

Audit Committee

29 June 2020

**Annual Governance
Statement for the year April
2019 – March 2020**



Report of Corporate Management Team

John Hewitt, Corporate Director Resources

**Councillor Alan Napier, Deputy Leader and Portfolio Holder for
Finance**

Electoral division(s) affected:

None

Purpose of the Report

- 1 To seek approval of the Annual Governance Statement (AGS) for 2019/20, attached in appendix 2.

Executive summary

- 2 The Accounts and Audit (England) Regulations 2015 require the Council to prepare an Annual Governance Statement, which must accompany the Statement of Accounts.
- 3 The AGS demonstrates how far the Council complies with the principles of good governance, and the review of effectiveness for 2019/20 concludes that the Council's corporate governance arrangements in place during the year were fit for purpose in accordance with the governance framework.
- 4 The review also concluded that five actions, listed in appendix C of the AGS, should be included in the plan of improvements to strengthen governance arrangements during 2020/21.

Recommendation(s)

- 5 Audit Committee is requested to approve the draft AGS in appendix 2.

Background

- 6 The Accounts and Audit (England) Regulations 2015 require the Council to prepare an Annual Governance Statement, which must accompany the Statement of Accounts.
- 7 The Corporate Director, Resources is responsible for co-ordinating and overseeing the Council's corporate assurance arrangements and prepares the AGS to demonstrate how far the Council complies with the principles of good governance and recommending improvements, to be published in the Council's Annual Statement of Accounts. The draft AGS is included in **appendix ii**.

The Implications of the Covid19 Pandemic on the Review of Effectiveness

- 8 The review of effectiveness for 2019/20 was conducted while the Council was responding to the coronavirus pandemic (COVID19), although the regulations were amended to defer the respective dates for publication of the draft and final accounts.
- 9 A special briefing was issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), which recognised the limitations caused by the pandemic on providing the AGS, and provided the following guidance on the approach to conducting the review and reflecting challenges from Coronavirus to ensure a meaningful but focused review.

Conducting the review

- (a) Use existing and interim reports and assessments, where possible, to inform the draft AGS, and completed reports to inform the final publication of the AGS.
- (b) Make it risk based and focus on any key gaps and risk areas. Use existing reports rather than asking for new evidence.
- (c) Consult the audit committee chair about the application of the governance framework and whether they have any concerns.
- (d) Be clear about any limitations to the review when it is presented to the audit committee. They should not take greater assurance than it is possible to give from a more limited review.

Appendix 1: Implications

Legal Implications

The governance review process ensures that the Council discharges its statutory duties under the Local Government Act 1999 and the Accounts and Audit Regulations 2015 as set out at paragraphs 2 and 4 of the report. The Code of Corporate Governance enables the Council to demonstrate how it complies with the Delivering Good Governance in Local Government Framework 2016.

Finance

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

Consultation

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

Equality and Diversity / Public Sector Equality Duty

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

Climate Change

There are no direct climate change implications, but good governance helps to avoid or minimise adverse impacts.

Human Rights

There are no human rights implications as a result of this report.

Crime and Disorder

There are no crime and disorder implications as a result of this report.

Staffing

There are no impacts on staffing 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 as a result of this report.

Appendix 2: Annual Governance Statement 2019/20

INTRODUCTION

1. This statement meets the requirements of Regulation 6 (1) of the Accounts and Audit (England) Regulations 2015 in relation to the publication of an Annual Governance Statement (AGS). It explains how the Council's arrangements for the governance of its affairs complied with its Local Code of Corporate Governance for the year ended 31 March 2020.

COVID19 PANDEMIC

2. The initial surge in COVID-19 cases in the UK happened in early March 2020, the final month of the period to which the AGS relates, while the review of effectiveness and AGS preparation were underway. When the UK government published the [coronavirus action plan](#), much of the Council's resources were directed towards the pandemic response. This statement includes a description of how the Council's governance systems were deployed and adapted.

CONTEXT

3. Summarised information relating to the constitution, structure, budget and services provided by Durham County Council, along with key statistical information about County Durham can be found on the [About Us](#) page on the Council's website.

SCOPE OF RESPONSIBILITY

4. Durham County Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
5. The Accounts and Audit (England) Regulations 2015 require the Council to prepare an AGS, which must accompany the Statement of Accounts. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
6. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk and performance.

7. In May 2019, the Council approved, adopted and published on its website, a revised Local Code of Corporate Governance, which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA)/ Society of Local Authority Chief Executives (SOLACE) Framework – “Delivering Good Governance in Local Government”.

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

8. The governance framework comprises the systems, processes, culture and values by which the Council is directed and controlled, and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of sustainable economic, social and environmental benefits for the people of County Durham.
9. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council’s policies, aims and objectives, to evaluate the likelihood of those risks occurring and the impact should they occur, and to manage them efficiently, effectively and economically.
10. The governance framework has been in place across the Council for the year ended 31 March 2020 and up to the date of approval of the Statement of Accounts.

THE GOVERNANCE FRAMEWORK

11. The key elements of the Council’s governance arrangements are detailed in the Council’s Local Code of Corporate Governance. This sets out the key documents and processes that determine the way the Council is directed and controlled to meet the seven core principles of the CIPFA/ SOLACE Framework.
12. The Constitution Working Group, which consists of the lead members of each political party, and is chaired by the Leader of the Council, proposed amendments to the [Constitution](#) during the year which were approved by the Council. Changes following the annual review of the [Constitution](#) were approved by the Council in May 2020.
13. The arrangements and rules of procedure for the Overview and Scrutiny function, including the membership, functions and scope of the Overview and Scrutiny Board and each Committee is set out in detail in the [Constitution](#). Terms of Reference for the Board and Committees are set within the context of the [Council Plan](#) and the [County Durham Vision 2035](#). The Head of Strategy is the designated scrutiny officer to discharge the functions required under the Localism Act 2011.

14. The following sections demonstrate assurance that the Council has complied with each of these principles in practice, and also highlights where we have further improved our corporate governance arrangements during 2019/20.

REVIEW OF EFFECTIVENESS

15. The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the Council who have responsibility for the development and maintenance of the governance environment, the annual report of the Chief Internal Auditor and Corporate Fraud Manager, and by comments made by the external auditors and other review agencies and inspectorates.

16. Maintaining the effectiveness of the corporate governance framework involves the key member and officer roles outlined below, namely:

- The Executive
- Chief Financial Officer
- Monitoring Officer
- Overview and Scrutiny Committee
- Standards Committee
- Audit Committee

17. The Council's [Constitution](#) sets out the governance roles and responsibilities of these functions. In addition:

- The Corporate Director Resources co-ordinates and oversees the Council's corporate assurance arrangements by:
 - Preparing and maintaining the Council's Code of Corporate Governance as a formal framework for the Council's governance arrangements;
 - Reviewing the systems, processes and documentation to determine whether they meet the requirements of this Code, reporting any breaches and recommending improvements;
 - Preparing an AGS to demonstrate how far the Council complies with the principles of good governance and recommending improvements.
- Internal Audit provides independent assurance on the effectiveness of the corporate governance framework;
- External Audit provides an independent opinion on whether the AGS is materially accurate.

