

**Audit Committee**

**29 November 2021**

**Local Code of Corporate Governance**



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**Paul Darby, Corporate Director of Resources**

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

### **Purpose of the Report**

- 1 For the Audit Committee to consider and approve the updated Local Code of Corporate Governance following the annual review.

### **Executive summary**

- 2 The Local Code of Corporate Governance is a public statement that sets out the way the Council will meet its commitment to demonstrating that it has the necessary corporate governance arrangements in place to perform effectively.
- 3 Various updates and amendments have been made to the Local Code of Corporate Governance following the annual governance review, to reflect changes during the year and to better reflect the arrangements in place.

### **Recommendation**

- 4 Audit Committee is requested to consider and approve the updated Local Code of Corporate Governance, which will be reported to Council for information at its meeting on 26 January 2022.

## Background

- 5 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. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way which functions are exercised.
- 6 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, including the management of risks.
- 7 The Accounts and Audit Regulations 2015 require a local authority to review at least once a year the effectiveness of its system of internal control. This requirement will be fulfilled if the review is conducted in accordance with the Delivering Good Governance in Local Government Framework 2016 (the DGG Framework).
- 8 The Council should be able to demonstrate that its governance structures comply with the core and sub-principles contained in the Framework and, to facilitate this, it should therefore develop and maintain a Local Code of Corporate Governance reflecting the principles set out.
- 9 The critical importance of good governance during this era of financial pressure and rapid change was emphasised in a [report in May 2019 by the Public Accounts Committee \(PAC\)](#). Although the PAC report does not relate directly to local authorities, it is likely to lead to increased scrutiny of local authority governance arrangements in the future.

## Local Code of Corporate Governance

- 10 The Local Code of Corporate Governance is a public statement that sets out the way the Council will meet its commitment to demonstrating that it has the necessary corporate governance arrangements in place to perform effectively. It represents a key component of the Council's governance arrangements and applies to all Council members, officers, partners and stakeholders in their dealings with the Council.
- 11 The Code was revamped to meet the requirements of the Delivering Good Governance in Local Government Framework (2016), which remains current, and is now reviewed annually.

- 12 The Code has been revised to incorporate elements of the Council's governance arrangements that have been strengthened or updated to ensure ongoing effectiveness, taking account of the annual governance review 2020/21.
- (a) New or amended clauses are highlighted in grey.
  - (b) Removed clauses are indicated by ~~red, strikethrough text~~.
- 13 The most significant changes are summarised below:
- (a) To maintain ethical standards, the Council aims to understand and address all potential modern slavery and human trafficking risks related to its business through the [Slavery and human trafficking statement 2020-21](#) (paragraphs 4.8 and 4.11).
  - (b) The Council's commitment to dealing effectively with breaches of legal and regulatory provisions is underpinned by the Public Protection Service [enforcement and intervention activity](#) in relation to licensing, neighbourhoods, trading standards and safer communities (4.16).
  - (c) The Council's endeavours to ensure that communication methods are effective are strengthened by the [framework for good workforce mental health in County Durham businesses](#), which aims to improve awareness and promote the importance of good workforce mental health (4.18 and 4.23).
  - (d) Governance arrangements for engaging with institutional stakeholders towards successful and sustainable achievement of outcomes were reinforced by restructuring the [County Durham Partnership](#) and establishing the County Durham Together Partnership, the aims of which include reducing demand on services and impacts on stakeholders (4.21).
  - (e) Long-term, sustainable outcomes were defined and planned in three key documents. The [Digital Strategy](#) sets out the future for connecting Durham and how we will digitally improve our services to deliver better outcomes for the people of the county. [The County Durham Strategic Partnership Approach to Early Help for Children, Young People and Families](#) sets out our vision for providing 'early help' to address inequalities, promote opportunity and secure better outcomes. The [Towns and Villages Investment Plan](#) will lead to the re-use of derelict buildings, walking and cycling improvements, public realm and leisure schemes across the county (4.27).

- (f) The [customer services charter and service standards](#) outline how customers can expect to be treated when they get in touch with us and specific levels of service that they should receive (4.27).
- (g) The Council's arrangements for planning interventions to achieve its intended outcomes now include the Business, Economy, Regeneration Strategy Recovery Group (a subgroup of the County Durham Economic Partnership), which assesses and addresses the economic implications of the pandemic to help businesses to restart and grow the economy (4.33).
- (h) To optimise the achievement of Council outcomes, the Company Governance Group seeks to ensure that officers who work with, or who are appointed as, directors of Council companies understand their roles and responsibilities, identify and manage conflicts of interests, and provide resilience in the Council's resourcing of companies (4.34).
- (i) Three documents seek to ensure that resources are improved and allocated in a way that realises outcomes effectively and efficiently. The [Apprenticeship Strategy 2019 to 2022](#) aims to identify opportunities for new and existing employees to support workforce development and planning. The [Workforce Strategy 2021 – 23](#) replaces the Organisational Development Strategy. The [Digital Strategy](#), sets out the Council's digital ambitions for the County in line with the Council Vision and the Transformation Programme (4.36 and 4.38).
- (j) While supporting the Council's endeavours to encourage public participation, the Covid-19 Community Champions programme has been developed to ensure that, during the pandemic, key messages are shared within communities and that these messages are trusted, concise and clear (4.44).
- (k) The Council aims to comply with the CIPFA Financial Management Code, which is designed to support good practice in financial management and assist local authorities in demonstrating their financial sustainability (4.50).
- (l) The Council aims to comply with the NAO Code of Audit Practice, which applies from 2020/21 in relation to arrangements for delivering value for money (4.50).

