

Audit Committee

30 September 2021

**Annual Governance
Statement for the year April
2020 – March 2021**

Ordinary Decision



Report of Corporate Management Team

Paul Darby, Corporate Director of Resources (Interim)

**Councillor Richard Bell, Deputy Leader and Cabinet member for
Finance**

Electoral division(s) affected:

None

Purpose of the Report

- 1 To seek approval of the Annual Governance Statement (AGS) for 2020/21, 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 2020/21 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 eight actions, listed in appendix C of the AGS, should be included in the plan of improvements to strengthen governance arrangements during 2021/22.

Recommendation

- 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 AGS is included in appendix 2.

The Implications of the Covid-19 Pandemic on the Review of Effectiveness

- 8 The review of effectiveness for 2020/21 was conducted in the midst of the Council's response to the Covid-19 pandemic, which has persisted throughout the period covered by the review.
- 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.

- (e) Before the date of the final publication of the AGS it will hopefully be possible to undertake a more in-depth review and address any gaps. Where there is a clear need for this, it should be made clear when the draft AGS is published. It is important that the AGS is current at the time of final publication.

Reflecting the challenges from Coronavirus in the AGS

- (f) Where necessary a second conclusion on the adequacy of governance arrangements during the affected period could be included. The impacts on governance may include changes to decision making arrangements, the conduct of meetings and revised priorities and programmes. Other changes may include new areas of activity as part of the national response, as well as funding, logistical and collaborative arrangements.
- (g) A review of lessons learned from the response is a potential topic for inclusion in the report or as an area requiring improvement.
- (h) The AGS is expected to be up to date at the time of publication, so significant events that occur from April 2021 onwards should be accounted for. The AGS provides assurance on whether governance arrangements continue to be regarded as fit for purpose, so significant events could affect this judgement or could reveal that arrangements that had been believed to be satisfactory were actually flawed.

Outcome of the Review

- 10 The outcome of the review of effectiveness is set out in the AGS and concludes that the Council's corporate governance arrangements in place during 2020/21 were fit for purpose in accordance with the governance framework.
- 11 The review also concluded that eight actions, listed in appendix C of the AGS, should be included in the plan of improvements to strengthen governance arrangements during 2021/22.
- 12 The ways in which the Council's governance systems have been deployed and adapted in response to the Covid-19 pandemic are incorporated into the body of the AGS, aligned to the principles of good governance.
- 13 Mazars, the Council's external auditor, has reviewed the draft AGS, which was approved by the Audit Committee on 30 June 2021, and they have informed us that they have no matters to raise.

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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. 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

None

Crime and Disorder

None

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

None

Appendix 2: Annual Governance Statement 2020/21

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 2021.

COVID-19 PANDEMIC

2. The review of effectiveness for 2020/21 was conducted in the midst of the Council's response to the Covid-19 pandemic, which has persisted throughout the period covered by the review. This statement includes a description of how the Council's governance systems were deployed and adapted during the year because of the impacts of Covid-19.
3. These changes include: new ways of working and emergency arrangements; changes to 'business as usual' activities, including cessation or reduced frequency or scale of activities; and longer-term changes to priorities, projects, strategies and plans. An assessment of the effectiveness of those revised arrangements against the Framework principles has been made.

CONTEXT

4. 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

5. 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.
6. 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.
7. 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.

8. 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

9. 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.
10. 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.
11. The governance framework has been in place across the Council for the year ended 31 March 2021 and up to the date of approval of the Statement of Accounts.

THE GOVERNANCE FRAMEWORK

12. 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.
13. 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 March 2021.
14. 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.

15. 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 2020/21.

REVIEW OF EFFECTIVENESS

16. 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.

17. 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

18. 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.

19. The review was also informed by a statement provided by each Corporate Director commenting on the effectiveness of the Council's governance arrangements generally and how they impacted on their service areas. These included consideration of the effectiveness of internal controls.