18. The Chief Internal Auditor and Corporate Fraud Manager provides an independent opinion on the adequacy and effectiveness of the system of internal control, risk management and governance arrangements which will be incorporated in the Annual Internal Audit Report to the Audit Committee in June 2020. This opinion is based on audit reviews undertaken during the year which found all systems reviewed to give substantial or moderate assurance, except in seven cases where limited assurance was reported. In the main, these issues related to specific areas and did not reflect weaknesses in the underlying governance arrangements.

19. Based on the work undertaken during the year, internal audit is able to provide a **Moderate** overall assurance opinion on the adequacy and effectiveness of internal control operating across the Council in 2019/2020.
20. This opinion is however qualified, in light of the current COVID-19 pandemic and the impact of this on the Council. The opinion given above is based on internal audit work undertaken, and completed, prior to emergency measures being implemented as a result of the pandemic. These measures have resulted in a significant level of strain being placed on normal procedures and control arrangements. The level of impact is also changing as the situation develops. It is therefore not possible to quantify the additional risk arising from the current short-term measures or the overall impact on the framework of governance, risk management and control that have been put in place.
21. Aligned to the seven principles of good governance, a detailed account of how the Council's governance arrangements have operated during 2019/20 is included in **appendix A**. An update on improvements identified in the 2018/19 Annual Governance Statement is included in **appendix B**.
22. The ways in which the Council's governance systems have been deployed and adapted in response to the COVID-19 pandemic are set out in **appendix D**, aligned to the principles of good governance.

CONCLUSION

23. We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit Committee. In conclusion, we are satisfied that the Council's corporate governance arrangements in place during 2019/20 were fit for purpose in accordance with the governance framework. Through the review of governance arrangements, and the work of both internal and external audit, we have identified five actions as part of ongoing improvements to further strengthen governance arrangements in 2020/21. These are shown in **appendix C**.

APPROVAL OF ANNUAL GOVERNANCE STATEMENT

Signed:

Simon Henig
Leader of Durham County Council

Terry Collins
Chief Executive

John Hewitt
Corporate Director, Resources

APPENDIX A: Governance Arrangements during 2019/20

A full description of the Council's governance arrangements is set out in the [Local Code of Corporate Governance](#). Aligned to the seven principles of good governance, the following paragraphs provide a detailed account of how the Council's governance arrangements have operated during 2019/20.

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Behaving with integrity

1. The [register of gifts, interests and hospitality for members](#) is available online. Staff declarations are maintained and monitored by their Head of Service.
2. In January 2020, the Council agreed to a [members' allowance scheme for 2020/21](#), taking into account the views of the independent remuneration panel, which the Council is required by law to establish and maintain.

Demonstrating strong commitment to ethical values

3. The annual report of the [Standards Committee, which is responsible for promoting and maintaining high standards of conduct by councillors](#), was presented to Council in January 2020. The [Work Programme 2020/21](#) was approved in March 2020.
4. In September 2019, the Standards Committee agreed that proposed changes to the [Code of Our Values, Behaviours and Conduct](#) be considered by the Constitution Working Group and by full Council. The amendments provide clarification on employees' obligations in relation to [gifts and hospitality](#).
5. A quarterly customer feedback report is presented to the Overview and Scrutiny Management Board, summarising performance in dealing with corporate and statutory complaints, and identifying actions to improve service provision.
6. Cabinet approved the introduction of the [WASPI Concessionary Travel Scheme](#) to assist approximately 35,000 women across County Durham who have been most impacted by the changes to the Government's State Pension Age.

Respecting the rule of law

7. The [Environment, Health & Consumer Protection enforcement policy](#) sets out the standards and guidance applied by officers authorised to act on behalf of the Council in its role as regulator and enforcement agency. Officers must have regard to codes of conduct, legislation and other statutory provisions, and adhere to the 'principles of good regulation' when exercising regulatory functions to improve outcomes without imposing unnecessary burdens on individuals and businesses.

8. Through the [Counter Fraud & Corruption Strategy](#), the Council is committed to a zero-tolerance approach to fraud and corruption against the Council and its partners. The Counter Fraud team vigorously pursues all reports of fraud, for example, council tax reduction scheme fraud, false insurance claims and blue badge misuse, with successful prosecutions featuring in the [news pages](#) of the Council's website. Their achievements were recognised at the Fighting Fraud and Crime Locally conference in London in March 2019 where they won the Acknowledge Award. The award recognised their zero-tolerance approach to fraud, and the collaborative work with internal and external stakeholders under the 'Durham Partnerships', with innovative projects and promoting best practice with the use of technology, to proactively target fraud risk areas. The team was also a finalist in the IRRV Excellence Awards in Counter Fraud category. Since 2015, the team has uncovered or intercepted over £7.9m of fraud, investigating over 3,500 cases across the authority, handling a diverse range of investigations.

Principle B: Ensuring openness and comprehensive stakeholder engagement

Openness

9. The Council seeks to make decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes, with a presumption for openness and, where relevant, giving reasons for keeping any decision confidential. Clear reasoning and evidence are provided for decisions, being explicit about the criteria, rationale and considerations used, to ensure that the impact and consequences of those decisions are clear. These commitments are demonstrated, for example, by the decision made by Cabinet on the [Leisure Transformation Programme](#), which set out the case for change for the Council's leisure centre offer, including building new leisure centre facilities, refreshing existing buildings and progressing towards an extensive new programme of activities and amenities.

Engaging comprehensively with institutional stakeholders

10. The Leader of the Council is the chair of the County Durham Partnership, which is the strategic partnership covering most partnerships in County. The Council continues to engage in the North East Local Enterprise Partnership and Combined Authority, taking a regional perspective and seeking to work across broader partnerships to secure investment.

Examples of partnership working are included in regular 'Council Activity Reports' to Cabinet: -

- (a) The council, with its partners, works hard to promote County Durham as a place for businesses to grow and invest, and provides and supports several key [strategic employment sites](#), which continue to grow and flourish.
- (b) Working with its partners to support people across the county, some of whom are in work but on a low income, who are struggling to pay their rent, mortgage or household bills. Specific initiatives include the [Welfare Assistance Scheme](#).

(c) County Durham has seen continued growth and investment in cultural, sporting and heritage activity during the past few years thanks to support from the county council and its partners, including the [#Durham19](#) campaign.

11. The Aykley Heads Redevelopment Plan is supported by a number of regional organisations including the North East Local Enterprise Partnership and North East England Chamber of Commerce, as well as Durham University. In the attached [video](#), organisations and key business leaders in the area explain why this development is important for the future of Durham.
12. [DurhamWorks](#) is a partnership programme between the Council and seven other organisations, working together to support young people into education, training or employment. The programme has been granted a further £12 million of EU funding and extended to 2021 having so far signed up 7,300 young people, 3,600 of those having progressed into some form of employment, education or training. [DurhamWorks](#) also supports local employers. Business advisors are on hand to offer tailored support and advice, including financial support to small or medium sized businesses looking to take on a young person.
13. In May 2019, Cabinet refreshed the [SEND Strategy](#) for supporting work across local partners for children, young people and young adults with Special Educational Needs and Disabilities (SEND).