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## **Appendix 1: Implications**

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### **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 5 to 8 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**

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

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**Appendix 2: Updated Local Code of Corporate Governance**

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**DURHAM COUNTY COUNCIL**

**LOCAL CODE OF CORPORATE  
GOVERNANCE**



## 1. Introduction

- 1.1 The Accounts and Audit Regulations 2015 require a local authority to conduct a review at least once in a year of the effectiveness of its system of internal control. A statement reporting on the review must be included in an Annual Governance Statement published with the Statement of Accounts.
- 1.2 The Annual Governance Statement must be “prepared in accordance with proper practices in relation to accounts”. To help meet this requirement, this code has been produced in accordance with Delivering Good Governance in Local Government Framework (2016), “The DGG Framework”.

## 2. What is Governance?

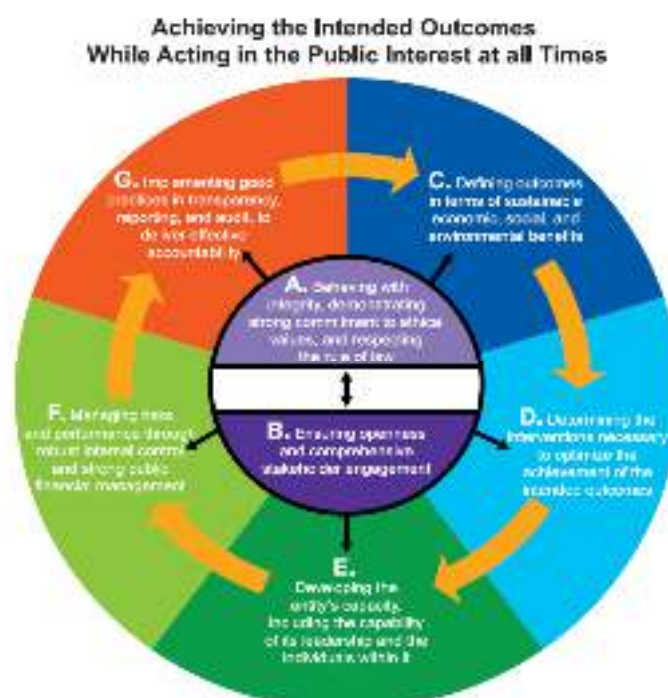
- 2.1 The International Framework: Good Governance in the Public Sector (Chartered Institute of Public Finance and Accountancy / International Federation of Accountants, 2014), the ‘International Framework’, defines governance as follows:

*Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.*

- 2.2 The International Framework also states that:

*To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity’s objectives while acting in the public interest at all times. Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.*

- 2.3 The diagram below, taken from the International Framework shows how the various principles of good governance in the public sector relate to each other.



### **3 The Principles of Good Governance**

3.1 The DGG Framework requires governance processes and structures to focus on the attainment of sustainable outcomes for the economy, society and the environment. The Council acknowledges that sustainability and the links between governance and public financial management are crucial and pledges to take account of the impact of current decisions and actions on future generations.

3.2 Principles A and B are consistently applied through principles C to G and ensure that the Council achieves its intended outcomes while acting in the public interest at all times. This requires:

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

**B. Ensuring openness and comprehensive stakeholder engagement.**

3.3 In addition to the overarching requirements for acting in the public interest in principles A and B, achieving good governance in the public sector also requires effective arrangements for:

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

**D. Determining and planning the interventions necessary to optimise the achievement of the intended outcomes.**

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

**F. Managing risks, data and performance through robust internal control and strong public financial management**

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

### **4 The Council's Local Code of Corporate Governance**

4.1 The Council is committed to, and endeavours to maintain, an effective governance framework to meet the principles set out in this Code.

4.2 This Code also aims to ensure that the Council responds appropriately to sustained pressures from a variety of sources.

4.3 The components that make up the Council's governance framework are many and varied. They include: -

- The statutory officers with responsibilities and powers to protect good governance, namely, the Head of Paid Service (Chief Executive), the Section 151 Local Government Act 1972 Officer (Corporate Director of Resources) and the Monitoring Officer (Head of Legal and Democratic Services).
- Internal and partner strategy documents that set out a longer-term vision for the future of the County and identify the most important priorities;
- Internal and partner policy documents and codes that regulate committee and business activities to ensure that they comply with the law and that the Council's objectives and values are supported;
- Committees and officer groups that regulate and/or monitor Council or business activities to ensure that they comply with the law and that the Council's objectives and values are supported;
- Other systems, processes and documents, including self-assessment tools, that support or evidence the principles of good governance set out in The DGG Framework.

4.4 The key document supporting the Council's governance arrangements is the [Constitution](#), which sets out how we operate, how decisions are made and the rules and procedures we follow to ensure our work is efficient and transparent and that we are accountable to local people. The Constitution Working Group, which is chaired by the Leader of the Council and consists of the lead Members from each political party, co-ordinates proposed changes, and these are approved by Full Council. A full annual review is carried out each year.

