Corporate Management Team.
29. The Audit Committee will take appropriate action to ensure that corporate and service strategic risks are being actively managed.
30. Internal Audit will ensure that the Audit Plan includes a review of control systems for operational and strategic risk.
31. The Council will measure the performance of risk management against measurable outcomes, including finance, service performance, reputation, good governance, stakeholder benefits and lessons learned, and will benchmark risk management performance against other organisations.
32. Risk management will contribute to the overall corporate governance framework of the Council, including the Annual Governance Statement and the Code of Corporate Governance.
33. Resources will be allocated to embed risk management across the Authority.

Responsibility of Deputy Leader and Portfolio Holder for Finance

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

Responsibilities of the Audit Committee

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

Responsibilities of the Chief Finance Officer

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

Responsibilities of the Corporate Risk Management Group

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

Responsibility of Risk, Insurance and Governance Manager

46. Chair the CRMG, provide advice and guidance on the identification, assessment and control of risks and lead on the development of the Council's Risk Management Policy Statement and Strategy and related procedures.
47. Facilitate the development, maintenance, and review of strategic risk registers.

48. Support the development, maintenance, and review of project risk registers.
49. Support the development, maintenance, and review of risk assessments for Cabinet key decisions, key procurements, and key partnerships.
50. Ensure that the Council's agreed risk management processes are communicated throughout the Council and that relevant risk management training is provided where appropriate, and that advisory support is available.
51. Facilitate the regular review of strategic risks and report on behalf of the CRMG to the Corporate Management Team, the Audit Committee and Cabinet.

Responsibilities of Chief Officers

52. Comply with the Council's Risk Management Policy Statement and Strategy.
53. Develop and maintain the internal control framework within their service groupings and to ensure that resources are properly applied.
54. Identify and manage the key risks which may impact on their respective service groupings and provide assurance that adequate controls are in place and working effectively to manage these risks where appropriate.
55. Have regard to advice from the Chief Finance Officer, the Corporate Risk, Insurance and Governance Manager and Service Risk Managers and other specialist officers (e.g., crime prevention, fire prevention, health and safety).
56. Nominate a service risk manager to work closely with the Corporate Risk and Governance Manager in determining strategic risk registers and their regular review.
57. Ensure that there are regular reviews of strategic, project and operational risk within their service area.
58. Notify the Chief Internal Auditor and Corporate Fraud Manager, and the Risk, Insurance and Governance Manager promptly of all significant new or emerging risks and how they intend to manage them.
59. Assist the Chief Finance Officer and the Risk, Insurance and Governance Manager in embedding risk throughout the Authority by ensuring that risk management processes are communicated to all staff within their Service Area via their service risk managers.

60. Ensure that all managers are aware of the Council's risk management arrangements and ensure that all senior managers participate in risk management training facilitated by the Risk, Insurance and Governance Manager.

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Audit Committee**28 February 2025****Internal Audit Progress Update
Report Period Ended 31
December 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 undertaken by Internal Audit during the period 1 April 2024 to 31 December 2024, 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 up to 31 December 2024, 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 to 31 December 2024;
 - (b) Appendix 3 – Final reports issued in the quarter ended 31 December 2024;
 - (c) Appendix 4 – The number of high and medium priority actions raised and implemented in 2024/25 to 31 December 2024;
 - (d) Appendix 5 – Internal Audit performance indicators – progress and performance to 31 December 2024;
 - (e) Appendix 6* – Overdue Actions as at 31 December 2024; and
 - (f) Appendix 7* - Limited Assurance Audit opinions issued in the quarter ended 31 December 2024.

* Reported under Part B (Exempt from Publication) of the Agenda

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 31 December 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 It is a statutory requirement for the council to have assurance from an internal audit function – to provide assurance on the council's internal control environment, risk management and governance arrangements.
- 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 31 December 2024 and, where applicable, also gives the resultant assurance opinion that has been issued.
- 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) | 3 | 0 | 5 | 1 | 9 |
| Chief Executive (CE) | 1 | 1 | 6 | 0 | 4 |
| Children and Young People's Services (CYPS) *Excluding Schools | 9 | 0 | 9 | 1 | 9 |
| Neighbourhoods and Climate Change (NCC) | 4 | 4 | 4 | 0 | 3 |
| Regeneration, Economy and Growth (REG) | 5 | 2 | 2 | 1 | 10 |
| Resources (RES) | 8 | 12 | 15 | 5 | 25 |
| Schools | 0 | 12 | 7 | 1 | 17 |
| TOTAL | 30 | 31 | 48 | 9 | 77 |

- 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 31 December 2024, the service

had delivered 1,961 productive days, representing 67% of the total estimated planned days for the year. The target to the end of December was for 67.5% to have been delivered, therefore performance was in line with the profiled target.

- 11 As at 31 December, approximately 44% of the audits in the plan had been delivered. During the period the service continued to operate with a vacant Principal Auditor post and unplanned staff absence which was above that provided for in the plan also impacted on capacity.

Internal Audit activity in the quarter

Amendments to the Approved Internal Audit Plan

- 12 Eleven reviews were removed from the approved Internal Audit Plan in the quarter.

| Service Grouping | Audit | Audit Type | Reason |
|-----------------------------------|---------------------------------------|----------------------|--|
| Regeneration, Economy and Growth | Future High Street Fund | Grant | Grant certification not required during the current year. |
| Regeneration, Economy and Growth | Community Grants Sample | Grant | Grant certification not required during the current year. |
| Adult and Health Services | Azeus - Data Quality | Assurance | Cancelled as audit scope conflicts with ongoing AHS project groups and Azeus development. |
| Adult and Health Services | Azeus - Provision Costing | Assurance | Cancelled as audit scope conflicts with ongoing AHS project groups and Azeus development. |
| Adult and Health Services | New CQC Inspection Regime | Assurance | Deferred to 2025/26 as no actions arising from the CQC Inspection are due for implementation in 2024/25. |
| Neighbourhoods and Climate Change | Nature for Climate Peatland (Claim 4) | Grant | No further grant return expected in 24/25 |
| Neighbourhoods and Climate Change | Community Grants Sample | Advice & Consultancy | Audit Advice and Guidance no longer required. |
| Chief Executives | Corporate Performance | | Deferred to 2025/26 audit plan |

| Service Grouping | Audit | Audit Type | Reason |
|-------------------------|---------------------------|-------------------|--|
| | Management Framework | | |
| Resources | Recruitment and Selection | Assurance | Service are currently reviewing the process. To be reviewed next year once completed. |
| Resources | Contract Variations | Assurance | Service under pressure due to the implementation of a new contract management system and it would be beneficial to review the full 24/25 data next year. |
| Resources | Digital Durham | Assurance | No audit requirement as scheme completed. |

13 Six unplanned reviews were added to the Internal Audit Plan in the quarter.

| Service Grouping | Audit | Audit Type | Reason |
|----------------------------------|---|----------------------|---|
| Regeneration, Economy and Growth | North East space cluster development | Grant | Grant certification request from service management. |
| Regeneration, Economy and Growth | Catering Service - Meadowfield Canteen | Advice & Consultancy | To provide advice and support on the implementation of internal controls |
| Resources | Fees and Charges – Consumer Protection | Assurance | Moved from NCC plan as part of a review of the strategic audit plan as Corporate Finance are included in the process of reporting all fees and charges . |
| Resources | Council Tax - 2nd home avoidance | Assurance | A sub-audit of the main Council Tax activity, Advice and guidance work to assist in the development of a process for monitoring changes in second home charges. |
| Resources | Debtors - Actions following debt referral | Assurance | A sub-audit of the main Debtors activity as agreed with service management. |
| Resources | Debtors - Works in Default | Assurance | A sub-audit of the main Debtors activity as agreed with service management. |

Outstanding Management Responses to Draft Internal Audit Reports

14 There are no overdue management responses to draft reports.

Survey Response Rate

15 The table below sets out the response rate and average score, by Service Grouping, for the customer satisfaction surveys issued during the period up to 31 December 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) | 9 | 7 | 78 | 5 |
| Children and Young People's Services (CYPS) *Excluding Schools | 6 | 4 | 67 | 4.9 |
| Chief Executive (CE) | 4 | 4 | 100 | 5 |
| Neighbourhoods and Climate Change (NCC) | 1 | 1 | 100 | 4.3 |
| Regeneration, Economy and Growth (REG) | 6 | 6 | 100 | 4.9 |
| Resources (RES) | 21 | 21 | 100 | 4.8 |
| Schools | 16 | 10 | 63 | 5 |
| TOTAL | 63 | 53 | 84 | 4.9 |

Responses to Internal Audit Findings and Recommendations

16 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.