20. 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 was incorporated in the Annual Internal Audit Report to the Audit Committee in June 2021. This opinion is based on audit reviews undertaken during the year which found all systems reviewed to give substantial or moderate assurance, except in three 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.
21. We are satisfied that, whilst the coronavirus pandemic has had an impact in reducing the overall number of individual assurance audits delivered than would normally be expected, in prioritising audit activity to areas of key risk and when taken together with work other sources of assurance being identified from within services themselves, sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion as to the adequacy and effectiveness of the Council's system of internal control. Based on the work undertaken, we are able to provide a **Moderate** overall assurance opinion on the adequacy and effectiveness of internal control operating across the Council in 2020/2021. The level and nature of internal audit work undertaken has therefore not required the Interim Chief Internal Auditor and Corporate Fraud Manager to provide a formal Limitation on the Opinion to be delivered and as such there are no qualifications to this opinion. This moderate opinion ranking provides assurance that there is a sound system of control in place, but there are some weaknesses and evidence of non-compliance with controls or ineffective controls.
22. Aligned to the seven principles of good governance, a detailed account of how the Council's governance arrangements have operated during 2020/21 is included in **appendix A**. An update on improvements identified in the 2019/20 Annual Governance Statement is included in **appendix B**.
23. The ways in which the Council's governance systems have been deployed and adapted in response to the Covid-19 pandemic are incorporated into the body of the statement, aligned to the principles of good governance.

CONCLUSION

24. 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 2020/21 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 eight actions as part of ongoing improvements to further strengthen governance arrangements in 2021/22. These are shown in **appendix C**.

APPROVAL OF ANNUAL GOVERNANCE STATEMENT

Signed:

Amanda Hopgood
Leader of Durham County Council

John Hewitt
Chief Executive

Paul Darby
Corporate Director of Resources (Interim)

APPENDIX A: Governance Arrangements during 2020/21

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 2020/21.

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

Behaving with integrity

1. 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 provided clarification on employees' obligations in relation to [gifts and hospitality](#).
2. Our core values have been invaluable in shaping the response to Covid-19: -
 - (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.
3. The [register of gifts, interests and hospitality for members](#) is available online. Staff declarations are maintained and monitored by their Head of Service.
4. The Procurement Strategy and Planning Group revised the Contract Procedure Rules in the [Constitution](#) to ensure that they reflect current practice, guidance and relevant legislation.
5. In January 2021, the Council agreed to a [members' allowance scheme for 2021-22](#), 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

6. The [2019/20 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 2021. At its first meeting in 2021/2022, the Committee will be asked to agree its work programme for the year.
7. 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.
8. The [Slavery and human trafficking statement 2020-21](#) explains how the Council aims to understand and address all potential modern slavery and human trafficking risks related to its business. It outlines the steps in place to ensure

modern slavery or human trafficking does not occur in the Council's own business, and the preventative measures to ensure this extends to any of its supply chains. This statement is subject to continual annual review and is published on the Council's website.

Respecting the rule of law

9. 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.
10. 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 Corporate 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. The team was shortlisted in the Acknowledge category of the Fighting Fraud & Corruption Locally Awards 2020, and the [Protecting the Public Purse - Annual Report 2019/2020](#) gives an account of their work between 1 April 2019 and 31 March 2020. Since 2015, the team has uncovered or intercepted over £11.5m of fraud, investigating over 4,350 cases across the authority, handling a diverse range of investigations.
11. In September 2020, following consultation, Cabinet approved the designated areas for selective licensing under the council's Housing and Homelessness Strategies. The scheme aims to drive up standards within the increasingly significant private rented sector in the county, and thereby improve communities. Progress was reported in the [Housing Update](#) to Economy and Enterprise Overview and Scrutiny Committee (E&E OSC) in December 2020.
12. In November 2020, Safer and Stronger Communities Overview and Scrutiny Committee received an update on [enforcement and intervention activities of the Public Protection Service](#) in relation to licensing, neighbourhoods, trading standards and safer communities. Due to the pandemic, much of the work concerned issues that arose due to national and local restrictions.

Principle B: Ensuring openness and comprehensive stakeholder engagement.

Openness

13. 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 and New Build Site Selection Update](#) report, which sought approval of the three preferred sites for the new build leisure centres for Seaham, Chester-le-Street and Bishop Auckland, following which further detailed feasibility studies will be completed.