4.5 A fundamental feature of the Council's governance arrangements is the overview and scrutiny system, the role of which is to review policy and challenge whether the Executive has made the right decisions to deliver policy goals. Audit Committees are a key component of an authority's governance framework. Their function is to provide an independent and high-level resource to support good governance and strong public financial management. The purpose of the audit committee is to provide those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes. Another key feature is the Standards Committee, which is responsible for promoting and maintaining high standards of conduct by councillors, independent members and co-opted members. Further details on the overview and scrutiny function and the Standards Committee are included under Principle A.

4.6 This section describes, with reference to the components of the Council's governance framework, how each of the principles and sub-principles of this Code will be met. In addition to the components listed above, where relevant, references to key legislation, professional standards and codes of practice are made.

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

Why this is important

- 4.7 The Council is accountable not only for how much it spends, but also for how it uses the resources under its stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes it has achieved. In addition, the Council has an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, it can demonstrate the appropriateness of all its actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

How we meet this principle

- 4.8 Key governance documents supporting Principle A include:

[Constitution](#) – Codes of Conduct for Members ~~and Employees~~; Contract Procedure Rules; Decision Making; Functions and Responsibilities of Key Officers; Overview and Scrutiny Arrangements; Protocol on Member/Officer Relations; Other Codes and Protocols; Roles and Functions of Members.

Other – Code of Our Values, Behaviours and Conduct (Employees); [Confidential Reporting Code \(Whistleblowing Policy\)](#); [Corporate Complaints Policy](#); [Counter Fraud and Corruption Strategy](#); [Fraud Response Plan](#); Member Role Descriptions ([Councillor Compact](#)); Officer and Member Gifts & Hospitality Register and Procedures; [Overview and Scrutiny Handbook](#); [Slavery and human trafficking statement 2020-21](#); Statutory Officers; [Sustainable Commissioning and Procurement Policy](#).

**A1 Behaving with integrity**

- 4.9 The Council ensures that its values are communicated and understood, and that members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated. This is achieved by:
- Setting out in the Code of Our Values, Behaviours and Conduct what is important to us. We work together to achieve the best for people; we put people and communities at the heart of everything we do and value our employees; we value, trust and support each other; we embrace change and look for better ways to deliver services.
  - Setting out in codes of conduct the minimum standards expected of members and employees, and the implications of any code breaches.
  - Seeking individual commitment to the codes from members and officers during induction, through annual, written reminders and in performance appraisals.

- Assigning the Constitution Working Group, chaired by the Leader of the Council and consisting of the lead Members from each political party, to oversee the maintenance and approval of the codes and protocols in the [Constitution](#). The Codes of Conduct are intended to be consistent with the Seven Principles of Public Life\* (the Nolan Principles), which must be observed by members and employees when conducting the business of the Council or acting as a representative of the Council.  
\* Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership.
- Setting out in the Contract Procedure Rules how contracts for goods, works, services and utilities should be put in place and managed, and detailing the record keeping and reporting requirements related to procurement activity. Any relaxation of procurement rules to support the COVID-19 response will be time limited according to ongoing need and will be kept under review in consultation with Internal Audit.
- Members leading by example by adhering to these principles in decision making and during meetings with fellow members, employees, the community and partners.
- Maintaining Registers of Interest for members and officers and formally registering interests at meetings and declaring gifts and hospitality.

4.10 The Council endeavours to demonstrate, communicate and embed its values through the following policies and processes, which are reviewed on a regular basis to ensure that they are operating effectively. This is achieved by:

- Providing guidance, through the [Fraud Response Plan](#), which supports the [Counter Fraud and Corruption Strategy](#), to employees and managers on the procedures that must be followed in the event of suspected fraud, theft or other irregularity.
- Requiring the Chief Internal Auditor and Corporate Fraud Manager to verbally inform the Section 151 Officer, [Audit Committee](#) and External Audit of any serious cases of fraud.
- Reporting the outcomes of anti-fraud and corruption work to [Audit Committee](#) as part of Protecting the Public Purse updates.
- Enabling employees, through the [Confidential Reporting Code](#) to raise serious concerns within the Council rather than overlooking a problem or 'blowing the whistle' externally.
- Including in the Durham Managers training programme a course that explains how the [Confidential Reporting Code](#) should be used as a means to 'blow the whistle' where appropriate.
- Maintaining arrangements, through the [Corporate Complaints Policy](#), for non-statutory complaints about services, which are reported to [Corporate Overview and Scrutiny Management Board](#) along with details of investigations by the Commissioner for Local Administration.
- Maintaining arrangements for complaints against employees, which are referred to the Corporate Fraud Team, Human Resources and the respective Service Management to ensure a proper investigation.
- Assigning the Monitoring Officer to oversee the arrangements for conflicts of interest, gifts and hospitality for members and officers, who are required to review their declarations annually.

- Publishing the Register of Gifts, Interests and Hospitality for Members on the website under the relevant meeting or on the [Your Councillor webpage](#).