17 A summary of progress on the actions due, implemented and overdue, as at 31 December 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) | 13 | 13 | 0 | 0 | 0 |
| Chief Executive (CE) | 21 | 17 | 4 | 4 | 0 |
| Children and Young People's Services (CYPS) [Excluding Schools] | 46 | 46 | 0 | 0 | 0 |
| Neighbourhoods and Climate Change (NCC) | 32 | 32 | 0 | 0 | 0 |
| Regeneration, Economy and Growth (REG) | 30 | 29 | 1 | 1 | 0 |
| Resources (RES) | 267 | 251 | 16 | 14 | 7 |
| TOTAL | 409 | 387 | 21 | 19 | 7 |

18 It is encouraging to note that, of the 409 actions due to be implemented, 387 (95%) have been implemented. Details of the actions that are overdue, following their agreed original target dates, are included at Appendix 6 and will be considered under Part B (Exempt from Publication) part of the Agenda. All of the overdue actions have revised dates for expected implementation.

Limited Assurance Audit Opinions

19 One 'limited assurance' opinion audit was issued in the period. Details of this can be seen in Appendix 7 and will be considered under Part B (Exempt from Publication) part of the Agenda.

Performance Indicators

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

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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 | Final Report | Moderate |
| Adult and Health Services | Adult Care | Azeus Panel Process | Assurance | Final Report | Limited |
| Childrens and Young People's Services | Children's Social Care | Special Guardianship and Child Arrangement Orders | Follow Up | Final Report | N/A |
| 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 | In Progress | |
| Neighbourhoods and Climate Change | Community Protection Services | Intelligence Handling | Assurance | Final Report | Substantial |
| Neighbourhoods and Climate Change | Environment | Fleet Management - Hire Process | Assurance | Planning and Preparation | |
| Regeneration, Economy and Growth | Planning and Housing | Homes England | Assurance | Final Report | Substantial |
| Regeneration, Economy and Growth | Corporate Property and Land | Asset Valuation | Assurance | Final Report | Substantial |
| Regeneration, Economy and Growth | Economic Development | UK Shared Prosperity Fund | Assurance | Final Report | Substantial |
| Regeneration, Economy and Growth | Economic Development | Finance Durham | Assurance | Deferred | N/A |
| Resources | Transactional and Customer Services | Council Tax - Overarching Report | Key System | Final Report | Substantial |
| Resources | Transactional and Customer Services | Council Tax: Quality Assurance & Appeals | Key System | Final Report | Substantial |
| Resources | Transactional and Customer Services | Housing Benefits and Council Tax Reduction - Overarching | Key System | Final Report | Substantial |
| Resources | Transactional and Customer Services | Housing & Council Tax Reduction - Supported Accommodation | Advice & Consultancy | Final Report | N/A |
| Resources | Transactional and Customer Services | Customer Services Process Review | Advice & Consultancy | In Progress | |
| Resources | Transactional and Customer Services | Household Support Fund | Advice & Consultancy | Draft Report | |
| Resources | Procurement, Sales and Business Services | Creditors | Key System | Final Report | Moderate |
| Resources | Procurement, Sales and Business Services | Creditor Payments - Supplier Masterfile | Key System | Final Report | Moderate |
| Resources | Procurement, Sales and Business Services | Creditor Payments - Duplicate payment checking process | Key System | Final Report | Substantial |
| Resources | HR and Employee Services | Payroll - Overarching | Key System | In Progress | |
| Resources | HR and Employee Services | Payroll - Taxation (PAYE) | Key System | Final Report | Substantial |
| Resources | HR and Employee Services | Payroll - Allowance Payments | Key System | In Progress | |
| Resources | Transactional and Customer Services | Debtors | Key System | Final Report | Substantial |
| Resources | Transactional and Customer Services | Debtors - Debt Referrals to services | Key System | Final Report | Substantial |
| Resources | Transactional and Customer Services | Debtors - Knockdown Damage Process | Key System | Final Report | Moderate |
| Resources | Corporate Finance and Commercial Services | Leases | Advice & Consultancy | Planning and Preparation | |
| Resources | Procurement, Sales and Business Services | Support for Standard Process using HALO - SLA Charging Process | Advice & Consultancy | Final Report | N/A |
| Resources | HR and Employee Services | Agency System | Assurance | Final Report | Limited |
| Resources | Procurement, Sales and Business Services | Tender Opening and Evaluation Processes | Key System | Final Report | Moderate |
| Resources | Transactional and Customer Services | Deputy and Appointee Team - Personal Allowance Payments | Assurance | Final Report | Moderate |
| 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 | In Progress | |
| Resources | Digital Services | Platform Security - Virtual Machines | Assurance | Final Report | Moderate |
| Resources | Corporate Finance and Commercial Services | Credit Union | Advice & Consultancy | Final Report | N/A |
| Chief Executive Service | Corporate Affairs | Data Quality | Assurance | In Progress | |
| Chief Executive Service | Legal and Democratic Services | Non-RIPA Surveillance | Assurance | Final 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 | Final Report | N/A |
| Adult and Health Services | Adult Care | Transition Arrangements Between CYPs & AHS | Assurance | Draft Report | |
| Adult and Health Services | Commissioning | Commissioning of LD MH Services - Residential Care | Assurance | Final Report | Moderate |
| 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 | In Progress | |
| Adult and Health Services | Adult Care | Learning Disability Task and Finish Group | Advice and 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 | Final Report | Substantial |
| Adult and Health Services | Public Health | Healthy Start Vitamin Distribution | Assurance | Final Report | Substantial |
| Adult and Health Services | Commissioning | Commissioning of LD MH Services - Supported Living | Assurance | Final Report | Substantial |
| 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 | Service Wide | Advice and Guidance - AHS | Advice and Consultancy | In Progress | |
| Adult and Health Services | Adult Care | Advice and Guidance - AHS Panel-Finance Issues | Advice and Consultancy | In Progress | |
| Adult and Health Services | Adult Care | SALT - Short and Long Term Care | Assurance | Deferred | |
| Adult and Health Services | Adult Care | Azeus - Data Quality | Assurance | Cancelled | |
| Adult and Health Services | Adult Care | Azeus - Provision Costing | Assurance | Cancelled | |
| Adult and Health Services | Adult Care | New CQC Inspection Regime | Assurance | Deferred | |
| 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 | Final Report | N/A |
| Childrens and Young People's Services | Early Help, Inclusion and Vulnerable Children | Supporting Families Programme Q3 | Grant | Final Report | N/A |
| 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 | In Progress | |
| 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 | 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 | Early Help, Inclusion and Vulnerable Children | One Point Hubs - Intensive Family Support Team | Assurance | In Progress | |
| Childrens and Young People's Services | Early Help, Inclusion and Vulnerable Children | Commissioning of Support Services for Children with SEND | Assurance | In Progress | |
| Childrens and Young People's Services | | Caldicott Compliance | Assurance | Not yet started | |
| Childrens and Young People's Services | | Caldicott Group | Advice and Consultancy | In Progress | |
| Childrens and Young People's Services | | 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 and Consultancy | In Progress | |
| Childrens and Young People's Services | Early Help, Inclusion and Vulnerable Children | Home to School Transport Procurement Workstream | Assurance | In Progress | |
| 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 | In Progress | |
| Childrens and Young People's Services | Service Wide | Advice and Guidance - CYPs | Advice and Consultancy | In Progress | |
| Childrens and Young People's Services | Early Help, Inclusion and Vulnerable Children | SALT - Speech, Language and Communication Therapy - Shortage of | Assurance | Deferred | |
| Childrens and Young People's Services | Children's Social Care | Children's Homes - Procurement Cards | Advice and Consultancy | Deferred | |
| Neighbourhoods and Climate Change | Highways | Local Transport Capital Block Funding | Grant | Final Report | N/A |
| Neighbourhoods and Climate Change | Environment | Nature for Climate Peatland (Claim 3) | Grant | Final Report | N/A |
| Neighbourhoods and Climate Change | Community Protection Services | Pollution Control | Assurance | Planning and Preparation | |
| Neighbourhoods and Climate Change | Environment | Clean and Green | Assurance | In Progress | |
| Neighbourhoods and Climate Change | Environment | Durham Crematorium | Assurance | Planning and Preparation | |