Engaging comprehensively with institutional stakeholders

14. The Leader of the Council is the chair of the County Durham Partnership, which is the strategic partnership covering most partnerships in the 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: -
 - (a) Implemented a Regional Adoption Agency from 1st April 2021. This is a new Partnership between Cumbria County Council, Sunderland City Council (Together for children) and Durham County Council which will result in a new single contact arrangement where people wish to enquire/apply about becoming an adopter and a greater sharing of adoption data between the three council.
 - (b) [DurhamWorks Programme – Youth Employment Initiative](#).
 - (c) A [Housing Update](#) on work undertaken with the private housing sector working in partnership with registered providers, including rough sleeping in the county and the response to Covid-19, to E&E OSC in December 2020.
15. The Consultation Officer Group supports the Council's approach to engaging stakeholders and oversees major consultations, which help improve services and influence decision-making.
16. The [Statement of Community Involvement](#) 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.
17. A refresh of the [Work Programme 2020/21](#) was presented to Corporate Overview and Scrutiny Management Board (COSMB) in June 2020. As with other committees, the scrutiny function adapted its work programme to the pandemic situation using new regulations that enabled virtual committee meetings. Agendas were kept short to focus on priorities, progress meetings smoothly and manage workloads efficiently and effectively.
18. The Council and its partners were guided by The Contain Framework, published by the Department of Health and Social Care in July 2020, which set out how national, regional and local partners would work with businesses, institutions such as schools, hospitals and care homes, and the public at a local level to prevent, manage and contain outbreaks. It aimed to support local decision-makers by clarifying their responsibilities and empowering them to take preventative action and make decisions locally, supported by mechanisms which safeguard national assets and interests.

19. The [framework for good workforce mental health in County Durham businesses](#) was developed for small and medium sized businesses and voluntary and community sector organisations, which are less likely to have equitable access to good quality training and support for owners and employees. Also, the negative impact of poor mental health and wellbeing in these workplaces is likely to be bigger in terms of staff absence and reduced productivity.
20. Members of County Durham and Darlington Local Accident and Emergency Board compiled the [County Durham and Darlington System Winter Plan 2020/21](#), which was based on each organisation's recovery and reset plans following the first wave of Covid-19, and took into account the need to continue with the full restoration of services, whilst managing winter pressures and the risk of a further surges and outbreaks - Adults, Wellbeing and Health Overview and Scrutiny Committee 9/11/20 (AWH OSC).
21. The [County Durham Care Partnership System Response to the Covid-19 Pandemic](#) outlined the Partnership's response to the pandemic in the period up to June 2020 and plans for recovery and future service delivery, and set out the key challenges and opportunities across the range of settings and services, including ongoing engagement with the local population.
22. A new partnership structure was agreed by the County Durham Partnership in September 2020, which comprises: Health and Wellbeing Board (and Outbreak Engagement Board) – Statutory; Safe Durham Partnership – Statutory; Economic Partnership; and Environment and Climate Change Partnership.
23. The Prevention Steering Group, which identifies areas of work where the Partnership needs to concentrate its efforts with early interventions to reduce demand on services and impacts on people, communities, business and organisations that support them, has been expanded to become the County Durham Together Partnership.

Engaging with individual citizens and service users effectively

24. A presentation to Children and Young People's Overview and Scrutiny Committee (CYP OSC) by the corporate director in July 2020 on the impact of Covid-19 on children and young people's services outlined the input from children, families and schools in shaping the response and next steps.
25. The significant level of uncertainty associated with the 2021/22 budget setting process resulted in the focus of consultation on [Medium Term Financial Plan 2021/22 to 2024/25](#) being on seeking views from Area Action Partnerships on the approach being taken by the council in planning for the 2021/22 budget process. Presentations were made to 14 Area Action Partnership Boards between 14 October 2020 and 25 November 2020 providing a 2021/22 Budget and Medium-Term Financial Plan consultation and budget update.
26. Public consultation exercises were undertaken during the year on a range of issues, including the North East Transport Plan, the County Durham Plan Main

Modifications document and the location of leisure centres at Bishop Auckland, Chester-le-Street and Seaham. The full list can be found on the [Consultations](#) pages of the website.

27. 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.
28. Our 14 [Area Action Partnerships \(AAPs\)](#) held autumn events where they met virtually to gather the views of residents and businesses on a wide range of issues. In addition, AAP Board meetings and task and finish groups have also moved to virtual meeting to enable them to continue. – the Council had a dedicated £1.4 million coronavirus support fund, which was shared amongst AAPs across the county, to ensure local projects were able to help those in need during the coronavirus pandemic.
29. 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.
30. [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](#).
31. In December 2020, COSMB received an update on improvements being delivered through the [Integrated Customer Services Programme \(Enabling Smarter Working\)](#). The programme aims to enhance customer experience by making it easier to connect with the right person, with the right information at the right time. Over the preceding year we had seen an increase in customer satisfaction and improved first point of contacts, and a reduction in avoidable and unanswered contacts.
32. The Council's website highlights Covid-19 [support for residents](#) (including financial support, testing, self-isolating, housing advice, bereavement support, service changes, mental health and wellbeing), [support for businesses](#) (including financial support, postponing business rates, personal protective equipment (PPE), information for suppliers, jobs support for affected businesses), and the [latest statement from LA7 Leaders](#).
33. In February 2021, a report to E&E OSC gave background information on the [Towns and Villages Investment Plan](#). The [strategy](#), agreed by Cabinet October 2020, was subject to consultation across all 14 area action partnerships, representing the whole of County Durham.
34. The Voluntary and Community Sector (VCS) has been critical to the success of the County's pandemic response in supporting individuals and local communities, and helped mobilise community networks and assets to provide an immediate response supporting the vulnerable in need during the lockdown.