Engaging with individual citizens and service users effectively

14. The Consultation Officer Group supports the Council's approach to engaging stakeholders and oversees major consultations, which help improve services and influence decision-making.
15. The [Statement of Community Involvement](#) describes how we will involve communities, businesses and organisations in the preparation of the County Durham Plan (Local Plan) and on planning application decisions. It also sets out our advice on how town and parish councils and Neighbourhood Forums should seek to involve and consult on the preparation of Neighbourhood Plans.
16. As the new proposed savings for 2020/21 are not expected to impact upon front line service provision, the focus of the consultation on [Medium Term Financial Plan 2020/21 to 2023/24](#) has been to utilise the extensive exercises that were recently carried out as part of the development of the County Durham Vision 2035 to inform the proposed investment priorities.
17. Public consultation exercises were undertaken during the year on a range of issues, including the new Durham History Centre, how to tackle climate change, how we spend our money to help children with special educational needs or a disability, and on proposals to increase the council tax premium charge for long term empty properties. The full list can be found on the [Consultations](#) pages of the website.

18. The Council uses various channels of communication and feedback mechanisms, including social media (Twitter, Facebook, Instagram and YouTube) to reach out to and meet the needs of its communities. Fourteen [Area Action Partnerships \(AAPs\)](#) are fully engaged with the community in identifying and addressing local priorities, and utilising locality budgets to drive improvements to the local area.

The Council receives regular updates from AAPs for example, [Weardale AAP](#) (projects delivered), [Derwent Valley AAP](#) (priorities, action plans and forthcoming Projects) and [East Durham AAP](#) (participatory budgeting, Youth Forum and Cyber Crime Project, ATOMS Education Project and Social Isolation.

19. The Council is continuing to build on progress in attracting inward investment and Development in the County through the new [durham powered by people](#) campaign, which engaged with a range of stakeholders across the business community to support economic growth across the county.

20. [Durham County News](#), the Council's magazine for residents is issued to every household in the County four times a year in line with the [recommended code of practice for local authority publicity](#).

21. To supports the delivery of the Children and Young People's Strategy 2019-2022, Cabinet [agreed to the implementation of recommendations](#) that will enhance engagement with children and young people, including annual elections to appoint CYP representatives to a new County Durham Youth Council.

Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

Defining outcomes

22. The Council conducts a number of strategic assessments of need, which have been brought together into an [Integrated Needs Assessment](#) (INA). This brings together the evidence base and a wide range of strategic assessments to inform strategic planning across the council and by the county's thematic partnerships. The [INA](#) provides links to data, analysis, external frameworks, local profiles, strategies and plans relevant to life in County Durham. An online data mapping site is being developed.

23. The [County Durham Vision 2035](#) was agreed by the County Durham Partnership and Cabinet in September 2019. This vision will be delivered through an integrated framework of partnership and organisational plans and strategies across the County Durham Partnership. A Strategic Partnership Governance Review is currently taking place to ensure the governance arrangements are fit for purpose and will be completed by May 2020. The vision had been built following extensive public consultation, where residents, businesses, partners and visitors were asked what they would like to see in the future for the county. Building on the success of the last ten years the new vision would replace the current 'Altogether Better' vision from 2009.

24. The Vision was launched by [County Durham Partnership](#) on 25/10/19.

25. The vision is structured around three externally focused results-based ambitions of 'more and better jobs', 'long and independent lives' and 'connected communities'.
- (a) The More and Better Jobs ambition has a wide-ranging focus which includes not only development of the economy and creating jobs, but also working with young people and adults to help them into work, through good quality education and training.
 - (b) The Long and Independent Lives ambition focuses strongly on the health and wellbeing of the local population, including ensuring that all of our children and young people get the best start in life, and services for children with special educational needs and disabilities (SEND) are improved. The ambition has a strong focus on improving mental as well as physical wellbeing.
 - (c) The Connected Communities ambition focuses on making life better in local communities across the County. On how we ensure that children and young people have safe lives in safe communities where people support each other, and have access to high quality housing, good transport links and vibrant town and village centres. As it is a broad ambition, performance reporting is split into two areas of focus: safer communities, and sustainable communities.

26. [Children and Young People's Services Commissioning Plan 2019-21](#)

27. On 11/9/19, Cabinet agreed the draft updated Poverty Action Strategy and Poverty Action Plan, through which the council and its partners aim to address and alleviate poverty in the county.

28. [The County Durham Strategic Partnership Approach to Early Help for Children, Young People and Families](#) sets out our partnership vision, priorities and approach for providing effective, targeted and coordinated 'early help' in County Durham in order to address inequalities, promote opportunity and secure better outcomes for children, young people and their families. The strategy focuses on supporting family and community resilience. The strategy also outlines the collective responsibility across key partners for identifying children and young people who require additional help and support.

29. In July 2019, the [Youth Justice Plan 2019-2021, incorporating a review of performance and activity for 2018-2019, and improvement plans, staffing and budgets for 2019-2020](#), was presented to Council.

30. County Durham Housing Strategy 2019 to 2024. In July 2019, Cabinet adopted the [Housing Strategy](#), the aims of which are better housing support for residents and the [Homelessness Strategy](#), which aims to prevent homelessness by providing housing advice, assistance and support for older and vulnerable people.

Sustainable economic, social and environmental benefits

31. Despite this very challenging financial period, the scale and sustained level of government spending cuts and the impact on the council's finances, this report includes some very positive outcomes for the people of County Durham including: -

- (a) significant one-off investment in a broad range of priority front line services;
- (b) continued support to protect low income working age households through the continuation of the existing Council Tax Reduction Scheme;
- (c) ongoing work with health partners to ensure health and social care funds are maximised for the benefit of vulnerable people;
- (d) significant capital investment in leisure provision, town centres and infrastructure, including new transport schemes.

32. In February 2019, the Council declared a Climate Change Emergency, and set targets to reduce its own carbon emissions and make County Durham carbon neutral by 2050. Response to consultation demonstrated that residents supported and wanted to be actively involved in taking forward the [Climate Change Emergency Response Plan](#), which was approved by Cabinet in February 2020. In July 2019, Cabinet was updated on the successful completion of the six-year, invest-to-save [Street Lighting Energy Reduction Project](#), which has been the biggest single contributor to the Council's reduction in carbon emissions. A 69% reduction in annual energy consumption was achieved, saving 8,413 tonnes in carbon emissions.

33. The [County Council of Durham Roads and Street Works Permit Scheme](#) aims to reduce disruption caused by street works in County Durham by enabling our highways team to manage the number and duration of works taking place on the county's roads at any one time. This would help to minimise disruption, which in turn would support economic growth and reduce carbon emissions.