## **A2 Demonstrating strong commitment to ethical values**

4.11 The Council seeks to establish, monitor and maintain ethical standards and performance, while underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation. This is achieved by:

- Assigning the [Standards Committee](#) to promote and maintains high standards of conduct by councillors, independent members and co-opted members.
- Assigning the Appeals and Complaints Committee to determine appeals against decisions made by the Council.
- Maintaining an effective scrutiny function that encourages constructive challenge and enhances performance through the [Corporate Overview and Scrutiny Management Board](#) and Overview and Scrutiny Committees.
- The role, functions and scope of the [Corporate Overview and Scrutiny Management Board](#) and the five thematic committees are set out in detail in the [Constitution](#) and the [Overview and Scrutiny Handbook](#). They allow a wider involvement in Council business by involving non-councillors from the wider public sector, voluntary and community groups to help them in their work. They may make reports and recommendations to the Executive and the Council as a whole on its policies, budget and service delivery.
- Review and scrutinise the conduct, decisions and actions of Police and Crime Commissioner through the [Durham Police and Crime Panel](#), which is made up of members from Durham County Council and Darlington Borough Council.
- Regular review of the Gifts and Hospitality Register by the Monitoring Officer.
- Providing, through the [Constitution](#), roles for independent members and co-opted members on the Standards Committee, Overview and Scrutiny Committees, [Audit Committee](#) and Police and Crime Panel.
- Reporting bi-annually, through the Internal Audit Service, to Corporate Management Team and the [Audit Committee](#) on investigations into misconduct, including any measures taken to enhance the control environment in order to prevent incidences happening in the future.
- Embedding ethical values through a variety of channels, including online training, briefings and news bulletins.
- Rewarding good ethical behaviour through the Inspiring People Awards and awarding instant recognition certificates to those who make an exceptional contribution in this area.
- The [Slavery and human trafficking statement 2020-21](#), through which the Council aims to understand and address all potential modern slavery and human trafficking risks related to its business.



4.12 The Council places emphasis on agreed ethical values by:

- Maintaining a range of key ethical codes and protocols, such as the codes of conduct for members and employees, and the Protocol on Member/Officer Relations, in the Council [Constitution](#).
- Using the above codes and protocols to set the tone for subsidiary policies and procedures in areas such as procurement, recruitment, staff discipline, gifts and hospitality and declarations of interest.

4.13 The Council requires external providers of services on its behalf to act with integrity and in compliance with ethical standards. This is achieved by:

- Including the Council's ethical values in protocols for partnership working.
- Seeking, through the [Sustainable Commissioning and Procurement Policy](#), to implement procedures that protect the long-term interests of the communities we represent, in line with the Public Services (Social Value) Act 2012. Instructing bidding organisations to bring the above policy to the attention of bidders.
- Addressing ethical supply chain issues through [Sustainable Buying Standards](#), which are mandatory in all relevant council contracts.
- Vetting potential contractors for convictions and violations for specified offences, as required by the Public Contracts Regulations 2015.

### **A3 Respecting the rule of law**

4.14 The Council endeavours to ensure that members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations. It also seeks to create the conditions to ensure that the statutory officers, other key post holders, and members, can fulfil their responsibilities in accordance with legislative, regulatory and other legal requirements. This is achieved by:

- Through the [Constitution](#):
  - Committing to exercise all powers and duties in accordance with the law;
  - Setting out Member Role Descriptions and the functions and responsibilities of key officers, recognising those posts that are statutory;
  - Committing to provide the Monitoring Officer and Chief Finance Officer with such officers, accommodation and other resources as are in their opinion sufficient to allow their duties to be performed;
  - Designating the Chief Executive as Head of Paid Service in accordance with Section 4 Local Government and Housing Act 1989.
  - Designating the Corporate Director of Resources as the Section 151 Chief Financial Officer (CFO) to fulfil the governance requirements of the CIPFA\* Statement on the Role of the CFO in Local Government (2010).

\* Chartered Institute of Public Finance & Accountancy

- Maintaining, under the supervision of the Chief Executive, a chief officer structure that is equipped to respond to modern challenges faced by the Council.
- Making the CFO a member of Corporate Management Team, reporting directly to the Chief Executive and reviewing all reports to Cabinet which have financial implications.
- Maintaining arrangements for members and officers to work together on the work programme of the Cabinet, which is managed through a system of Cabinet pre-agenda meetings, supported by regular briefing sessions held by Corporate Directors with Cabinet Portfolio Members and their support Members.
- Providing specialist legal advice through Legal & Democratic Services.
- Providing training, awareness and advice, through central support services, to meet general legal requirements in areas such as data protection, freedom of information, equalities and health and safety.
- Making staff aware of relevant statutory provisions through formal training, written guidance and implementing appropriate service-specific arrangements to ensure compliance.

4.15 The Council strives to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders by:

- Designating, in accordance with Section 5 Local Government and Housing Act 1989, the Head of Legal and Democratic Services as Monitoring Officer, who attends Corporate Management Team and advises on legal issues.
- Authorising the Head of Legal and Democratic Services, under the [Constitution](#) to institute, defend or participate in any legal proceedings to give effect to decisions of the Council or in any case where she considers that such action is necessary to protect the Council's interests.

4.16 The Council endeavours to deal effectively with corruption, misuse of power and breaches of legal and regulatory provisions by:

- Maintaining a dedicated Corporate Fraud Team to support its counter fraud arrangements.
- Vigorously dealing with breaches of legal or regulatory provisions through disciplinary or criminal proceedings, as appropriate.
- Enabling employees, contractors and suppliers, through the [Confidential Reporting Code \(Whistleblowing Policy\)](#), to raise concerns about potential breaches of conduct in decision-making.
- Thoroughly investigating and, if confirmed, vigorously pursuing any allegations of corruption and misuse of power, seeking the strongest possible sanctions against those who seek to defraud the Council, regardless of whether they are staff, members, contractors, external individuals and organisations.
- Exercising regulatory and enforcement functions under the [Environment, Health & Consumer Protection enforcement policy](#), which requires authorised officers to have regard to codes of conduct, legislation and other statutory provisions, and adhere to the 'principles of good regulation' to



improve outcomes without imposing unnecessary burdens on individuals and businesses.