35. As part of the Outbreak Control Plans for Covid-19 each local authority area needs to have in place a Local Outbreak Engagement Board, which is a public-facing Board led by council Members to communicate openly with the public. In County Durham this is the Health and Wellbeing Board.

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

Defining outcomes

36. 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.
37. 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. 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.
38. In September 2019, Cabinet received an update on the Poverty Action Strategy and Poverty Action Plan, through which the council and its partners aim to address and alleviate poverty in the county.
39. [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.

40. 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. In March 2021, Cabinet approve the content of the [Targeted Delivery Plans](#), which are an integral part of the County Durham Housing Strategy and relate to maintaining and improving the existing housing stock and the wider housing environment.
41. 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 short-term investment in a broad range of priority front line services;
 - (b) continued support to protect working age households in receipt of low incomes 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 investment in capital expenditure including investment in leisure provision, in our town centres and infrastructure.
42. The Joint Health and Wellbeing Strategy is being reviewed to incorporate the new Vision and any changes required as a result of the Covid-19 epidemic.
43. There are clear links between the Financial Management Code and the Governance Framework, particularly with its focus on achieving sustainable outcomes.
44. County Durham Placed Based Commissioning and Delivery Plan 2020 – 2025. Six-month review report went to [Health and Wellbeing Board, 11 September 2020](#). All Commissioning strategies are to be reviewed following restructure of integrated commissioning function.
45. In June 2020, COSMB were presented an updated [Work Programme 2020/21](#), which was framed around Covid-19 and in the context of the new shared County Durham Vision 2035 based on the three strategic ambitions – 'more and better jobs', 'long and independent lives' and 'connected communities'.
46. In February 2021, AWH OSC received an account of our pandemic response and an updated [Covid-19 Local Outbreak Control Plan](#), the overarching focus of which is to protect the health of local residents and reduce any onward transmission of the virus.

47. In February 2021, Cabinet approved the [Towns and Villages Investment Plan](#), a long-standing priority of the Council, which will lead to the re-use of derelict buildings, walking and cycling improvements, public realm and leisure schemes for our towns and villages across the county.

Sustainable economic, social and environmental benefits

48. 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 February 2021, Cabinet endorsed a new corporate [Environmental Statement](#) and agreed to implement it across all Council services.

49. In November 2020, the AWH OSC were presented with a report on a [health impact assessment](#) conducted in response to the Covid-19 pandemic, with findings and recommendations being developed into a system-wide recovery plan for health inequalities, which will be integrated into key strategic partnership plans such as the Joint Health and Wellbeing Strategy and the County Durham System Plan.

50. An update on the development and implementation of the [framework for good workforce mental health in County Durham businesses](#) was presented to Health and Wellbeing Board in November 2020. The framework recognises that small and medium sized businesses and organisations in the voluntary and community sector are less likely, as a result of their size and potentially limited resources, to have equitable access to good quality training and support for owners and employees.

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

Determining interventions

51. The Council continues to ensure that decision makers receive an objective and rigorous analysis of options, highlighting risks and considering feedback from service users and relevant stakeholders. An example is the report to Cabinet in November 2020 on [Local Council Tax Reduction Scheme 2021/22 and Council Tax Covid-19 Hardship Fund Payments](#).

52. To inform decision-making on interventions, the Service Restoration Group receives weekly updates from the Covid-19 Policy Monitoring and Analysis sub-group to provide an overview of new and updated policies and highlight those requiring action. This report is also provided for information

to Covid-19 CMT, the Health Protection Assurance Board and the Recovery Group.