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

Determining and planning interventions

34. The Council ensures that decision makers receive objective and rigorous analysis of a variety of options, indicating how intended outcomes would be achieved and highlighting associated risks, to secure best value regardless of the service delivery method. Two examples are the [Cabinet reports](#) in January 2019 on: -

- (a) The County Durham Plan Pre-Submission Draft; and
- (b) Durham History Centre – Next Steps.
- (c) [Review of School Provision – Wolsingham School & Sixth Form](#)
- (d) [Mainstream Primary and Secondary Formula Funding 2020-21](#)
- (e) [Options for the future of the two schools that constitute the Durham Federation](#)

35. In February 2020, in response to a request for analysis and insight into the impact of welfare reform and austerity, Cabinet considered a report which provided key messages and selected analyses for County Durham for the Index of Deprivation 2019 from the Ministry of Housing, Communities and Local Government. Members were concerned with the increased levels of deprivation, and wider analysis will be undertaken of the impact on vulnerable residents, including struggling families and children living in poverty, and communities.

36. A range of controls have been implemented for the Council's commercial companies and joint venture arrangements, appropriate to the specific entity, to ensure that effective governance arrangements are established and maintained. Examples include: -
- (a) Contributing to the attainment of the company's business objectives by providing strategic and financial guidance to ensure that the company's financial commitments are met, to ensure the sound financial management and control of the Company's business, and to support future growth of the company.
 - (b) Provision of a Finance Director or Chief Financial Officer.
 - (c) Requiring annual reports on operations and performance to be brought to the Council, as a shareholder, through Corporate Management Team and, where considered necessary, Cabinet.
 - (d) Financial management support to ensure that annual accounts are prepared and submitted appropriately with HMRC and Companies House, and that they are independently audited.
37. The [Medium Term Financial Plan 2020/21 to 2023/24 \(MTFP\)](#) was approved by the Council in February 2020. This provides a financial framework associated with the [Council Plan](#) that enables members and officers to ensure policy initiatives can be planned for delivery within available resources and can be aligned to priority outcomes. It also enables the continued provision of value for money (VFM). The key risk facing the Council continues to be the challenge of managing unprecedented budget reductions in the current period of economic austerity. To meet this challenge, a comprehensive schedule of savings targets has been programmed to achieve the necessary savings to enable us to deliver a balanced budget and [MTFP](#).

Optimising achievement of intended outcomes

38. Assurance over the delivery of the [Council Plan](#) and the [MTFP](#) is gained by detailed and frequent monitoring undertaken by Corporate Management Team (CMT) and the £15.7m of savings proposed for MTFP(10) period results in the council having saved £250 million since 2011/12. The Council's strategy since 2010/11 has been to protect front line services as far as possible and the 2020/21 proposals are in line with this strategy both in terms of savings being realised and additional investment. To ensure that front line services can be protected wherever possible, the [Transformation Programme](#) seeks to ensure that all options are explored. The Council has maintained prudent levels of reserves enabling us to meet unanticipated expenditure as necessary whilst still achieving planned savings targets and meeting service level expectations.
39. To ensure that attention remains focused on Council priorities, an approach to performance management was developed that answers key performance questions rather than rely on performance indicators. [Quarterly reports](#) are concise, using a dashboard style with shorter narrative, and attention is moving towards analysing and developing insights from the performance data.

- (a) In relation to the *More and Better Jobs* ambition, we are continuing to invest, building on our growing tourism and cultural activity, creating new infrastructure and developing new business parks with the potential to create thousands of jobs. We are developing focused improvement plans, reviewing educational provision across the county (including elective home education), offering intensive support to young people not in education, employment and training, and addressing inequality across employment through our work to become a Disability Confident Leader.
- (b) In relation to our *Long and Independent Lives* ambition, we continue to support people to stop smoking, reduce exposure to second-hand smoke and promote campaigns such as Stoptober. Our partnership approach to help people achieve a healthy weight focuses on the Best Start in Life, the physical and food environments, with actions to increase physical activity in schools, promote active travel and improve the regulation of hot food takeaways. We have established a workforce leads network to ensure a consistent approach to mental health training across partners and are developing a tailored approach to mental health awareness across small-to-medium sized businesses. We are working closely with the CCG and health providers to monitor key areas of work, including waiting times for therapeutic services and have allocated additional resource to our SEND Casework Team, which continues to experience high demand.
- (c) In relation to our *Connected Communities* ambition, we are using focused improvement plans, initiatives and interventions to mitigate against the challenges we face in relation to violence against the person, shoplifting, criminal damage and arson, of which County Durham is recording high levels. For example, two dedicated neighbourhood wardens now patrol Durham City centre, we are putting in place a multi-agency training programme in relation to licensing, have implemented a plan for student fresher week in relation to water safety and started planning for the 2020 cold-water shock campaign.

40. The [Transformation Programme](#) reports to a Transformation Board, consisting of Cabinet members and the Corporate Management Team, chaired by the Leader of the Council. It is co-ordinated through a Steering group made up of senior officers leading on aspects of the programme and chaired by the Director of Transformation.

41. In September 2018, Cabinet approved a report, which considered the next steps in delivering the Aykley Heads Strategic Employment site to ensure the proposed 6,000 jobs are secured for the benefit of County Durham's economy. The report also proposed a strategy for the development of the site in a flexible manner, enabling a responsive approach to opportunities and changes within the marketplace.

42. In October 2019, Cabinet approved the establishment of an Internal Enforcement Agent Service for the collection of council tax, business rates, parking fines and fixed penalty notices, commercial rents, sundry debt and housing benefit overpayments. Benefits include a more joined-up, streamlined and flexible approach to debt recovery and management, more direct control over the standards of behaviour and the actions taken by the service, ensuring that the Council's values and behaviours are embedded within the service.

43. Cabinet approved a report on the governance structure of the newly-established [Local Lettings Agency](#), which will support Housing and Homelessness Strategies. Delegated authority was given to the Corporate Director for Regeneration and Local Services to lease properties from landlords on an individual basis for use in discharging the Council's duties under the Homelessness Reduction Act.