- Undertaking [Public Protection Service enforcement and intervention activity](#) in relation to licensing, neighbourhoods, trading standards and safer communities.

***Principle B: Ensuring openness and comprehensive stakeholder engagement.***

Why this is important

- 4.17 Local government is run for the public good. The Council should therefore ensure openness in its activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders. Institutional stakeholders are the other organisations that local government needs to work with to improve services and outcomes (such as commercial partners and suppliers as well as other public or third sector organisations) or organisations to which they are accountable.

How we meet this principle

- 4.18 Key governance documents supporting Principle B include:

[Constitution](#) – Audit Committee Role; Decision Making; How the Council operates; Joint Arrangements and Partnerships; Officer Scheme of Delegations.

Other – [Area Action Partnerships](#) Terms of Reference; [Consultation Statement](#); [Consultations web page](#); [County Durham Compact](#); ~~[County Durham Partnership Community Engagement and Empowerment Framework](#)~~; [Framework for Good Workforce Mental Health in County Durham Businesses](#); [Joint Health and Wellbeing Strategy 2020 - 2025](#); [notice of key decisions webpage](#); [officer decisions webpage](#); [Partnership Governance Framework](#); ~~[Partnership Performance Management Framework](#)~~; Partnerships Register; [petitions webpage](#); [Risk Management Strategy and Policy](#); [County Durham Vision 2035](#); [Transparency and Accountability webpage](#).

**B1 Openness**

- 4.19 The Council maintains an open culture and encourages wide public involvement in determining the most appropriate and effective interventions and courses of action. This is achieved by:
- Encouraging a climate of openness, headed by the Council Leader who holds regular Cabinet meetings at various locations in the County.
  - Maintaining a website that is designed to make it easy for users to find information and includes a [Transparency and Accountability webpage](#) to comply with the [Local Government Transparency Code 2015](#).

- Publishing information on the website about services provided, land and assets owned by the Council, organisational structures and salaries, counter fraud, how money is spent and how services are bought.
- Deploying a range of research, consultation and engagement techniques so that the selected approach is fit for each given purpose.
- Taking a planned approach to encourage participation in new initiatives such as the Transformation Programme, a co-ordinated and integrated series of projects aimed at providing the very best services for the people of County Durham, to ensure that the public's views are incorporated into decision making processes.

4.20 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 will be 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 aims are achieved by:

- Setting out in the [Constitution](#) how the Council operates, how decisions are made and the procedures followed to ensure that these are effective, transparent and accountable to local people.
- Publishing on the website: advance [notice of key decisions](#) covering a rolling period of four months; decisions made by the Executive, within two days of the respective meeting; and all major decisions that are in the public domain.
- Publishing all [officer decisions](#) made under the Officer Scheme of Delegations ([Constitution](#)).
- Supporting the Council's decision-making processes with:
  - A [Risk Management Strategy and Policy](#);
  - An [Audit Committee](#) responsible for monitoring and reviewing processes for risk management, internal control, governance and associated assurance; and
  - Arrangements to ensure that they comply with legal requirements and that all reports requiring a decision include the legal implications, confirm that legal advice has been obtained on proposals, and the source of that legal advice.
- Including in the Council's stated principles for decision making the giving of reasons for decisions and supporting them with references to legal or other professional advice and stating the potential implications in terms of finance, staffing, risk, human rights and several other factors.

## **B2 Engaging comprehensively with institutional stakeholders**

4.21 The Council seeks to effectively engage with institutional stakeholders and, where necessary, develop formal and informal partnerships to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear. The aims of this approach are to ensure that outcomes are achieved

successfully and sustainably, with efficient use of resources. This is achieved by:

- Establishing a vision for the County Durham Partnership that provides a strategic direction and enables close working between partners for the benefit of our residents.
- ~~Heading the County Durham Partnership (CDP), chaired by the Council Leader, which is the lead partnership for most strategic partnerships in the County.~~ The [County Durham Partnership](#), restructured in September 2020, comprising: Health and Wellbeing Board and Outbreak Engagement Board (statutory); Safe Durham Partnership (statutory); Economic Partnership; and Environment and Climate Change Partnership.
- Managing relationships with [partners](#) ~~through the Partnership Governance Framework (PGF), which seeks~~ to ensure that: members are clear about their roles and responsibilities; there is clarity about the legal status of the partnership; and representatives both understand and make clear to all other partners the extent of their authority to bind their organisation to partner decisions.
- Working with strategic partners through the Local Resilience Forum on collective capacity and capability, protection from the COVID-19 virus, managing deaths and planning for the future.
- Providing support and oversight, through a Chief Officer Safeguarding Group chaired by the Chief Executive, to chief officers across all statutory agencies of the safeguarding arrangements for children and adults' services. The Group has an independent Chair and includes officers from the Council, NHS and the Police.
- ~~Maintaining, in accordance with the Partnership Performance Management Framework, a register of active partnerships and regularly reviewing them to assess and evaluate their governance and effectiveness.~~ Regularly reviewing governance arrangements and structures for strategic partnerships to evaluate their effectiveness.
- Allowing, through the [Constitution](#), joint arrangements to be established for specific purposes such as the provision and maintenance of crematoria, and setting out details of existing joint arrangements, including purpose, parties and effective dates.
- Shaping and supporting a common vision and approach for community engagement through the County Durham Partnership ~~Community Engagement and Empowerment Framework~~.
- Providing, through the [County Durham Compact](#), a framework for partnership and engagement with the voluntary and community sector.
- Including in the [CDP](#) a range of key public, private and voluntary sector organisations that work together to improve the quality of life for the people within County Durham.
- ~~Structuring the CDP into five thematic partnerships based on the economy, children and families, health and wellbeing, community safety and the environment.~~
- Managing, within service groupings, informal, collaborative working arrangements with external organisations.