Planning interventions

53. The [Medium Term Financial Plan 2021/22 to 2024/25 \(MTFP\)](#) was approved by the Council in February 2021. 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).
54. 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 £7.8m of savings proposed for [MTFP \(11\)](#) period results in the council having saved £250 million since 2011/12; with £242 million being delivered by 31 March 2021. The forecast £36 million shortfall across the [MTFP \(11\)](#) period would result in total savings up to 2024/25 of £286 million having to be realised. The Council's strategy since 2010/11 has been to protect front line services as far as possible and the 2021/22 proposals are in line with this strategy both in terms of savings being realised and additional investment.
55. [Quarterly performance reports](#), which answer key performance questions rather than rely on performance indicators, have been aligned to the new [Council Plan](#) and [County Durham Vision 2035](#).
56. Early Covid-19 planning interventions activity include: -
- (a) The [Local Outbreak Control Plan](#) was published on the Council's website in June 2020 and endorsed by [Health and Wellbeing Board, 14 July 2020](#). It has been periodically updated throughout the year.
 - (b) A report on the [Public Health Response to Covid-19](#) was presented to AWH OSC in July 2020, highlighting that understanding gained from a [health impact assessment of Covid-19](#) would inform recommendations for further action.
 - (c) The [County Durham Care Partnership System Response to the Covid-19 Pandemic](#), reported to AWH OSC in July 2020, set out plans for recovery and future service delivery. It also outlined the key challenges and opportunities across, adult social care and commissioning, primary care, acute hospitals, care homes, mental health and learning disability services during the pandemic.
 - (d) A [presentation by the corporate director](#) to Children and Young People's Overview and Scrutiny Committee in July 2020 described the impacts of Covid-19 on children's services, the responses to date and outlined the next steps.
 - (e) In June 2020, COSMB agreed a [work programme](#) for coming year in the context of the challenges the Council faces, primarily the response to and recovery from the pandemic, ongoing austerity, the shared County Durham Vision 2035 and the Council's Transformation Programme.

57. A [Covid-19 update presentation](#) by the Director of Public Health to H&WB in March 2021 included a local update and the next steps – route out of lockdown.
58. A report presented to COSMB in January 2021, entitled [Workplace Transformation: Enabling Smarter Working](#), gave an overview of workplace transformation and smarter working activity, the impact, response and learning from the Covid-19 pandemic and future plans to develop our workplace model. It notes that careful consideration of the benefits and challenges experienced will support evidence-based decision making and underpin new working practices which mitigate and control risks to work and wellbeing, as well as capitalising on the benefits.
59. In January 2021, COSMB was presented with the [Poverty Issues](#) report, which included a summary of the actions to respond to the negative financial impacts experienced by residents as a result of the Covid-19 pandemic.
60. The Business, Economy, Regeneration Strategy Recovery Group (a subgroup of the County Durham Economic Partnership) was established to assess and address the economic implications of the pandemic for County Durham to provide the assistance that businesses need to restart and grow the economy of County Durham. It is focusing on six key areas: business support; employability and skills; infrastructure; intelligence; strategy and lobbying; communication.
61. The coronavirus crisis has put thousands of jobs and hundreds of businesses at risk and some businesses have closed, and the Council has responded to help mitigate the impact. For example, in Durham City, Durham AAP have supported Durham BID with an area budget grant of £40,000 which will enable them to utilise new and old technologies to get key messages out to local people to look at new ways to encourage people to come into Durham to shop, eat and drink in a responsible way.

Optimising achievement of intended outcomes

62. The Company Governance Group has oversight of the Council's companies' governance arrangements as set out in its terms of reference, which cover its purpose, role and membership. Initially, the Group will report its progress biannually to Corporate Management Team. Training on Local Authority Companies and the role of directors has been provided to Extended Management Team and other senior managers as appropriate. This will ensure that those officers who work with, or who are, appointed as Directors understand roles and responsibilities, can identify and manage conflicts of interests and will provide resilience in the Council's resourcing of the companies. The Group is also considering the Council's strategic approach to its companies and joint venture arrangements.
63. 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.

64. The [EU funding Update](#) to E&E OSC in March 2021 gave an update on the status of the European Union Structural and Investment Funds Programme (ESIF), which has been supporting investment in innovation, businesses, skills and employment, creating jobs and growth in the County. The report includes a recommendation to support the principle for County Durham to continue making a case for the maximum allocation from the UK Shared Prosperity Fund (to replace ESIF) which at least matches what it would have received under the next EU programme, and that the Fund is allocated on a needs basis, flexible in nature and locally controlled.
65. In October 2020, E&E OSC received a report with information on the [activity undertaken by Visit County Durham](#) to develop and promote County Durham as a tourism destination prior to the Covid-19 pandemic, work undertaken to support the tourism sector during the pandemic and detail of recovery plans.