| Neighbourhoods and Climate Change | Environment | Mountsett Crematorium | Assurance | Planning and Preparation | |
| 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 | In Progress | |
| Neighbourhoods and Climate Change | Community Protection Services | Works in Default | Advice & Consultancy | In Progress | |
| 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 | Service Wide | Advice and Guidance - NCC | Advice & Consultancy | In Progress | |
| Neighbourhoods and Climate Change | Environment | Nature for Climate Peatland (Claim 4) | Grant | Cancelled | |
| Neighbourhoods and Climate Change | Partnerships and Community Engagement | Community Grants Sample | Advice & Consultancy | Cancelled | |
| Regeneration, Economy and Growth | Planning and Housing | FAP and Property Re-Purpose Loans | Assurance | Final Report | Moderate |
| Regeneration, Economy and Growth | Planning and Housing | Disabled Facilities Grant | Grant | Final Report | N/A |
| Regeneration, Economy and Growth | Transport & Contract Services | Integrated Transport Block | Grant | Final Report | N/A |
| Regeneration, Economy and Growth | Transport & Contract Services | Bus Subsidy Ring Fenced Grant | Grant | Final Report | N/A |
| Regeneration, Economy and Growth | Planning and Housing | Home Upgrade Grant (HUG) 2 | Grant | Final Report | N/A |
| Regeneration, Economy and Growth | Corporate Property and Land | Health & Safety Group | Advice and Consultancy | In Progress | |
| Regeneration, Economy and Growth | Corporate Property and Land | Asset Management | Assurance | Not yet started | |
| Regeneration, Economy and Growth | Culture, Sport and Tourism | Conssett Empire Theatre | Assurance | Planning and Preparation | |
| Regeneration, Economy and Growth | Culture, Sport and Tourism | Gala Theatre - Box Office | Assurance | Not yet started | |
| Regeneration, Economy 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 Payments | Assurance | Not yet started | |
| Regeneration, Economy and Growth | Transport & Contract Services | Transport Contract Management - Operator and Driver Verification | Assurance | Planning and Preparation | |
| Regeneration, Economy and Growth | Service Wide | Advice and Guidance - REG | Advice and Consultancy | In Progress | |
| Regeneration, Economy and Growth | Transport & Contract Services | Bus Service Improvement Plan Grant | Grant | Final Report | Moderate |
| Regeneration, Economy and Growth | Transport & Contract Services | Traffic Signal Grant | Grant | Final Report | N/A |
| Regeneration, Economy and Growth | Inclusive Growth & Partnerships | North East space cluster development | Grant | Draft Report | |
| Regeneration, Economy and Growth | Corporate Property and Land | Catering Service - Meadowfield Canteen | Advice and Consultancy | Not yet started | |
| Regeneration, Economy and Growth | Transport & Contract Services | Housing Infrastructure Fund - Newton Aycliffe | Grant | Cancelled | |
| Regeneration, Economy and Growth | Transport & Contract Services | Future High Street Fund | Grant | Cancelled | |
| Regeneration, Economy and Growth | Inclusive Growth & Partnerships | Community Grants Sample | Advice and Consultancy | Cancelled | |
| Regeneration, Economy and Growth | Corporate Property and Land | Surplus Property Process and Procedures | Advice and Consultancy | Deferred | |
| Resources | Transactional and Customer Services | Council Tax | Key System | In Progress | |
| Resources | Transactional and Customer Services | Enforcement & Insolvency | Key System | Planning and Preparation | |
| Resources | Transactional and Customer Services | Business Rates | Key System | In Progress | |
| Resources | Transactional and Customer Services | Business Rates - Liability including reliefs & exemptions | Assurance | In Progress | |
| Resources | Transactional and Customer Services | Housing and Council Tax Benefits: Assessment - New Claims & Change in Circumstances | Key System | Final Report | Substantial |
| Resources | Transactional and Customer Services | Welfare Rights | Advice and Consultancy | Not yet started | |
| Resources | Transactional and Customer Services | County Durham Outreach and Support (CDOS) | Key System | Draft Report | Moderate |
| Resources | Procurement, Sales and Business Services | Payment Cards Workstream | Advice and Consultancy | In Progress | |
| Resources | Procurement, Sales and Business Services | Creditor Payments | Key System | Planning and Preparation | |
| Resources | Procurement, Sales and Business Services | P2P Performance and Improvement Project | Advice and Consultancy | In Progress | |
| Resources | HR and Employee Services | Payroll: Access to Data - Records | Assurance | Draft Report | Substantial |
| Resources | HR and Employee Services | Payroll - Overarching | Assurance | Planning and Preparation | |
| Resources | HR and Employee Services | ResourceLink Programme Board | Advice and Consultancy | In Progress | |
| Resources | Transactional and Customer Services | Debtors | Key System | Planning and Preparation | |
| Resources | Transactional and Customer Services | Cash Management | Key System | Planning and Preparation | |
| Resources | Transactional and Customer Services | Cash Management - Bishop Auckland Town Hall | Key System | Final Report | Moderate |
| Resources | Corporate Finance and Commercial Services | Direct Debit Payments | Assurance | Final Report | N/A |
| Resources | Corporate Finance and Commercial Services | VAT | Key System | Planning and Preparation | |
| Resources | Digital Services | Mobile Phones | Assurance | Planning and Preparation | |
| Resources | Corporate Finance and Commercial Services | Collection Fund | Key System | Planning and Preparation | |
| Resources | Corporate Finance and Commercial Services | Fees and Charges – Consumer Protection | Assurance | Not yet started | |
| Resources | Transactional and Customer Services | Financial Deputies | Assurance | Not yet started | |
| Resources | Corporate Finance and Commercial Services | Section 256 agreements | Grant | In Progress | |
| Resources | Corporate Finance and Commercial Services | Section 75 Agreements – Better Care Fund | Grant | Final Report | N/A |
| Resources | HR and Employee Services | Attendance Management Framework | Assurance | Draft Report | Moderate |
| Resources | Digital Services | Backup Procedures | Assurance | Final Report | Moderate |
| Resources | Digital Services | SharePoint | Assurance | Draft Report | Moderate |
| Resources | Digital Services | Digital Programme | Assurance | Planning and Preparation | |
| Resources | Digital Services | IT Asset Management | Advice and Consultancy | In Progress | |
| Resources | Service Wide | Advice and Guidance - Resources | Advice and Consultancy | In Progress | |
| Resources | Transactional and Customer Services | Council Tax - Refunds | Key System | Final Report | Substantial |
| Resources | Transactional and Customer Services | Council Tax - 2nd home avoidance | Assurance | In Progress | |
| Resources | Transactional and Customer Services | Debtors - Actions following debt referral | Assurance | Planning and Preparation | |
| Resources | Transactional and Customer Services | Debtors - Works in Default | Assurance | In Progress | |
| Resources | Procurement, Sales and Business Services | Off Contract Spend | Assurance | Planning and Preparation | |
| Resources | Transactional and Customer Services | Welfare Assistance Scheme | Key System | Deferred | |
| Resources | Procurement, Sales and Business Services | Procurement Cards | Key System | Deferred | |
| Resources | HR and Employee Services | Recruitment and Selection | Assurance | Deferred | |
| Resources | Procurement, Sales and Business Services | Contract Management | Key System | Deferred | |
| Resources | Procurement, Sales and Business Services | Contract Variations | Key System | Deferred | |
| Resources | Digital Services | Digital Durham | Grant | Cancelled | |
| Chief Executive Service | Corporate Affairs | Changing Places Toilets (CPTs) | Grant | Final Report | N/A |
| Chief Executive Service | Corporate Affairs | Information Governance Group | Advice and Consultancy | In Progress | |
| Chief Executive Service | Corporate Affairs | Corporate Business Intelligence | Assurance | Not yet started | |
| Chief Executive Service | Corporate Affairs | Environmental Information Requests | Assurance | Final Report | Moderate |
| Chief Executive Service | Legal and Democratic Services | Police and Crime Panel Grant | Grant | Final Report | N/A |
| Chief Executive Service | Legal and Democratic Services | Members Expenses | Assurance | In Progress | |
| Chief Executive Service | Legal and Democratic Services | RIPA Officers Group | Advice and Consultancy | In Progress | |
| Chief Executive Service | Legal and Democratic Services | RIPA Officers Group - CF time | Advice and Consultancy | In Progress | |
| Chief Executive Service | Legal and Democratic Services | Company Governance Group | Advice and Consultancy | In Progress | |
| Chief Executive Service | Corporate Affairs | Corporate Performance Management Framework | Assurance | Deferred | |
| Chief Executive Service | Legal and Democratic Services | Electoral Services | Assurance | Deferred | |
| Chief Executive Service | Legal and Democratic Services | Registrars | Assurance | Planning and Preparation | |