- Ensuring [through the Partnership Governance Framework](#) that [partnerships](#) are based on trust, a shared commitment to change, a culture that promotes and accepts challenge among partners, and that the added value of partnership working is explicit.
- The County Durham Together Partnership, formerly the Prevention Steering Group, identifies areas of work requiring early interventions to reduce demand on services and impacts on stakeholders.

### **B3 Engaging with individual citizens and service users effectively**

- 4.22 Through the [Consultation Statement](#), the Council seeks to establish a clear policy on the type of issues on which it will consult on and involve communities, individual citizens, service users and other stakeholders. The Council aims to ensure that the views of local people and visitors are used to set priorities, influence policy and decision making, and that service provision is contributing towards the achievement of intended outcomes. Council-wide Consultation Officer Group, chaired by Head of Partnerships and Community Engagement, coordinates all consultation activity across the authority.
- 4.23 The Council endeavours to ensure that communication methods are effective, and that members and officers are clear about their roles with regard to community engagement, in order to collect and evaluate the views, experiences and future needs of people and organisations of different backgrounds. This approach is combined with effective feedback mechanisms to demonstrate how views have been taken into account and balancing feedback from more active and other stakeholder groups to ensure inclusivity. This is achieved by:
- Assigning the Corporate Communications and Marketing Team to lead on communications with external audiences through local, regional and national media with direction and guidance provided through communications protocols.
  - Welcoming [petitions](#) and recognising that they are an effective way for people to voice their concerns.
  - Engaging with the community, through 14 multi-agency Area Action Partnerships, to identify and address local priorities and utilise locality budgets to drive improvements to the local area.
  - Channelling communications and updates on COVID-19 through a [single point of entry](#).
  - Using the consultation process to involve a range of stakeholders in refreshing the [Joint Health and Wellbeing Strategy 2020 - 2025](#).
  - Publishing results of [consultation and engagement campaigns](#) on the website with explanations of what has been changed as a result of the views and comments collected.
  - Selecting appropriate consultation techniques and engaging through area action partnerships and the voluntary sector to involve all sections of the community effectively.
  - Ensuring that selected techniques recognise that different sections of the community have different priorities and establish processes for dealing with these competing demands.

- Seeking, with guidance from the [County Durham Vision 2035](#), the [Joint Health and Wellbeing Strategy 2020 - 2025](#), supported by the decision making process, to manage resources in ways that do not compromise the quality of life of future generations or those in the wider world.
- 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, and aims to improve awareness and promote the importance of good workforce mental health.

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

Why this is important

4.24 The long-term nature and impact of many of the Council's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the Council's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.

How we meet this principle

4.25 Key governance documents supporting Principle C include:

[Constitution](#) – Decision Making; Protocol on Member/Officer Relations.

Other – [Children and Young People's Strategy 2019 - 2022](#); [Climate and Emergency Plan](#); ~~[Corporate Capital Protocol](#)~~ Capital Strategy; Council Plan 2020 – 2023 and service plans; [County Durham Plan](#); [County Durham Vision 2035](#); ~~[Customer First Strategy and Customer Services Charter](#)~~; [Digital Strategy, customer services charter and service standards](#); [Equality Policy](#); [Joint Health and Wellbeing Strategy 2020 - 2025](#); [Medium Term Financial Plan 2021 - 2024](#); [Performance Management Framework](#); [Police, Crime and Victim's Plan 2018 - 2021](#); [Regeneration Statement 2012 – 2022](#); [Risk Management Strategy and Policy](#); [Safe Durham Partnership Plan 2020 - 2025](#).

**C1 Defining outcomes**

4.26 The [County Durham Vision 2035](#), which has been produced by the Council in conjunction with its partners on the [County Durham Partnership](#), and demonstrates its shared long-term vision for the future of County Durham. The Vision includes the following ambitions for the place of County Durham:

- there are more and better jobs,
- people live long and independent lives, and
- our communities are well connected and supportive of each other.

There are five underlying themes, which emerged from the extensive public consultation: rural communities, climate change, the natural environment, new technologies and the United Kingdom's exit from the European Union. The Vision seeks to address several issues arising from an analysis of performance data and emerging policy, which were further refined after consultation with residents and other interested groups. These issues are: the economy; tourism; community spirit; children's health, safety and access to a good education; health; transport; housing; and revitalisation of high streets.

The Vision and ambitions are supported by the following County Durham Partnership Plans:

- Safe Durham Partnership Plan,
- Joint Health and Wellbeing Strategy,
- Children and Young People's Strategy,
- Regeneration Statement, and
- Climate Emergency Plan.