Principle E: Developing the Council's capacity, including the capability of its leadership and the individuals within it

Developing the Council's capacity

44. Inspiring Places, which is part of our [Transformation Programme](#), seeks to provide different types of flexible work spaces. Work areas will be paper-lite, which means digital records will replace paper records, where appropriate. Desk-based employees have access to software that allows them secure, remote access to the Council's computer systems, including from home.
45. Work is well underway to transform office accommodation at each of the Council's sites, leading to a more productive and creative workforce and reduced travelling times. Modern, open plan spaces allow more flexibility, with printers, recycling bins and stationery being centralised on each floor. New technology, such as video conferencing and mobile working, is increasingly being used.
46. The Council's Inspire Programme seeks to enable flexible working through digital and mobile technology, make our workspaces more cost effective and productive, and support collaboration between teams across the organisation. Several projects supporting these aims are either nearing completion or are well underway: -
- (a) A reform of business support services seeks to increase the use of digital solutions to create a more consistent service, improved management information and less labour-intensive administrative processes.
 - (b) A major upgrade to the email, calendar and related systems will deliver numerous benefits, including increased storage capacity, online collaborative working, reduced paper usage and improved data security.
 - (c) A comprehensive development plan for the ResourceLink computer system sets out priorities for streamlining and digitising transactional HR and payroll processes, leading to a reduction in back office administrative tasks. Employees have improved access to personal information, reducing the need for printing and posting documents.
 - (d) The Council has commenced a programme examining how we can use business intelligence technologies and invest in skills to further automate processes, make more strategic use of our data and improve our analytical capacity.
47. The new [Digital Strategy](#) sets out the Council's digital ambitions for the County. It provides a framework within which these ambitions can be delivered and aligns to the interlocking objectives of the revised Council Vision and the Transformation Programme. The new strategy is set out under three main themes: Digital Customer; Digital Organisation; Digital Communities.

48. The latest version of Office 365 has been rolled out across the council, offering a number of new tools that proved invaluable, especially during the lockdown period of the response to COVID19: -
- Virtual meetings hosted with online agendas and papers.
 - Greater collaboration enabled through storing, sharing and even simultaneous co-authoring of documents.
 - Communications between staff enhanced through functions that show colleagues' availability, and enable instant messaging, screen-sharing and continuous connectivity through a range of devices.
 - Sharing of information, posts and conversations in public and private online spaces.
49. The Council approved a proposal by the Chief Executive to [restructure the corporate management team](#), ensuring leadership is aligned to the council's strategic priorities and that appropriate resources are in place to deliver the wider partnership vision for the county. Two posts were deleted, Corporate Director of Regeneration and Local Services and Director of Transformation and Partnerships, with the creation of two posts of Corporate Director, Regeneration, Economy and Growth and Corporate Director, Neighbourhoods and Climate Change.
50. In relation to the Transformation and Partnerships service grouping, Transformation and Strategy services were realigned to the Resources Service Grouping. The Communications and Marketing service grouping was realigned directly to the Chief Executive. The Partnerships and Community Engagement service will be realigned to the new Director of Neighbourhoods and Climate Change but in the interim, the head of service reported to the Corporate Director of Adults and Health.
51. As part of the development of a Health and Social Care Plan for County Durham, the Council approved the establishment of a Head of Integrated Strategic Commissioning within Adult and Health Services, to be jointly funded by the Council and the respective Clinical Commissioning Groups.
52. The Overview and Scrutiny Management Board, supported by its five committees, makes decision-making processes transparent, accountable and inclusive and seeks to improve services for people by being responsive to their needs. Where appropriate, members have scrutinised the decisions of the Council, demonstrated by a number of key reviews which are outlined in the [Overview and Scrutiny Annual Report](#).
53. Overview and Scrutiny arrangements have been enhanced following Government Guidance issued last year. This work has included further developing member training, updating member role descriptors, improving our liaison and reporting links between NECA/Regional Scrutiny and COSMB and also additional reporting is being introduced to Council.

Developing the capability of the Council's leadership and other individuals

54. The [Transformation Programme](#) report to Cabinet in October 2017 confirmed that, following a restructure of the Corporate Management Team, a restructure of the Council's Extended Management Team (EMT) (heads of service) was completed in June 2017. The new EMT gives additional focus to the digitisation of process and ICT systems management, strengthens our capacity to lead organisational change and manage our people and gives additional focus to our work to support looked after children.
55. The Durham Learning and Development system hosts our new Performance and Development Review scheme, which was launched for leaders and managers, then rolled out to core employees from July 2019. The Durham Leadership Way programme outlines the expectations of leaders and managers together with a development and support offer. The Durham Leadership and Management Development Programme includes several mandatory courses, including coaching as a management style and mental health awareness for managers. Other courses are linked to corporate priorities, management skills and your personal development.
56. The Council's Apprenticeship Strategy 2019 to 2022 is being delivered through the People and Talent Management service, which is working with service managers and maintained schools to identify opportunities for new and existing employees to support workforce development and planning. By March 2020, there were 226 apprentices across a range of occupational areas and levels, and 280 employees were upskilling through an apprenticeship.
57. The Council is committed to continually reviewing the development needs of members and officers and continues to be a member of the North East Public Service Academy, which promotes excellence in learning across the public sector.
58. Employees' needs, in terms of training, development, health and wellbeing, are delivered through the Organisational Development Strategy and the Health, Safety and Wellbeing Strategy. The Council continues to support employees through the change process with, for example, Jobcentre Plus information sessions and confidential counselling services through the Employee Assistance Programme. An intranet page has been specifically created for employees in relation to mental health and wellbeing and provides support and guidance for managers and non-management employees.
59. The Valuing our Employees Framework, which was developed in consultation with employees, was rolled out with the aim of creating a supportive working culture. The framework includes a range of initiatives about employee engagement, recognition, benefits, ideas and innovation.
60. The Council successfully achieved the gold National Better Health at Work award for its work on improving employee health and wellbeing, including awareness training for managers and training for mental health first aiders.

61. The Inspiring People Awards (formerly Great Staff, Great Stuff) reflect the aspirations of our Inspire [Transformation Programme](#). The scheme culminates in a celebration of the very best of our employees, teams and projects – those who are making a massive difference to residents and communities or who are delivering innovative projects and solutions to help both the council and our customers.

Principle F: Managing risks and performance through robust internal control and strong public financial management

Managing risk

62. Risk management continues to be embedded in decision making and key business processes and the Risk Management Policy and Strategy, which defines key roles and responsibilities and is reviewed annually, underpins this. The Audit Committee has gained assurance that the Council's strategic risks are being effectively managed through reports issued in [July](#) and [November 2019](#), and [February 2020](#). In July 2019, the Council received a [report from the Chairman of the Audit Committee](#) on its work between September 2018 and August 2019, and how the Committee continues to provide for good governance across the Council.

63. 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. The arrangements for managing the risk of such events are explained, and a copy of the latest Community Risk Register can be found, on the [Local Resilience Forum](#) web page. One of the intended outcomes of the Council's [Transformation Programme](#) is to help make communities become more self-reliant and resilient, so the Council's website includes advice for [business and care services on planning for emergency situations](#).

64. The referendum result in June 2016, in which the United Kingdom (UK) voted to leave the European Union (EU), created national uncertainty for the economy, safety and welfare and was compounded by protracted negotiations to secure a withdrawal agreement. An EU Exit Working Task & Finish Group was established, chaired by the Director of Transformation and Partnerships with representatives from all service groupings, reporting to Corporate Management Team. Taking account of a range of guidance from the government and professional bodies, the Group worked with key partners including the Local Resilience Forum, as well as key suppliers and service providers, to identify and minimise the impacts on council services and service users.