FINAL REPORTS ISSUED IN PERIOD ENDING 31 DECEMBER 2024

| AUDIT AREA | BRIEF DESCRIPTION OF SCOPE OF THE AUDIT | FINAL OPINION |
|--|---|---------------|
| ADULT AND HEALTH SERVICES (AHS) | | |
| Workforce Development Fund | Confirm that grant payments have been made in accordance with the terms of the grant and partnership agreement. | N/A |
| Commissioning of LD MH Services - Residential Care | Review of the Commissioning Team’s role/remit within the planning/management processes for setting up LD/MH specialist residential care placements and the key processes that have developed from the Specialist Residential Care Review (such as the mechanisms in place to reduce inappropriate specialist residential care provisions). | Moderate |
| Healthy Start Vitamin Distribution | Review of vitamins and vitamin drops distributed through the Healthy Start scheme in 2024/25. | Substantial |
| Commissioning of LDMH Services - Supported Living | Review of; <ul style="list-style-type: none"> • The capacity planning/management processes for supported living provision (including void management); and • The supporting arrangements for contracting with supported living providers and the payment of contracted rates. | Substantial |
| Azeus Panel Process | Review of the new Azeus panel process with a focus on whether system integration has mitigated the issues that were experienced under the previous process that operated outside of the Azeus system (issues such as service provisions not being updated on Azeus to reflect the agreements made at panel). | Limited |
| CHILDREN AND YOUNG PEOPLE’S SERVICES (CYPS) | | |
| Supporting Families Programme Q3 | Review Of a sample of claims to confirm that the expected checks and quality assurance processes have been undertaken. | N/A |
| Fun and Food | Follow up audit following a limited assurance audit. From the work undertaken it can be confirmed that all high and medium recommendations have been fully implemented. | N/A |
| Special Guardianship and Child Arrangement Orders | Follow up audit following a limited assurance audit. From the work undertaken it can be confirmed that: <ul style="list-style-type: none"> • 2 high priority recommendations have been fully implemented • 27 medium priority recommendations have been fully implemented • 2 medium priority recommendations were redundant | N/A |

| REGENERATION, ECONOMY AND GROWTH (REG) | | |
|---|---|-------------|
| FAP and Property Re-Purpose Loans | <p>To provide assurance on the management of the risk of:</p> <ul style="list-style-type: none"> Loans and grants are approved which are not in line with the objectives of the FAP. Non-compliance with contract procedure rules Incorrect / unauthorised payments are made when works are not substantiated and complete. Incorrect / inappropriate accounting for debts raised and repaid Debts are not recovered Interest on the loan is incorrectly calculated / inappropriately applied <p>The authority does not comply with GDPR.</p> | Moderate |
| Disabled Facilities Grant | Grant Certification | N/A |
| Bus Service Improvement Plan Grant | Grant Certification | Moderate |
| Traffic Signal Grant | Grant certification | N/A |
| CHIEF EXECUTIVES (Chief Execs) | | |
| Environmental Information Requests | Assurance review of the arrangements in place to mitigate the risk non-compliance with the Environmental Information Regulations 2004. | Moderate |
| RESOURCES (Res) | | |
| Housing Benefits and Council Tax Reduction – Overarching | Overarching assurance review combining the outcomes from individual Council Tax reviews carried out. | Substantial |
| Housing & Council Tax Reduction - Supported Accommodation | Advice and guidance review of current procedures and documentation utilised by the service for managing new Supported Accommodation providers, the verification of the eligibility of accommodation to be classified as Supported Accommodation and the procedures for the verification of rent and service charges. | N/A |

| RESOURCES (Res) | | |
|--|---|-------------|
| Deputy and Appointee Team - Personal Allowance Payments | Assurance review of the arrangements in place to mitigate the risk of client's needs not being met and, or financial abuse going undetected. | Moderate |
| Direct Debit Payments | Assurance review of the arrangements in place to mitigate the risk that unauthorised and / or fraudulent payments could be made. | Substantial |
| Backup Procedures | Assurance review of the arrangements in place to mitigate the risk that data is unavailable to be recovered in the event of system and/or application damage. | Moderate |

| | 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 | 6 | 6 | 0 | 0 | 0 |
| Total | 6 | 6 | 0 | 0 | 0 |
| 2024/25 | | | | | |
| High | 0 | 0 | 0 | 0 | 0 |
| Medium | 3 | 3 | 0 | 0 | 0 |
| Total | 3 | 3 | 0 | 0 | 0 |
| Overall Total | 13 | 13 | 0 | 0 | 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 | 5 | 1 | 4 | 4 | 0 |
| Total | 5 | 1 | 4 | 4 | 0 |
| 2024/25 | | | | | |
| High | 0 | 0 | 0 | 0 | 0 |
| Medium | 1 | 1 | 0 | 0 | 0 |
| Total | 1 | 1 | 0 | 0 | 0 |
| Overall Total | 21 | 17 | 4 | 4 | 0 |
| CHILDREN AND YOUNG PEOPLE'S SERVICES (CYPS) | | | | | |
| 2022/23 | | | | | |
| High | 0 | 0 | 0 | 0 | 0 |
| Medium | 19 | 19 | 0 | 0 | 0 |
| Total | 19 | 19 | 0 | 0 | 0 |
| 2023/24 | | | | | |
| High | 2 | 2 | 0 | 0 | 0 |
| Medium | 17 | 17 | 0 | 0 | 0 |
| Total | 19 | 19 | 0 | 0 | 0 |
| 2024/25 | | | | | |
| High | 0 | 0 | 0 | 0 | 0 |
| Medium | 8 | 8 | 0 | 0 | 0 |
| Total | 8 | 8 | 0 | 0 | 0 |
| Overall Total | 46 | 46 | 0 | 0 | 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 | 2 | 2 | 0 | 0 | 0 |
| Total | 2 | 2 | 0 | 0 | 0 |
| Overall Total | 32 | 32 | 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 | 17 | 17 | 0 | 0 | 0 |
| Total | 19 | 19 | 0 | 0 | 0 |
| 2024/25 | | | | | |
| High | 0 | 0 | 0 | 0 | 0 |
| Medium | 4 | 3 | 1 | 1 | 0 |
| Total | 4 | 3 | 1 | 1 | 0 |
| Overall Total | 30 | 29 | 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 | 40 | 35 | 5 | 3 | 0 |
| Total | 41 | 36 | 5 | 3 | 0 |
| 2024/25 | | | | | |
| High | 6 | 1 | 5 | 5 | 5 |
| Medium | 27 | 22 | 5 | 5 | 2 |
| Total | 33 | 23 | 10 | 10 | 7 |
| Overall Total | 267 | 251 | 16 | 14 | 7 |
| 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 | 76 | 76 | 0 | 0 | 0 |
| Total | 85 | 85 | 0 | 0 | 0 |
| 2023/24 | | | | | |
| High | 5 | 5 | 0 | 0 | 0 |
| Medium | 90 | 80 | 9 | 7 | 0 |
| Total | 95 | 85 | 9 | 7 | 0 |
| 2024/25 | | | | | |
| High | 6 | 1 | 5 | 5 | 5 |
| Medium | 45 | 39 | 6 | 6 | 2 |
| Total | 51 | 40 | 11 | 11 | 7 |
| OVERALL TOTAL | 409 | 387 | 21 | 19 | 7 |

Performance Indicators as at 31 December 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) | 67% as at 31 December 2024 |
| Timeliness of Draft Reports | % of draft reports issued within 20 working days of end of fieldwork/closure interview | 100% (Quarterly) | 100% (64 out of 64) |
| Timeliness of Final Reports | % of final reports issued within 10 working days of receipt of management response | 100% (Quarterly) | 100% (64 out of 64) |
| 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% (53 out of 53) Av. score of 4.9 |
| Customers providing feedback response | % of customers returning satisfaction returns | 70% (Quarterly) | 84% |

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Audit Committee**28 February 2025****Emergent Internal Audit Plan for the period from 1 April 2025 to 31 March 2026****Report of Tracy Henderson, Chief Internal Auditor and Corporate Fraud Manager****Electoral division(s) affected:**

Countywide.