4.27 In addition to the above arrangements, outcomes are defined through:

- Establishing a Transformation Programme with four key outcomes that will change the way it works for the continued provision of high-quality services within the context of the further financial challenges.
- Setting out, in the [Council Plan 2020 - 2023](#) and individual service plans, supporting policies, plans and strategies, set out the key actions to be taken in support of delivering the longer term goals in the [County Durham Vision 2035](#) and the Council's own improvement agenda.
- Developing, through the [Medium Term Financial Plan 2021 - 2024 \(MTFP\)](#), a financial framework in line with the [Council Plan 2020 - 2023](#) that enables members and officers to ensure policy initiatives can be planned for delivery within available resources and can be aligned to priority outcomes.
- Subjecting the delivery of the [Council Plan 2020 - 2023](#) and the [Medium Term Financial Plan](#) to detailed and frequent monitoring undertaken by Corporate Management Team and Cabinet.
- Durham Police and Crime and Victims' Commissioner's Police, Crime and Victims Plan.
- Durham and Darlington Fire and Rescue Service Integrated Risk Management Plan.
- NHS Clinical Commissioning Groups Strategic Plans.
- Durham Constabulary Plan on a Page.
- Supporting decision making and project management processes with the [Performance Management Framework](#) and the [Risk Management Strategy and Policy](#).
- ~~Seeking, through the [Customer First Strategy and Customer Services Charter](#), which link to the wider priorities of the Council, to broaden accessibility to information and services in an economically efficient way, taking account of increased demand for services, changes to the welfare system and reducing budgets.~~



- The [Digital Strategy](#), which sets out the future for connecting Durham, how we will digitally improve our services, support our people, our communities and our organisation to deliver better outcomes for the people of the county.
- The [customer services charter and service standards](#), which outline how customers can expect to be treated when they get in touch with us and specific levels of service that they should receive.
- [The County Durham Strategic Partnership Approach to Early Help for Children, Young People and Families](#), which sets out our vision, priorities and approach for providing 'early help' to address inequalities, promote opportunity and secure better outcomes for children, young people and their families.
- The [Towns and Villages Investment Plan](#), which will lead to the re-use of derelict buildings, walking and cycling improvements, public realm and leisure schemes across the county.

## **C2 Sustainable economic, social and environmental benefits**

4.28 The Council considers and balances the combined economic, social and environmental impact of policies and plans when taking decisions about service provision, taking a longer-term view with due regard to the wider public interest and potential risks. The Council is committed to acting transparently where there are potential conflicts between the Council's intended outcomes and short-term factors such as the political cycle or financial constraints. This is achieved by:

- Pursuing economic and environmental benefits through the [Climate Change Emergency Response Plan 2020 - 2022](#) and pursuing social benefits through the other themes.
- Using decision making processes, which include management of performance and risks, to support the achievement of high-level objectives in furtherance of economic, social and environmental benefits.
- Pursuing economic, social and environmental benefits in the development the [Medium Term Financial Plan](#).
- Preparing the capital budget reflecting the priorities detailed in the [Council Plan 2020 - 2023](#), using criteria laid down in the Corporate Capital Protocol.
- Advising Cabinet on the Capital Programme through the Member Officer Working Group for Capital, which is responsible for scrutinising capital budget revisions and monitoring progress on schemes.
- Following the principles of decision making set out in the [Constitution](#).
- Guiding members and employees in their relations with one another and seeking to enhance and maintain integrity by demanding very high standards of personal conduct through the [Protocol on Member/Officer Relations \(Constitution\)](#).
- Determining, through the [Consultation Statement](#), the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, in order to ensure appropriate trade-offs.

4.29 The Council ensures fair access to services by:

- Using the [Equality Policy](#) to reinforce the Council's responsibilities under the Equality Act 2010, including compliance with the Public Sector Equality Duty, to understand and seek to prevent or mitigate any potential negative impacts as a result of Council decisions for people with protected characteristics (age, disability, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation, transgender).
- Supporting the [Equality Policy](#) with an equality impact assessment process, which ensures that the impact on equality is considered in the Council's decision making.
- Promoting equality and diversity across all of the Council's work through the [Corporate Overview and Scrutiny Management Board](#) and Scrutiny Committees.

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

Why this is important

- 4.30 Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised.

How we meet this principle

- 4.31 Key governance documents supporting Principle D include:

[Constitution](#) – Budget and Policy Framework Procedure Rules; Decision Making; Financial Procedure Rules; Overview and Scrutiny Arrangements.

[Other](#) – Capital Programme; Council Plan and service plans; [Medium Term Financial Plan](#); [Partnership Governance Framework](#); [Performance Management Framework](#); [Overview and Scrutiny Annual Report](#); [Risk Management Strategy and Policy](#); [County Durham Vision 2035](#); [Sustainable Commissioning and Procurement Policy](#).

**D1 Determining interventions**

- 4.32 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, in order to secure best value regardless of the service delivery method. This is combined with considering feedback from citizens and service users about proposed service improvements or where services are no longer required in order to prioritise



competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts. This is achieved by:

- Embedding the pursuit of value for money into all of the Council's decision-making processes.
- Frequently undertaking reviews to provide assurance that value for money services are being provided.
- Using residents' and other stakeholders' views with high level analysis of the equalities impact to shape proposals in the [Medium Term Financial Plan](#).