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

Developing the Council's capacity

66. 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. Three projects supporting these aims that were completed before the pandemic have proved vital in maintaining services after the lockdown: -
- (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.
67. 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.

68. 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 Covid-19: -
- 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.
69. The Covid-19 pandemic has seen a reprioritisation of partners' efforts to manage their response and the cancellation of some partnership meetings. All meetings have now been resumed and are taking place through Microsoft Teams. The pandemic is likely to have a further negative impact on people already living in poverty in County Durham. Our response to this ongoing public health crisis has been to develop alternative service delivery models, adapt and do differently and use technology for workforce training, drop-ins and interventions.
70. The Council set up a Covid-19 compliance team to support local businesses through education, support and proportionate regulation. The principal role of this team is to visit relevant business premises across the County to ensure compliance, including the investigation of related complaints. They will provide advice and support to businesses on how to operate in a Covid-19 secure way in accordance with legislation, Government and sector guidance.
71. Implemented an Integrated Commissioning Unit for Adult and Children's Services which integrates the commissioning function for adults and children's services between the Clinical Commissioning Group and the Council.
72. [Changes to services](#) affected by the national lockdown are set out on the Council's website.
73. 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. The Council was acknowledged as one of the top 100 UK employers for [apprenticeships](#).

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

74. 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](#).

75. The Durham Learning and Development system hosts our new Performance and Development Review scheme, which was launched for leaders, managers and core employees in 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 personal development. During 2020/21, managers attended mandatory training throughout the year to develop their skills as part of the corporate learning programme.
76. 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.
77. 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.
78. The council has been awarded the better health at work continuing excellence award following achievement of gold award status, demonstrating significant work relating to mental health, including our work around World Mental Health Day WMHD, Time to Talk day, Mental Health Awareness Week, staff wellbeing during Covid-19 (survey and focus groups) and the Power of 5. The assessor commented that it is apparent that the Council has been proactive in its response to the rapid and enforced change to working conditions that have presented multiple challenges for all organisations but have presented a particular challenge for local authorities.
79. 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.
80. The [Quarter 1 2020/21 Health, Safety and Wellbeing Performance Report](#) noted that emphasis was placed on employee mental health and wellbeing because of the dramatically different ways of working that were enforced as a result of Covid-19. A depot drive through facility was set up to ensure that equipment such as office chairs and desks could be obtained through facilities management and guidance was provided to employees, highlighting the key aspects of safe homeworking. An intranet Wellbeing Portal was developed to provide employees with useful information to help them look after their wellbeing and other support

was made available, including regular, real-time communication and help with family related matters. For those employees who remained at work providing essential services, risk assessments and control measures were swiftly introduced to manage Covid-19 related risks.

81. In support of the Council's strategic ambition that communities will come together to support each other, the County Durham Together Community Hub was established in response to the pandemic to coordinate food provision, social contact, welfare support, volunteering and be the central coordination function for the voluntary and community sector.
82. A Covid-19 Community Champions programme has been developed to ensure that as the pandemic continues, key messages are shared within communities, and that these messages are trusted, concise and clear.

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

Managing risk

83. 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 [September 2020](#), [November 2020](#) and [February 2021](#). In January 2021, the Council received a report from the [Chairman of the Audit Committee](#) on its work between September 2019 and August 2020, and how the Committee continues to provide for good governance across the Council.
84. Officers from the Council's corporate risk management group meet fortnightly to oversee the management of risks arising from the pandemic and continually report the latest position to corporate management team.
85. The Council is also jointly responsible for responding to civil emergencies (such as severe weather events, network power losses and the Covid-19 pandemic) 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](#). The Council has worked closely with the Local Resilience Forum in responding to the challenges of the pandemic.
86. Following the United Kingdom's exit from the European Union (EU) on 31 January 2020, the 11-month transition period, which largely kept arrangements the same, expired on 31 December 2020. Instead, a new trade agreement between the UK and EU was concluded on 30 December 2020 and came into

effect on 1 January 2021. There continues to be significant uncertainty in relation to the flow of products, services, information and people between the two trading parties, and in turn the cost and regulation of products, goods and services. The EU Exit Task & Finish Group was re-convened, chaired by the Corporate Director of Neighbourhoods and Climate Change, with representatives from key services groupings.

87. 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.
 - (f) The Council's role as a community leader, to 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).