Purpose of the Report

- 1 This report provides the Committee with details of the emergent Internal Audit Plan for the period from 1 April 2025 to 31 March 2026.
- 2 The purpose of the report is to update and engage Members of the Audit Committee in the development of the Annual Internal Audit Plan 2025/26.

Executive Summary

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

Recommendation

- 6 Members are requested to comment on the proposed direction and process for the development of the emergent Internal Audit Plan for 1 April 2025 to 31 March 2026, which is attached at Appendix 2, and which will be brought back to the next Audit Committee meeting for formal approval.

Background

- 7 With effect from 1 April 2025 the Institute of Internal Auditor's (IIA) Global Internal Audit Standards 2024 (Public Sector UK), commonly referenced across the Internal Audit profession as the "Standards", the Institute of Internal Auditor's (IIA) Code of Practice for Internal Audit and the UK Public Sector Application Note will be adopted across the public sector.
- 8 These key documents set out the standards to be adopted by the council's Internal Audit Service and will replace the Public Sector Internal Audit Standards (PSIAS) that previously applied across Local Government since April 2013.
- 9 The revised standards are consistent with the previous PSIAS in that they include the need for 'risk-based plans' to be developed for Internal Audit Services and for plans to receive input from management. The requirements also include the development of an emergent Internal Audit Plan designed to invite comment from management and the Audit Committee.

Basis for the Plan

- 10 The requirements of Domain IV, Standard 9.4 of the Global Internal Audit Standards 2024 (the "Standards") states that the 'Chief Audit Executive' must

"create an internal audit plan that supports the achievement of the organization's objectives. The chief audit executive must base the internal audit plan on a documented assessment of the organization's strategies, objectives, and risks. This assessment must be informed by input from the board and senior management as well as the chief audit executive's understanding of the organization's governance, risk management, and control processes. The assessment must be performed at least annually".

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

- i. **Annual Internal Audit Opinion**

The requirements of Domain IV, Standard 11.3 of the Global Internal Audit Standards 2024 (the "Standards") and the Code of Practice for Internal Audit makes reference to the Chief Internal Auditor and Corporate Fraud Manager forming an annual assurance opinion based on the annual programme of audit work

as well as assurance obtained by other means. The current audit approach contains four main types of audits. It is not considered cost effective or necessary to obtain coverage of all strategies, business units and risks so these are reviewed on a risk basis each year.

In addition to audit work delivered during the audit year, the Chief Internal Auditor and Corporate Fraud Manager also considers any issues identified through fraud and corruption issues which arise, or in the development of new systems insofar as they impact on the effective operation of governance, risk management or internal control within the Council.

The Internal Audit Service also provides advisory services to the council and its external clients. This can include providing support on the development of systems and processes, as well as with emerging projects, which ensures early engagement and audit support where appropriate.

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

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

ii. Based on a Risk Assessment

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

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

The Chief Internal Auditor and Corporate Fraud Manager ensures a culture of risk awareness is maintained within the service so that

all members of the team are aware of local, regional, and national risks in the performance of their duties.

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

iii. Informed by Expectations

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

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

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

Audit Planning

- 12 The approach to audit planning in the Council has been based largely, but not exclusively, on the following:
- i. Review of the Strategic Risk Register
 - ii. Review of the assurance map compiled during the year taking into account the work of other assurance providers.
 - iii. Cumulative audit knowledge and experience.
 - iv. Findings and outcomes from audit and investigation work in 2024/25 and earlier years.
 - v. Engagement with Heads of Service and their management teams.
 - vi. Engagement with audit colleagues across the North East and the Local Authority Chief Auditor Network (LACAN).
 - vii. Engagement with the Risk, Insurance and Governance teams.

- 13 On this basis, an emergent plan of areas for audit coverage has been developed. Areas have been considered on a risk basis and a plan for consultation has been produced. This has initially been presented to Corporate Directorate management teams for comment, to ensure that the risks identified are consistent with their understanding and assessment.

Key Characteristics of the Annual Plan

Scale and Pace of Change

- 14 The national context is important to consider whilst assessing the local issues as Durham County Council continues to go through a period of continuous change.
- 15 Since the beginning of austerity in 2010, the organisation has met ongoing changing and increasing demand pressures and in most recent times the impact of the unavoidable base budget pressures resulting from pay and price inflation. This means that local government needs to keep pace with demographic and technological changes and therefore Durham County Council continues to undergo fundamental changes which are envisaged will continue for the foreseeable future.
- 16 Changes are taking place in the design, commissioning, and delivery of services, with ongoing activity to deliver savings across all areas of the Council. The implementation of changes and public service reform, with a reduced workforce whilst delivering business as usual and achieving key priorities remains a key challenge for the Council and must be reflected in the Internal Audit Plan.
- 17 Internal audit planning therefore must take into account the above changes, while also considering that:
- i. Financial pressures are a driver for change – where there is change, there is risk.
 - ii. With workforce cuts and re-organisations, there is a risk of dissatisfied staff and a loss of experience.
 - iii. Cutting costs can also lead to cutting of control; and
 - iv. The organisation needs to be more inventive, which needs to be taken into account when conducting audits.
- 18 The Internal Audit Plan must continue to be sufficiently flexible to enable assurance to be obtained over current as well as emerging risks, as well as those risks yet to be identified. As such there are areas where Internal

Audit work cannot be fully defined at this stage but where allocation of resource is required to help support good governance, risk management and control.

- 19 Whilst Internal Audit adds value and provides assurance in these areas, the detailed areas for focus are the subject of ongoing discussions with the business. Rather than define specific audits and then change them, the plan includes allocations of work which will be applied to specific aspects of audit activity throughout the year. There will be similar allocations in other areas with details of specific audit activities reported to Corporate Directors, Heads of Service and the Audit Committee throughout the year.
- 20 Periods of change inevitably increase the potential for risks, both positive (opportunities) and negative (hazards). The reduction in workforce for example provides opportunity for breakdown in control as well as an opportunity to consider new, more efficient ways of organising people, systems, and processes without impacting adversely on internal control.
- 21 The Internal Audit Service actively engage with the organisation and strive to be seen to add value. To reflect this risk the audit plan will continue to allocate time for advice and consultancy and developing systems support to officers to support and challenge them in the establishment and development of their systems of governance, risk management and internal control. We will also deliver work on the core financial systems, counter fraud related activities and other areas of irregularity, as well as probity audits to provide assurance that the basic governance and control arrangements are continuing to operate effectively, minimising the risks of misappropriation, loss and error.
- 22 The continued pace of change across the Council requires assurance that is prioritised and timely. The Internal Audit Plan must provide for this assurance, to enable remedial actions or controls to be implemented on a timely basis. Based on experience and feedback from Service Grouping Management Teams there is a continued need for shorter, more focused and practical audits in areas of emerging risk.
- 23 The characteristics of the plan: flexible, supportive, challenging, prioritised and timely are not new however, it remains critical that these principals are maintained if Internal Audit is to help the Council to continue to respond effectively to the scale of change.
- 24 Based on the above, the Chief Internal Auditor and Corporate Fraud Manager considers that assurance is best obtained through a combination of different audits and other sources of assurance. This is not an uncommon approach, but it has been tailored to reflect the specific needs of the Council. It is consistent with the approach taken

in the development and delivery of the 2024/2025 Internal Audit Plan. With the greater need to add value it is the intention for the service to increase its advice and consultancy work whilst still balancing the need for assurance.