65. Several challenges and uncertainties lie ahead, and these are being monitored through the Council's strategic risk management reporting arrangements: -

- (a) The financial outlook for the council and the whole of local government remains extremely challenging.
- (b) The implications of the UK leaving the European Union, including the position of EU citizens living in the UK and UK nationals living in the EU.

- (c) Capacity issues caused by nationwide hard-to-recruit posts in children's social care.
- (d) Funding pressures in adult social care.
- (e) Recovery from the effects of the COVID-19 pandemic.

Managing performance

- 66. The [County Durham Partnership](#), which is the strategic partnership for the County, is made up of key public, private and voluntary sector partners. Its' role includes monitoring performance towards implementing [County Durham Vision 2035](#), and considering strategically how plans align and where efficiencies and value can be maximised through integration, shared services and joint commissioning.
- 67. The Council's Cabinet is responsible for monitoring performance and ensures that effective arrangements are put in place to deal with any failures in service delivery. Assurance is gained through [quarterly performance reporting](#) and through performance clinics between the Chief Executive, individual Corporate Directors and the Director of Transformation and Partnerships during the year.
- 68. To manage and measure service improvement, the Council has a locally led planning and performance management framework that links to the [County Durham Vision 2035](#) and the [Council Plan](#). The format of performance reports has been realigned to the ambitions in the new Council vision. We are developing online (near) real-time performance dashboards using business intelligence and reporting services tools to provide more immediate views and visualisations of performance as part of a business intelligence programme. Examples available in children's social care and customer services.
- 69. The Quality Improvement Board is chaired by the Corporate Director of Children and Young People's Services and meets monthly to provide strategic oversight and lead improvements in quality.
- 70. The Police and Crime Panel, which includes councillors from Durham County Council and from Darlington Borough Council, scrutinises the [annual report](#), decisions and actions of the Police and Crime Commissioner. An update on activity from the Panel is presented to each meeting of the Council's [Safer and Stronger Communities Overview and Scrutiny Committee](#).

Robust internal control

- 71. Risk management and internal control are acknowledged as integral parts of the Council's performance management framework and crucial to the achievement of objectives. To reflect this, internal audit continuously reviews risks with reference to strategic objectives, and a register of strategic risks is compiled linking each item to the relevant strategic objective. Internal audit progress updates were provided to Audit Committee in [May](#), [September](#) and [November 2019](#), and in [February 2020](#).

72. Updated versions of the [Counter Fraud & Corruption Strategy and Fraud Response Plan](#), and the [Anti-Money Laundering Policy](#) were presented to Audit Committee in June and July 2018.

Managing data

73. The designated Senior Information Risk Officer is the Corporate Director of Resources, and the designated Data Protection Officer is the Strategic Manager, Executive Support. The council has an Information Governance Group, with representatives from all services, which meets regularly and formulates regulatory responses to the Information Commissioner's Office and handles day-to-day management issues around information governance.

Strong public financial management

74. The Council has appointed the Corporate Director Resources as Chief Financial Officer and Section 151 Officer (Local Government Act 1972) to fulfil the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016). The Chief Financial Officer, who is a member of the Corporate Management Team (CMT) and reports directly to the Chief Executive, has been involved in all CMT discussions, and has reviewed all reports to Cabinet which have financial implications.

75. In February 2020, an update was given to Audit Committee on the Council's [accounting policies](#) to be applied in the preparation of the 2019/20 Statement of Accounts. The following reports provide assurance that the Council's financial management supports both long-term achievement of outcomes and short-term financial and operational performance: -

- (a) [Treasury Management Outturn 2018/19](#)
- (b) [Final Outturn for the General Fund and Collection Fund 2018/19](#)
- (c) [Update on the delivery of the Medium Term Financial Plan 8](#)
- (d) [Update on the delivery of the Medium Term Financial Plan 9](#)
- (e) [Report under Section 25 of Local Government Act 2003 - Reserves](#)
- (f) [Pension Fund Annual External Audit Letter 2018/19](#)

Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Implementing good practice in transparency

76. The Council is committed to being open and transparent about how it works and how decisions are made. In line with the Local Government Transparency Code, information is published on a [transparency and accountability web page](#) about how money is spent, how services are purchased, land and assets owned, structures and salaries, and fraud. As required by law, the sum paid to each county councillor is also published. The Council has also been publishing open datasets through the Data Mill North website.

77. Reports about complaints against members are included in part A of the Standards Committee agenda rather than part B (consideration of exempt or confidential information).

Implementing good practices in reporting

78. The Local Code of Corporate Governance is reviewed annually before being considered for approval by the Audit Committee and County Council.

79. The [Statement of Accounts 2018/19](#), incorporating the Annual Governance Statement, was approved by the Audit Committee in July 2019, taking account of the views of the External Auditor, in line with the Accounts and Audit Regulations 2015. External Audit also provides an independent opinion on whether the Annual Governance Statement is materially accurate.

80. The Council's commitment to regular reporting to stakeholders on performance, value for money and stewardship of resources is evidenced throughout this statement. Other examples include: -

- (a) [Annual report of the Director of Public Health 2019](#)
- (b) [Health and Wellbeing Board Annual Report 2018/19](#)
- (c) [Local Safeguarding Children Board Annual Report 2018/19](#)
- (d) [Corporate Parenting Panel Annual Report 2018-19](#)
- (e) [Transport Asset Management Plan Annual Update](#)
- (f) [Protecting the Public Purse Annual Report 2019/20](#)

Assurance and effective accountability

81. A review of the effectiveness of Internal Audit, incorporating the Internal Audit Service and the Audit Committee, has been undertaken and was reported to the Audit Committee in June 2020. This review concluded that the Council's system of internal audit is considered to be effective, which in turn allows the opinion of the Chief Internal Auditor and Corporate Fraud Manager to be relied upon.

82. Revised versions of the [Internal Audit Strategy, Charter and Plan for 2019/20](#) were approved by Audit Committee in May 2019.

83. Assurance can also be taken from the following external independent sources that, through good governance, the Council continues to maintain and improve the quality of services: -

- (a) The [External Audit Annual Letter 2018/19](#) summarises the work undertaken for Durham County Council and Durham County Council Pension Fund for the year.
- (b) The [Audit Completion Report \(Statement of Accounts\)](#) summarises the external auditor's conclusions for the year ended 31 March 2019.
- (c) The [External Audit, Audit Strategy Memorandum, February 2020](#) sets out the audit plan in respect of the audit of Durham County Council for the year ending 31 March 2020.
- (d) External Audit Progress reports in [November 2019](#) and [February 2020](#).

(e) The [Audit Completion Report \(Pension Fund\)](#) summarises the external auditor's conclusions for the year ended 31 March 2019.