Managing performance

88. 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.
89. 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.
90. 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.
91. 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.

92. 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](#).
93. 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 [June 2020](#), [September 2020](#), [November 2020](#) and [February 2021](#).

Robust internal control

94. Revised versions of the [Internal Audit Strategy, Charter and Plan for 2020/21](#) were approved by Audit Committee in June 2020.
95. 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. [Protecting the Public Purse - Annual Report 2019/2020](#).

Managing data

96. 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

97. 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.
98. In September 2020, the outcome of the [Redmond review](#) into the oversight of local audit and the transparency of local authority financial reporting was provided to Audit Committee. Recommendations, which address issues in relation to financial resilience and transparency of financial reporting, were considered by officers as part of the 2020/21 final accounts preparations.

99. In February 2021, an update was given to Audit Committee on the Council's [accounting policies](#) to be applied in the preparation of the 2020/21 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 2019/20](#)
- (b) [Final Outturn for the General Fund and Collection Fund 2019/20](#)
- (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 2019/20](#)

100. A value for money self-assessment against the National Audit Office Code of Practice was completed, with input from Internal Audit, and sent to the external auditors for review by 30 September 2021. It is anticipated that the Council will achieve full compliance.

101. A self-assessment, with input from Internal Audit, demonstrated a high degree of compliance with the CIPFA Financial Management Code. A small number of actions for improvement, identified as part of the work undertaken, are planned for completion during 2021/22.

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

Implementing good practice in transparency

102. 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.

103. 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

104. 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 2020](#)
- (b) [Local Safeguarding Children Board Annual Report 2019/20](#)
- (c) [Corporate Parenting Panel Annual Report 2018-19](#)
- (d) [Transport Asset Management Plan Annual Update](#)
- (e) [Protecting the Public Purse Annual Report 2019/20](#)

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

106. The [Statement of Accounts 2019/20](#), incorporating the Annual Governance Statement for 2019/20, was approved by the Audit Committee in September 2020, 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.

Assurance and effective accountability

107. 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.

108. 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.

109. In June 2020, 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.

110. 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 2019/20](#) 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 2020.
- (c) The [External Audit, Audit Strategy Memorandum, February 2021](#) sets out the audit plan in respect of the audit of Durham County Council for the year ending 31 March 2021.
- (d) External Audit Progress reports in [November 2020](#) and [February 2021](#).

(e) The [Audit Completion Report \(Pension Fund\)](#) summarises the external auditor's conclusions for the year ended 31 March 2020.

111. Regulatory inspections

- (a) Each Children's home is inspected by the regulator, Ofsted.
- (b) Ofsted Inspection of Aycliffe Secure Children's Home.

APPENDIX B: Update on improvements identified in the 2019/20 Annual Governance Statement

Following the production of the Annual Governance Statement for 2019/20, six improvement actions were identified for 2020/21.

No.	Actions to be taken	Links to the Local Code of Corporate Governance (ref)	Lead Officer	Timescale	Update
1	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.	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	This action is on complete. The Education Review Board was established in May 2020 and meets approximately monthly to monitor progress as intended.
2	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 Corporate Property and Land	December 2021	This action is in progress. The recent establishment of the corporate property board is helping develop a more strategic approach to managing the estate along with the development of strategic policies for land and buildings. The response to Covid-19 has impacted on the delivery of full implementation. It is anticipated that the new arrangements will be effectively embedded by December 2021.
3	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	This action is complete. In September 2020, the County Durham Partnership agreed a revised governance framework focussed on delivering the County Durham Vision 2035. This followed widespread consultation including the Thematic Partnership Boards, the Integrated Care Board, the Better Together Forum and members of each partnership.

No.	Actions to be taken	Links to the Local Code of Corporate Governance (ref)	Lead Officer	Timescale	Update
4	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	<p>This action is complete.</p> <p>The HNB five-year financial plan, which aims to recover the deficit and ensure that spending is kept to within available resources, was approved by Cabinet in July 2020. The SEND and Inclusion Resources Board meets monthly to oversee HNB spend and the Sustainability Plan, including consideration of any impacts from the coronavirus pandemic and the subsequent recovery period. A further report on progress is due to be presented to Cabinet in April 2021.</p>
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	<p>This action is complete.</p> <p>The Company Governance Group oversees the Council's Companies Governance arrangements on behalf of the Council. An update on the Group's work will be presented to CMT in March 2021. Training in March 2021 will ensure that those officers who work with, or who are appointed as, Directors understand roles and responsibilities, can identify and manage conflicts of interests and will provide resilience in the Council's resourcing of the Companies. The Group is also considering the Council's strategic approach to, and structure of, its' Companies and joint venture arrangements.</p>