Plan Structure

- 25 There are four different types of audit activity in the plan.
- i. Key System
 - ii. Assurance Review
 - iii. Advisory Services
 - iv. Grant Certification
- 26 This approach of using different types of audits and other work is considered the most effective way to deliver the strategy for Internal Audit.

Plan Content

- 27 In summary, there is focus on risk-based audits and providing assurance over key systems. This reflects the need to focus on the management of emerging risks and ensure the continued operations of controls within the Council's overall governance arrangements, its systems, and its processes.
- 28 There is time allocated to developing systems and supporting service groupings with new initiatives and any changes in service delivery.
- 29 The emergent plan has been compiled to reflect the Corporate Management Team and Service Grouping structure in the Council as follows:

Adult and Health Services (AHS)
Chief Executives (CE)
Children and Young People Service (CYPS)
Neighbourhoods and Climate Change (NCC)
Regeneration, Economy and Growth (REG)
Resources (RES)

It should be noted that some activities in the Regeneration, Economy and Growth part of the emergent plan have temporarily been realigned to Neighbourhoods and Climate Change whilst staffing changes take place.

30 To help ensure that the plan is flexible, and the service is able to respond to any key risks in the year, the emergent plan includes a block of contingency time from which specific audits can be delivered in the year. Further details will be provided at the next Audit Committee in the finalisation of the plan and throughout the year.

Scale of the Plan

31 The annual internal audit plan needs to be deliverable within available resources. The Internal Audit Team has an approved establishment of 18 posts, equivalent to 17.10 FTEs.

32 As a result of this planning, the latest forecast of available resources to be allocated to the management and delivery of the annual audit plan for 2025/26 is 4,403 days. The detail of this allocation is shown in the table below.

| | |
|--|--------------|
| Estimated Gross Days Available | 4,403 |
| Non – Productive Time (Annual Leave, Sickness, Office Duties, New Standards etc.) | 1,087 |
| Non – Productive Time (Training) | 566 |
| Productive Time – not allocable to services, e.g. Audit Planning, Supporting Audit Committee, Quality Assurance, Contingency | 854 |
| <u>Audit Plan for 1 April 2025 to 31 March 2026</u> | |
| Audit days required to complete and close audit reports relating to 2024/25 | 55 |
| Chief Executive | 120 |
| Adult and Health Services (AHS) | 133 |
| Children and Young People Service (CYPS) | 127 |
| Neighborhood's and Climate Change (NCC) | 206 |
| Regeneration, Economy and Growth (REG) | 123 |
| Resources (RES) | 537 |
| Schools | 165 |
| Durham Police and Crime Commissioner / Durham Constabulary | 230 |
| Durham and Darlington Fire & Rescue Authority | 96 |
| Durham Crematorium | 18 |
| Mountsett Crematorium | 18 |
| Pension Fund | 62 |
| Durham City Charter | 6 |
| TOTAL DAYS REQUIRED | 4,403 |

The allocation comparison between 2024/25 and 2025/26 can be seen in Appendix 3.

Emergent Plan Content

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

Background papers

The Institute of Internal Auditor's (IIA) Global Internal Audit Standards 2024 (Published in January 2024)

The Institute of Internal Auditor's (IIA) Code of Practice for Internal Audit (Published in January 2025)

The Global Internal Audit Standards in the UK Public Sector Application Note (Published in December 2024)

Strategic Internal Audit Plan – Reviewed and updated January 2025

Review of the Strategic Risk Register

Other useful documents

None

| | | |
|-----------------|-----------------|-------------------|
| Contact: | Tracy Henderson | Tel: 03000 269668 |
| | Nicola Cooke | Tel: 03000 269665 |

Appendix 1: Implications

Legal Implications

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

Finance

There are no specific financial implications associated with this report. Internal Audit work has clear and direct effects, through recommendations made, to assist in improving value for money obtained, the probity and propriety of financial administration, and / or the management of operational risks.

Consultation

All Corporate Directors and all Heads of Service.

Equality and Diversity / Public Sector Equality Duty

None.

Climate Change

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

Human Rights

None.

Crime and Disorder

None.

Staffing

There are no specific staffing implications associated with this report. However, the delivery the plan is based on the assumption that the service operates with a full staffing establishment of 17 posts, equivalent to 16.10 FTE throughout the year.

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.

EMERGENT INTERNAL AUDIT PLAN - SERVICE GROUPING BREAKDOWN

| Service Grouping | Service | Audit Title | Audit Type | Estimated Days |
|--|---|---|-------------------|----------------|
| Chief Executives | Corporate Affairs | Core Non Financial Systems: Performance Management Arrangments | Assurance | 10.00 |
| Chief Executives | Corporate Affairs | Corporate Performance Management Framework | Assurance | 10.00 |
| Chief Executives | Corporate Affairs | Corporate Business Intellegence | Assurance | 10.00 |
| Chief Executives | Corporate Affairs | Revised approach to Best Value for local authorities | Advisory Services | 5.00 |
| Chief Executives | Corporate Affairs | Communication Strategy including Comms and Social Media Protocols | Assurance | 5.00 |
| Chief Executives | Corporate Affairs | Project Management | Assurance | 12.00 |
| Chief Executives | Corporate Affairs | Corporate Arrangements for Information Governance - ICO accountability framework | Assurance | 10.00 |
| Chief Executives | Corporate Affairs | Transformation Project | Advisory Services | 30.00 |
| Chief Executives | Legal and Democratic Services | Electoral Services | Assurance | 10.00 |
| Chief Executives | Legal and Democratic Services | RIPA Officers Group | Advisory Services | 2.00 |
| Chief Executives | Legal and Democratic Services | Company Governance Group | Advisory Services | 3.00 |
| Chief Executives | Legal and Democratic Services | Local land charges applied by DCC services | Assurance | 10.00 |
| Chief Executives | Legal and Democratic Services | Police and Crime Panel Grant | Grant | 3.00 |
| TOTAL ESTIMATED DAYS FOR CHIEF EXECUTIVE | | | | 120.0 |
| Adult and Health Services | Adult Care | New CQC Inspection Regime | Assurance | 10.0 |
| Adult and Health Services | Adult Care | Client Level Data | Assurance | 10.0 |
| Adult and Health Services | Adult Care | CITO System Review | Assurance | 10.0 |
| Adult and Health Services | Adult Care | Personal Budgets | Assurance | 15.0 |
| Adult and Health Services | Delivery | Commissioning Contract Monitoring Arrangements - Non Quality Band Assessment | Assurance | 10.00 |
| Adult and Health Services | Delivery | Commissioning of OP Residential Care | Assurance | 20.0 |
| Adult and Health Services | Delivery | Care Academy Governance | Assurance | 8.0 |
| Adult and Health Services | Delivery | Care Academy - Walkers to Drivers | Assurance | 10.0 |
| Adult and Health Services | Public Health | Provider Selection Regime | Assurance | 10.0 |
| Adult and Health Services | Public Health | Public Health Contract Monitoring Arrangements | Assurance | 10.0 |
| Adult and Health Services | Public Health | Waythrough (Formerly Humankind) | Assurance | 10.0 |
| Adult and Health Services | Public Health | County Durham Well Being for Life Service | Assurance | 10.0 |
| TOTAL ESTIMATED DAYS FOR ADULTS AND HEALTH SERVICES | | | | 133.0 |
| Children and Young People's Services | Children and Young People's Services | Liquidlogic | Assurance | 10.0 |
| Children and Young People's Services | Children's Social Care | Children's Homes | Assurance | 10.0 |
| Children and Young People's Services | Children's Social Care | Children's Homes - Procurement Cards | Advisory Services | 5.0 |
| Children and Young People's Services | Children's Social Care | Children's Social Care - Savings and Investments | Advisory Services | 5.0 |
| Children and Young People's Services | Children's Social Care | Advice and Guidance - CYPS - Social Worker Vehicle Hire and Expense Claims | Advisory Services | 5.0 |
| Children and Young People's Services | Children's Social Care | Advice and Guidance - CYPS - Social Worker Interim Petty Cash Reimbursements | Advisory Services | 5.0 |
| Children and Young People's Services | Children's Social Care | Lifelong Links Programme Grant | Grant | 1.0 |
| Children and Young People's Services | Children's Social Care | PEER Mentoring Grant | Grant | 1.0 |
| Children and Young People's Services | Children's Social Care | Contract Monitoring Arrangements - Independent Fostering Services | Assurance | 10.0 |
| Children and Young People's Services | Early Help, Inclusion and Vulnerable Children | Specialist Inclusion Support - Communication & Interaction | Assurance | 12.0 |
| Children and Young People's Services | Early Help, Inclusion and Vulnerable Children | Home to School Transport - Procurement Workstream | Advisory Services | 5.0 |
| Children and Young People's Services | Early Help, Inclusion and Vulnerable Children | Home to School Transport - Supplier Market Project | Advisory Services | 5.0 |
| Children and Young People's Services | Early Help, Inclusion and Vulnerable Children | Specialist Inclusion Support - Equipment | Assurance | 10.0 |
| Children and Young People's Services | Early Help, Inclusion and Vulnerable Children | Supporting Families | Grant | 5.0 |
| Children and Young People's Services | Education and Skills | Schools - Governor Training | Advisory Services | 1.0 |
| Children and Young People's Services | Education and Skills | Schools Financial Value Standard (SFVS) | Advisory Services | 5.0 |
| Children and Young People's Services | Education and Skills | Arrangements for the allocation of Pupil Premium Funding and its application in schools | Assurance | 15.0 |
| Children and Young People's Services | Education and Skills | Commissioning of Alternative Education Provision | Assurance | 12.0 |
| Children and Young People's Services | Education and Skills | Multiply (UKSPF) Funding | Grant | 5.0 |