84. In May 2019, Audit Committee approved revised [Terms of Reference](#) incorporating the Chartered Institute of Public Finance and Accountancy's model Terms of Reference defined in the Practical Guidance for Local Authorities 2018. The Committee also completed a core knowledge and [self-assessment](#) against the good practice for Audit Committees in Local Authorities guidance, and no significant gaps were identified.
85. In June 2019, the Audit Committee approved responses to a range of [questions from the External Auditor](#) to provide evidence of how management and those charged with governance are discharging their responsibilities, to discharge their duties under International Standards for Auditing.
86. Aycliffe Secure Centre, which offers specialist secure accommodation for young people, was given an outstanding review by Ofsted. Inspectors reported the centre as 'outstanding' in all four areas it assessed, building on its 'good' rating at Ofsted's last two visits.
87. Three Council teams were shortlisted in the prestigious Local Government Chronicle Awards, which celebrate excellence in local government. Our Corporate Parenting Panel is nominated in the Children's Services category; our economic investment in Durham is competing in the Driving Growth category; and our Durham Resilience Project, which works to improve mental health in schools, will represent us in the Public Health category.

APPENDIX B: Update on improvements identified in the 2018/19 Annual Governance Statement

Following the production of the Annual Governance Statement for 2018/19, nine improvement actions were identified for 2019/20.

No.	Actions to be taken	Lead Officer	Update
1	Implement an action plan to enable approval of the County Durham Plan (CDP) within the statutory requirements and the anticipated National Planning Policy Framework (brought forward).	Corporate Director, Regeneration and Local Services, March 2020	Status: Substantially complete The hearing sessions for the Examination in Public of the County Durham Plan were held from October to December 2019. The Inspector's interim report is expected in the spring where several modifications to the Plan will be recommended. These will then be consulted on and the final Plan is expected to be adopted in the Summer/Autumn 2020. The action plan has been implemented and has successfully brought the Plan to this point. Future timescales are now at the discretion of the Inspector. Therefore, although the Plan has not yet been adopted the action plan has served its purpose.
2	Develop a new council vision and a new Council Plan to replace the Council Plan 2016-19 (brought forward).	Head of Strategy, October 2019	Status: Substantially complete County Durham Vision 2035 was approved by Council on 23 October 2019 and launched by the County Durham Partnership on 25 October 2019.
3	MTPF and Financial Strategy Group for Education will monitor progress on the implementation of the strategic review of educational provision to ensure that the intended outcomes are achieved (brought forward).	Corporate Director, Children and Young People Services, March 2020	Status: In progress, carry forward to 2020/21 The review is in progress and monitoring will be carried forward to 2020/21.
4	Develop revised Children's Performance Management Framework.	Head of Strategy/ Strategic Manager Safeguarding Professional Practice (CYPS), June 2019	Status: Complete The revised Children's Performance Management Framework is complete and continues to drive improvement within the service.

No.	Actions to be taken	Lead Officer	Update
5	Implement and embed the new Corporate Property and Land Service, as approved by CMT and members, adopting the corporate landlord model.	Head of Planning and Assets (ReaL), March 2020	Status: In progress, carry forward to 2020/21 An appointment was made to a newly created post of Head of Corporate Property and Land, and management of the Council's estate has been unitised under this service. A new Corporate Landlord Service Delivery Model is being implemented during 2020/21.
6	Prepare evidence base around major economic challenges that will influence the NE Local Industrial Strategy with a view to supporting the implementation of corporate priorities and the development of County Durham Industrial Strategy.	Business Durham (ReaL), March 2020	Status: Complete An evidence base has been prepared which is current and is being used to inform discussions with the NELEP regarding the North East Local Industrial Strategy, and the development of a County Durham Industrial Strategy.
7	Undertake a review of governance arrangements of the County Durham Partnership.	Head of Partnerships and Community Engagement, December 2019	Status: In progress, carry forward to 2020/21 The strategic governance review of the County Durham Partnership will be complete for May 2020 and presented to the County Durham Partnership for approval.
8	Review High Needs Special Educational Needs Provision (HN SEND), including development of a HN SEND Sustainability Plan, to bring this expenditure within Dedicated Schools Grant funding levels.	Head of Education and Skills, March 2020	Status: In progress, carry forward to 2020/21 The recommendations from a public consultation on proposals for reviewing nine priority service areas were approved in January 2020 by Cabinet, who also agreed the financial strategy to reduce expenditure by £1.5 million per year and spend within grant available over the next five years. Work is currently underway to identify financial savings targets for each area of the HNB budget.
9	Review the arrangements in place to ensure the Council is discharging its sufficiency duty in relation to Looked After Children and responding to gaps in provision.	Corporate Director, Children and Young People Services, April 2020	Status: Complete The Council's duty will be met through the Placement Sufficiency Strategy 2020 - 2025 supported by the Placement Resource Panel, the Fostering to Adopt initiative and Foster Xtra initiative.

APPENDIX C: Proposed Governance Improvements required during 2020/21

As a result of the review of governance arrangements, and the work of both internal and external audit, five improvement actions have been identified to further strengthen governance arrangements in 2020/21. These are shown in the table below.

No.	Actions to be taken	Links to the Local Code of Corporate Governance (ref)	Lead Officer	Timescale
1	Brought forward from 2019/20 MTFP and Financial Strategy Group for Education will monitor progress on the implementation of the strategic review of educational provision to ensure that the intended outcomes are achieved (brought forward).	Optimising the achievement of intended outcomes with robust mechanisms for making decisions, which are reviewed continually (4.34).	Corporate Director, Children and Young People Services	March 2021
2	Brought forward from 2019/20 Implement and embed the new Corporate Property and Land Service, as approved by CMT and members, adopting the corporate landlord model.	Developing the Council's capacity through effective use of assets and improving the use of resources (4.37 – 4.38).	Head of Planning and Assets (Real)	March 2021
3	Brought forward from 2019/20 Undertake a review of governance arrangements of the County Durham Partnership.	Engaging effectively with institutional stakeholders and developing formal and informal partnerships (4.21).	Head of Partnerships and Community Engagement	May 2020
4	Brought forward from 2019/20 Review High Needs Special Educational Needs Provision (HN SEND), including development of a HN SEND Sustainability Plan, to bring this expenditure within Dedicated Schools Grant funding levels.	Improving the use of its resources to ensure that they are allocated in a way that realises outcomes effectively and efficiently (4.38)	Head of Education and Skills	March 2021
5	The governance surrounding the Council's companies require refinement and efforts have begun to ensure all necessary documentation is in place and that key officers are aware of their roles and responsibilities with regards to the companies they are involved with.	Creating the conditions to ensure that the statutory officers, other key post holders, and members, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements (3.14)	Head of Legal and Democratic Services	March 2021

APPENDIX D: COVID-19 Implications for Governance

The ways in which the Council's governance systems have been deployed and adapted in response to the COVID-19 pandemic are set out below, aligned to the principles of good governance. As the impact of the pandemic is still changing, we will assess the impact on the Council's Local Code of Corporate Governance in the period between approving this draft AGS and approving the final AGS. Any temporary changes that have occurred which are considered a material change to current governance arrangements will be reflected in the final AGS for approval. In particular, any changes to the decision-making process which have resulted in greater delegation of decisions to executive management due to the difficulties in undertaking member committee meetings.

Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

1. Our core values have been invaluable in shaping the response: -
 - (a) We will work together to achieve the best for people.
 - (b) We put people and communities at the heart of everything we do and value our employees.
 - (c) We value, trust and support each other.
 - (d) We embrace change and look for better ways to deliver services.

Ensuring openness and comprehensive stakeholder engagement

2. Working with strategic partners through the Local Resilience Forum on collective capacity and capability, protection from the virus, managing deaths and planning for the future.
3. Management of the crisis has been overseen at a corporate and cross-agency regional level:
 - Regional command and control arrangements have been established. These are being led by NHS England and based upon the established North East Pandemic Influenza Framework which includes coronavirus. Well established close working arrangements are in place between Durham County Council and PHE for health protection outbreaks and will continue during this outbreak.
 - County Durham and Darlington Local Resilience Forum (LRF) is also working with Northumbria LRF and Cleveland LRF to co-ordinate activities across the region to ensure effective planning across all agencies for Covid-19. Each LRF has set up a Strategic Co-ordinating Group, known as a Gold Command Group, and they are also meeting as a cross region group.
 - Our leadership team continues to meet daily (virtually) to provide direction to the council's response, with regular input from Cabinet.
 - COVID-19 planning meetings have been taking place since January 2020.

4. We have maintained effective engagement with individual citizens and service users during the crisis. Examples of this include:
 - We have set up a helpline, webpage and support network to help people in County Durham who are struggling during the Coronavirus pandemic. County Durham Together is a virtual support hub for those self-isolating. It can help with a range of requests including food supplies, deliveries, general help and guidance, as well as access to someone who can listen and support.
 - Supporting key voluntary services through our 14 Area Action Partnerships (AAPs). Each AAP Facebook site is also used to highlight the support that is available locally, and we have set up a [website](#) enabling people to register with us as a volunteer so that we can try to match them with local residents who need support. We have also signposted people to register as an [NHS Volunteer Responder](#)
 - Local communications and updates are being channelled through a [single point of entry](#)
 - We have increased support and advice to businesses and individuals with financial worries in relation to personal wellbeing and mental health, including directing them to organisations that can help them look after their mental health during the lockdown
 - Following the announcement of the Government's £500 million Hardship Fund, we have taken swift action to ensure those receiving Local Council Tax Support receive this additional relief as soon as possible where applicable.
 - Our Housing Solutions team has continued to carry out daily checks on people identified as sleeping rough in the County and we are working with accommodation providers to secure suitable housing.
5. We quickly engaged with key suppliers to support them through the crisis in line with fresh government guidance to maintain delivery of essential goods and services.
6. We maintained daily contact with care homes in the county to check on their requirements for support and personal protective equipment.
7. Regular contact was maintained with education providers to provide support on school closures, business continuity management and messaging.

Defining outcomes in terms of sustainable economic, social, and environmental benefits

8. The Council's new vision, which is structured around three externally focused results-based ambitions of 'more and better jobs', 'long and independent lives' and 'connected communities', is highly pertinent and will drive our efforts during the recovery from the pandemic.
9. While the impacts of the COVID-19 outbreak have been catastrophic, the Council will seek to learn from the experience and look for opportunities to maintain the positive effects. These include modern ways of working and reduced travel and carbon emissions.

Determining the interventions necessary to optimise the achievement of the intended outcomes

10. We have made, and will continue to make, the interventions necessary during the pandemic and the post-pandemic period to optimise the achievement of our objective of sustainable economic benefits by:

- Working hard with colleagues at Business Durham and Visit County Durham to keep businesses, employees and the self-employed informed of the support being offered nationally, as well as reviewing the support we provide locally.
- Actively encouraging businesses to take advantage of the Coronavirus Job Retention Scheme.
- Lobbying the Government to assist the self-employed and we are now directing sole traders in County Durham to information about the support being offered through HRMC.
- Offering virtual employability sessions to job seekers.
- Providing grants to help cover the cost of home working technology through the Digital Drive County Durham programme.

Developing the Council's capacity, including the capability of its leadership and the individuals within it

11. The Council acted quickly to establish, and refine, governance arrangements specifically for responding to the pandemic.

12. In recent years, the Council's Inspire Programme has enabled flexible working through digital/mobile technology and supported virtual meetings between teams across the organisation.

13. Despite the difficult barriers to service delivery arising from the pandemic, we have implemented new ways of working to maintain high service levels, particularly on those areas of priority need. Examples of this include:

- Concentrating on providing priority services including public health, adults and children's social care, refuse collections and looking after the local environment.
- Stopping all non-essential face-to-face contact and moved to only digital and telephone communication where possible.
- Mobilising more than 1,500 employees to work in different ways including working from home.
- More than 3,500 employees have now completed a COVID-19 questionnaire online to enable the Council to be in a position to draw on employees with the right skills to help us to keep providing front line and critical services and to help the most vulnerable. The Corporate Management Team made the decision that all employees must complete the questionnaire to provide a cross-council assessment of our employees' skills
- Helped maintain the capability of the Council's human resources by developing a new course on COVID-19 for staff.

Managing risks and performance through robust internal control and strong public financial management

14. Inevitably, the pandemic has initiated many significant risks, and to manage these effectively, the Council has:

- Reviewed over 250 business continuity plans.
- Identified and assessed key risks caused by the COVID-19 crisis, which are monitored by the leadership team to ensure that they are being managed effectively.
- Utilised the internal counter-fraud team to advise and support on measures to counter criminals who are exploiting the COVID-19 pandemic to defraud people in a variety of ways.
- Publicised scam awareness on various topics and alerted staff to the risk of fraud.

15. It is recognised that enforced swift implementation of emergency procedures increases the risk of a breakdown in internal control systems. Regular monitoring and discussion through the COVID-19 governance arrangements seek to eliminate the incidence of fraud and error.

16. The potential financial impact of the pandemic response is huge and there is no guarantee that they will be covered by government funding. Guidance on COVID-19 expenditure was promptly issued to budget managers and requisitioners, and the frequency of monitoring and reporting was escalated.

Implementing good practices in transparency, reporting, and audit to deliver effective accountability

17. Internal Audit have been consulted and involved in the Council's response to COVID-19 from the outset.

18. Internal Audit have played a part in the continuous audit of the risk management and governance processes of the Council's response to COVID-19.

19. New cost centres have been created to accurately report the level of COVID-19 expenditure which will be reviewed by Internal Audit in 2020/2021.

20. Where procurement rules have been relaxed Internal Audit have been informed and again the application will be reviewed in 2020/2021.

21. Large volume payments with respect to Small Business Grant and Hospitality and Leisure Grant Schemes are currently being subjected to a post payment assurance review. The initial controls for the payments were discussed with the Chief Internal Auditor and Corporate Fraud Manager prior to application. Any fraud and error as a result has been underwritten by the Secretary of State for Business, Energy and Industrial Strategy such due to the pace payments were made.