No.	Actions to be taken	Links to the Local Code of Corporate Governance (ref)	Lead Officer	Timescale	Update
6	Implement the actions identified in the Children's Social Care Services improvement plan agreed with Ofsted.	The Council welcomes peer challenge, reviews and inspections from regulatory bodies and seeks to ensure that recommendations are implemented (4.67).	Head of Children's Social Care	March 2021	<p>This action is complete.</p> <p>There continues to be a well-established governance structure in place to support, monitor and update the improvement activity taking place within Children's Social Care following the ILACS inspection in 2019. This is led by the Social Care Quality Improvement Board, which is chaired by the Head of Children's Social Care and includes all senior managers from the Service. The programme includes the continued implementation of a new social work practice model ('Signs of Safety'), continued investment from the Council, a new sufficiency strategy for children looked after developed with the integrated commissioning unit and robust Performance and Quality Assurance Systems which help to provide insight and oversight of the progress being made and the difference we are making to the lives of children and families. The Ofsted ILACS framework continues to support regular engagement with Ofsted and the latest Annual Engagement Meeting was held in October 2020 with senior colleagues from Ofsted and the Children and Young Peoples Service Management Team to review progress against the improvement plan and also reflect on how the service has responded to the challenges of Covid-19. This was a positive meeting and also included discussion around some of our new improvement priorities such as the launch of the new leadership academy to strengthen high quality practice and an update on the new model of working for Children with a Disability, including transitions.</p>

APPENDIX C: Proposed Governance Improvements required during 2021/22

As a result of the review of governance arrangements, and the work of both internal and external audit, eight improvement actions have been identified to further strengthen governance arrangements in 2021/22. 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	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 Corporate Property and Land	December, 2021
2	Implement the actions identified in the Children's Social Care Services improvement plan agreed with Ofsted.	The Council welcomes peer challenge, reviews and inspections from regulatory bodies and seeks to ensure that recommendations are implemented (4.67).	Head of Children's Social Care	September, 2021
3	Review the approach to residential and nursing care, taking into account market reshaping required as a result of capacity in the market, the Covid-19 pandemic and changing preferences in terms of care, with the aim of ensuring a sustainable and high-quality care market (2023).	D3.1 Optimising achievement of intended outcomes: optimise the achievement of outcomes (3.34) Rationale: significant governance improvement to optimise the achievement of Council objectives (better integration of health and social care services).	Head of Integrated Commissioning	March, 2022
4	Development and embedding of the County Durham Together model to promote joined up service delivery and enable easier access to preventative services available in local communities.	Sustainable economic, social and environmental benefits: ensure fair access to services (3.29) Rationale: significant governance improvement to optimise the achievement of a Council objective (better integration of health and social care services).	Gill O'Neill, Deputy Director of Public Health	March, 2023
5	Undertake a review of Home to School Transport policy and commissioning arrangements to better understand and address escalating budget pressures.	Developing the Council's capacity: improve the use of resources to ensure that they are allocated in a way that realises outcomes effectively and efficiently (3.38)	Head of Education and Skills	March 2022
6	Deliver the actions set out within the Looked After Children Placement Sufficiency Strategy to ensure best outcomes and cost-effective	Developing the Council's capacity: improve the use of resources to ensure that they are	Head of Children's Social Care and	March 2022

No.	Actions to be taken	Links to the Local Code of Corporate Governance (ref)	Lead Officer	Timescale
	placement costs to address escalating budget pressures within Children's Social Care.	allocated in a way that realises outcomes effectively and efficiently (3.38)	Head of Integrated Commissioning	
7	Development of a post Covid Economic Development / Recovery Plan for the County, factoring in opportunities and issues presented through the Levelling Up, ensuring a robust and ambitious economic plan that is co-developed with the community, focused on inclusive growth and prosperity.	Planning interventions: arrangements for planning the interventions for the achievement of its intended outcomes (3.33)	Corporate Director of Regeneration, Economy and Growth	October 2022
8	Assess ongoing medium financial impacts of Covid in terms of additional recurring costs and reduced income to inform future MTFP planning.	Strong public financial management: FM supports long-term outcomes/short-term financial and operational performance. FM is integrated at all levels of planning and control (3.58)	Corporate Director of Resources	March 2022