EMERGENT INTERNAL AUDIT PLAN - SERVICE GROUPING BREAKDOWN

| Service Grouping | Service | Audit Title | Audit Type | Estimated Days |
|---|---|--|-------------------|----------------|
| TOTAL ESTIMATED DAYS FOR CHILDREN AND YOUNG PEOPLE'S SERVICE | | | | 127.0 |
| Neighbourhoods and Climate Change | Community Protection Services | Licensing Act - Compliance With Statutory Application Procedures | Assurance | 10.0 |
| Neighbourhoods and Climate Change | Community Protection Services | Alcohol, Entertainment & Late Night Refreshments | Assurance | 10.0 |
| Neighbourhoods and Climate Change | Community Protection Services | Taxi Licensing | Assurance | 12.0 |
| Neighbourhoods and Climate Change | Community Protection Services | Civil Penalties (Housing and Planning Act 2016) | Assurance | 12.0 |
| Neighbourhoods and Climate Change | Environment | Utility Bills | Assurance | 5.0 |
| Neighbourhoods and Climate Change | Environment | Nature for Climate Fund - Peatland Restoration Grant | Grant | 10.0 |
| Neighbourhoods and Climate Change | Environment | Clean and Green - Plant and Equipment - Stocks and Stores | Assurance | 10.0 |
| Neighbourhoods and Climate Change | Environment | Public Health Funerals | Assurance | 10.0 |
| Neighbourhoods and Climate Change | Environment | Stray Dogs and Dog Control | Assurance | 4.0 |
| Neighbourhoods and Climate Change | Highways | Highways Maintenance Block | Grant | 15.0 |
| Neighbourhoods and Climate Change | Highways | Stocks and Stores | Assurance | 10.0 |
| Neighbourhoods and Climate Change | Highways | Plant Returns | Assurance | 15.0 |
| Neighbourhoods and Climate Change | Highways | Highways Inspection & Maintenance | Assurance | 8.0 |
| Neighbourhoods and Climate Change | Highways | Winter Maintenance | Assurance | 15.0 |
| Neighbourhoods and Climate Change | Highways | Civil Engineering Frameworks | Assurance | 8.0 |
| Neighbourhoods and Climate Change | Highways | Highways Services Claims Process | Assurance | 12.00 |
| Neighbourhoods and Climate Change | Transport & Contract Services | Traffic Assets | Audit | 5.00 |
| Neighbourhoods and Climate Change | Transport & Contract Services | DfT - Levelling Up Fund - Round 1 | Grant | 6.00 |
| Neighbourhoods and Climate Change | Transport & Contract Services | Integrated Transport Block | Grant | 6.00 |
| Neighbourhoods and Climate Change | Transport & Contract Services | Bus Subsidy Ring Fenced Grant | Grant | 5.00 |
| Neighbourhoods and Climate Change | Transport & Contract Services | Active Travel Funding Project | Grant | 7.00 |
| Neighbourhoods and Climate Change | Transport & Contract Services | Housing Infrastructure Fund - Newton Aycliffe | Grant | 6.00 |
| Neighbourhoods and Climate Change | Transport & Contract Services | Bus Service Improvement Plan Grant | Grant | 2.00 |
| Neighbourhoods and Climate Change | Transport & Contract Services | Traffic Signal Grant | Grant | 3.00 |
| Neighbourhoods and Climate Change | Transport & Contract Services | Local Growth Fund - Bishop Auckland Market Place | Grant | |
| TOTAL ESTIMATED DAYS FOR NEIGHBOURHOODS AND CLIMATE CHANGE | | | | 206.0 |
| Regeneration, Economy and Growth | Culture, Sport and Tourism | Learn to Swim system | Advisory Services | 10.00 |
| Regeneration, Economy and Growth | Culture, Sport and Tourism | Payroll Service Review: Leisure Centre Timesheets | Assurance | 12.00 |
| Regeneration, Economy and Growth | Culture, Sport and Tourism | Management of Gym Memberships | Assurance | 12.00 |
| Regeneration, Economy and Growth | Culture, Sport and Tourism | Events Management | Assurance | 12.00 |
| Regeneration, Economy and Growth | Inclusive Growth & Partnerships | Finance Durham | Assurance | 5.00 |
| Regeneration, Economy and Growth | Inclusive Growth & Partnerships | Local Growth Fund - NETPark Phase 3 Infrastructure | Grant | 2.00 |
| Regeneration, Economy and Growth | Inclusive Growth & Partnerships | Aykley heads infrastructure | Grant | 2.00 |
| Regeneration, Economy and Growth | Inclusive Growth & Partnerships | Community Capacity Building | Grant | 2.00 |
| Regeneration, Economy and Growth | Inclusive Growth & Partnerships | North East space cluster development | Grant | 3.00 |
| Regeneration, Economy and Growth | Inclusive Growth & Partnerships | Targeted Business Improvement Grant | Grant | 5.00 |
| Regeneration, Economy and Growth | Planning and Housing | Planning System - Online Payments | Advisory Services | 15.00 |
| Regeneration, Economy and Growth | Planning and Housing | Building Control | Advisory Services | 10.00 |
| Regeneration, Economy and Growth | Planning and Housing | Selective Licensing (Previously Private Sector Housing) | Advisory Services | 7.00 |
| Regeneration, Economy and Growth | Planning and Housing | Disabled Facilities Grant | Grant | 5.00 |
| Regeneration, Economy and Growth | Planning and Housing | Home Upgrade Grant (HUG) 2 | Grant | 5.00 |
| Regeneration, Economy and Growth | Planning and Housing | Council new build programme | Grant | 5.00 |
| Regeneration, Economy and Growth | Planning and Housing | NECA Grant for Horden | Grant | 3.00 |
| Regeneration, Economy and Growth | Planning and Housing | Bishop Auckland Heritage Action Zone | Grant | 3.00 |
| Regeneration, Economy and Growth | Planning and Housing | Bishop Auckland Heritage Action Zone - Community Engagement | Grant | 3.00 |
| Regeneration, Economy and Growth | Planning and Housing | Warm Homes Grant | Grant | |
| TOTAL ESTIMATED DAYS FOR REGENERATION, ECONOMY AND GROWTH | | | | 123.0 |
| Resources | Corporate Finance and Commercial Services | Leases | Assurance | 10.00 |
| Resources | Corporate Finance and Commercial Services | Oracle Fusion implementation | Advisory Services | 5.00 |
| Resources | Corporate Finance and Commercial Services | Oracle Fusion Board Meetings | Advisory Services | |

EMERGENT INTERNAL AUDIT PLAN - SERVICE GROUPING BREAKDOWN

| Service Grouping | Service | Audit Title | Audit Type | Estimated Days |
|------------------|---|---|-------------------|----------------|
| Resources | Corporate Finance and Commercial Services | Comprehensive Spending Review and Fair Funding Review | Advisory Services | 10.00 |
| Resources | Corporate Finance and Commercial Services | Housing Revenue Account set up | Advisory Services | 5.00 |
| Resources | Corporate Finance and Commercial Services | Capital Accounting | Assurance | 10.00 |
| Resources | Corporate Finance and Commercial Services | Budgetary Control and Financial Reporting | Assurance | 10.00 |
| Resources | Corporate Finance and Commercial Services | Central Establishment Recharges | Assurance | 10.00 |
| Resources | Corporate Finance and Commercial Services | Grant Register | Assurance | 10.00 |
| Resources | Corporate Finance and Commercial Services | Section 256 agreements | Grants & Claims | 10.00 |
| Resources | Corporate Finance and Commercial Services | Section 75 Agreements – Better Care Fund | Grants & Claims | 5.00 |
| Resources | Corporate Property and Land | Policies and Procedures for due diligence on new tenants | Advisory Services | 5.00 |
| Resources | Corporate Property and Land | Surplus Property Process and Procedures | Advisory Services | 12.00 |
| Resources | Corporate Property and Land | Asset Valuation capital accounting | Assurance | 20.00 |
| Resources | Corporate Property and Land | Asset valuation - reinstatement values | Assurance | 15.00 |
| Resources | Corporate Property and Land | Capital Programme Management | Assurance | 15.00 |
| Resources | Corporate Property and Land | Contract Management Arrangements | Assurance | 10.0 |
| Resources | Corporate Property and Land | Health & Safety Working Group | Advisory Services | 1.00 |
| Resources | Digital Services | ISO 27001 | Advisory Services | 10.00 |
| Resources | Digital Services | Digital Programme | Advisory Services | 15.00 |
| Resources | Digital Services | ITAM - Snow | Advisory Services | 10.00 |
| Resources | Digital Services | Disaster Recovery | Assurance | 12.00 |
| Resources | Digital Services | Hardware Asset Management | Assurance | 12.00 |
| Resources | Digital Services | Firewall | Assurance | 12.00 |
| Resources | Digital Services | IT Network Monitoring | Assurance | 15.00 |
| Resources | Digital Services | Digital Durham Grant | Grant | 2.00 |
| Resources | HR and Employee Services | ResourceLink Programme Board | Advisory Services | 1.00 |
| Resources | HR and Employee Services | Payroll - Overarching | Assurance | 1.00 |
| Resources | HR and Employee Services | Agency System | Followup | 12.00 |
| Resources | Procurement, Sales and Business Services | Contract Variations | Assurance | 10.00 |
| Resources | Procurement, Sales and Business Services | Contract Management | Assurance | 10.00 |
| Resources | Procurement, Sales and Business Services | Creditors - National Fraud Initiative (NFI) | Advisory Services | 10.00 |
| Resources | Procurement, Sales and Business Services | P2P Performance and Improvement Project | Advisory Services | 3.00 |
| Resources | Procurement, Sales and Business Services | Procure to Pay - payment policy | Assurance | 10.00 |
| Resources | Procurement, Sales and Business Services | Creditor Payments | Assurance | 15.00 |
| Resources | Procurement, Sales and Business Services | Transactional Purchasing Team (TPT) | Assurance | 15.00 |
| Resources | Procurement, Sales and Business Services | Contract Register | Assurance | 10.00 |
| Resources | Procurement, Sales and Business Services | Contract Management | Assurance | 12.00 |
| Resources | Transactional and Customer Services | Procurement Cards | Assurance | 15.00 |
| Resources | Transactional and Customer Services | Financial Deputies | Assurance | 10.00 |
| Resources | Transactional and Customer Services | Welfare Rights | Advisory Services | 8.00 |
| Resources | Transactional and Customer Services | Council Tax | Assurance | 20.00 |
| Resources | Transactional and Customer Services | Business Rates | Assurance | 20.00 |
| Resources | Transactional and Customer Services | Housing Benefits and Council Tax Reduction - Overarching | Assurance | 1.00 |
| Resources | Transactional and Customer Services | Housing & Council Tax Reduction - Supported Accommodation | Assurance | 15.00 |
| Resources | Transactional and Customer Services | Revenues & Benefits Reconciliations | Assurance | 5.00 |
| Resources | Transactional and Customer Services | Discretionary Housing Payments | Assurance | 5.00 |
| Resources | Transactional and Customer Services | Debtors | Assurance | 20.00 |
| Resources | Transactional and Customer Services | Cash Management | Assurance | 20.00 |

EMERGENT INTERNAL AUDIT PLAN - SERVICE GROUPING BREAKDOWN

| Service Grouping | Service | Audit Title | Audit Type | Estimated Days |
|---|-------------------------------------|----------------------------|------------|----------------|
| Resources | Transactional and Customer Services | Caspar System | Assurance | 15.00 |
| Resources | Transactional and Customer Services | CYPS Imprest Account Usage | Assurance | 15.00 |
| TOTAL ESTIMATED DAYS FOR RESOURCES | | | | 537.0 |

| 2025/26 | | 2024/25 | |
|--|--------------|--|--------------|
| Estimated Gross Days Available | 4,403 | Estimated Gross Days Available | 4,140 |
| Non – Productive Time (Annual Leave, Sickness, Office Duties etc.) | 1,077 | Non – Productive Time (Annual Leave, Sickness, Office Duties etc.) | 803 |
| Non – Productive Time (Training) | 566 | Non – Productive Time (Training) | 481 |
| Productive Time – not allocable to services, e.g. Audit Planning, Supporting Audit Committee, Quality Assurance, Contingency | 854 | Productive Time – not allocable to services, e.g. Audit Planning, Supporting Audit Committee, Quality Assurance, Contingency | 885 |
| <u>Audit Plan for 1 April 2025 to 31 March 2026</u> | | <u>Audit Plan for 1 April 2024 to 31 March 2025</u> | |
| Audit days required to complete and close audit reports relating to 2024/25 | 55 | Audit days required to complete and close audit reports relating to 2023/24 | 255 |
| Chief Executive | 120 | Chief Executive | 23 |
| Adult and Health Services (AHS) | 133 | Adult and Health Services (AHS) | 182 |
| Children and Young People Service (CYPS) | 127 | Children and Young People Service (CYPS) | 236 |
| Neighbourhoods and Climate Change (NCC) | 206 | Neighbourhoods and Climate Change (NCC) | 109 |
| Regeneration, Economy and Growth (REG) | 123 | Regeneration, Economy and Growth (REG) | 147 |
| Resources (RES) | 537 | Resources (RES) | 454 |
| Schools | 165 | Schools | 160 |
| Durham Police and Crime Commissioner / Durham Constabulary | 230 | Durham Police and Crime Commissioner / Durham Constabulary | 186 |
| Durham and Darlington Fire & Rescue Authority | 96 | Durham and Darlington Fire & Rescue Authority | 86 |
| Aim High Academy Trust | 0 | Aim High Academy Trust | 16 |
| Durham Crematorium | 18 | Durham Crematorium | 18 |
| Mountsett Crematorium | 18 | Mountsett Crematorium | 18 |
| Pension Fund | 62 | Pension Fund | 45 |
| New College Durham | 0 | New College Durham | 30 |
| Durham City Charter | 6 | Durham City Charter | 6 |
| TOTAL DAYS REQUIRED | 4,393 | TOTAL DAYS REQUIRED | 4,140 |

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

Document is Restricted

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