## **D2 Planning interventions**

4.33 The Council's arrangements for planning the interventions for the achievement of its intended outcomes are:

- A comprehensive Transformation Programme incorporating a co-ordinated and integrated series of initiatives aimed at providing the very best services for the people of County Durham.
- Establishing and implementing, through the [Council Plan 2020 - 2023](#) and [Medium Term Financial Plan](#) monitoring, robust planning and control cycles that cover strategic and operational plans, priorities and targets.
- Engaging with internal and external stakeholders, through participative budgeting and other consultation techniques, in determining how services and other courses of action should be planned and delivered.
- Considering and monitoring risks facing each partner when working collaboratively, including shared risks, through the [Partnership Governance Framework](#) and the [Risk Management Strategy and Policy](#).
- Ensuring, through the [Council Plan 2020 - 2023](#) and business continuity planning, that arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances.
- Determining, during the development of the [County Durham Vision 2035](#) and the [Council Plan 2020 - 2023](#) how the performance of services and projects will be measured, and linking these arrangements to a locally led [performance management framework](#), which ensures that attention is focused on Council priorities.
- Using key target indicators in areas where improvements can be measured regularly and can be actively influenced by the Council and its partners.
- Comparing performance with that of other Councils using a recognised, online tool.
- Undertaking, through the Overview and Scrutiny Committees, in-depth, evidence-based reviews of services, the findings of which are outlined in the [Overview and Scrutiny Annual Report](#).
- Preparing budgets in accordance with the [County Durham Vision 2035](#), the [Council Plan 2020 - 2023](#) and the [Medium Term Financial Plan](#).
- Informing medium- and long-term resource planning by determining, through Cabinet in consultation with the Chief Financial Officer, the general budget strategy and issuing annual guidelines to Members and Chief Officers on preparing: -

- A detailed revenue budget for the following year and the [MTFP](#);
- The Capital Programme;
- The timetable for developing and agreeing the Council's revenue and capital budget.
- The Business, Economy, Regeneration Strategy Recovery Group (a subgroup of the County Durham Economic Partnership) assesses and addresses the economic implications of the pandemic to help businesses to restart and grow the economy.

### **D3 Optimising achievement of intended outcomes**

4.34 The Council optimises the achievement of its outcomes by:

- Developing, through the [Medium Term Financial Plan](#), a financial framework in line with the [Council Plan 2020 - 2023](#) to deliver policy initiatives within available resources and aligned to priority outcomes.
- Developing the budgeting process in line with Budget and Policy Framework Procedure Rules, to ensure that it is all-inclusive, and takes into account the full cost of operations over the medium and longer term.
- Ensuring, through the development of the [MTFP](#) and [Council Plan 2020 - 2023](#) that partners and stakeholders have a clear view of the Council's priorities, targets and financial plans over the forthcoming period of four years.
- Seeking, through the [Sustainable Commissioning and Procurement Policy](#), to implement procedures that protect the long-term interests of the communities we represent, in line with the Public Services (Social Value) Act 2012.
- Instructing bidding organisations bring this policy to the attention of bidders.
- The Company Governance Group, which seeks to ensure that officers who work with, or who are appointed as, directors of Council companies understand their roles and responsibilities, identify and manage conflicts of interests, and provide resilience in the Council's resourcing of companies.

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

#### Why this is important

4.35 The Council needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve its intended outcomes within the specified periods. It must ensure that it has both the capacity to fulfill its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which the Council operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of the leadership and of individual staff members. Leadership in the Council is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

## How we meet this principle

4.36 Key governance documents supporting Principle E include:

[Constitution](#) – Decision Making; The Executive; Financial Procedure Rules; Officer Scheme of Delegations; Overview and Scrutiny Arrangements; Protocol for Questions by the Public to Members of the Executive (Council Procedure Rules).

Other – [Apprenticeship Strategy 2019 to 2022](#); Area Action Partnerships Terms of Reference; Attendance Management Policy; Capital Strategy; [County Durham Compact](#); [Durham Manager Programme](#) Durham Leadership and Management Development Programme; Health, Safety and Wellbeing Strategy; [Members Learning and Development Strategy](#) Learning, Development and Support Programme for Members; [Office Accommodation Strategy](#) [Organisational Development Strategy](#) [Workforce Strategy 2021 – 23](#); Property Strategy.

### **E1 Developing the Council's capacity**

4.37 The Council **ensures** strives to maintain the continuing effectiveness of its operations, performance and use of assets through:

- The Inspiring Place element of the Transformation Programme, which seeks to modernise and refurbish strategic sites, introduce flexible ways of working, reduce paper-based processes and consolidate services.
- Establishing a corporate landlord service delivery model for asset management, overseen by the Head of Corporate Property and Land.
- Regularly monitoring key areas of performance, including the condition, suitability, sufficiency and accessibility of property ~~under the Office Accommodation Strategy~~ to ensure that best use is made of assets in terms of service benefit, financial benefit and value for money.
- Setting out in the Property Strategy the main principles to ensure that opportunities to share the use of property are identified, and to make sure that assets are fit for purpose, cost effective and used to support regeneration and economic development.
- Consulting local communities and partners, where appropriate, about alternative methods of continuing to provide front line services.
- Advising Cabinet on the Capital Programme through the Member Officer Working Group for Capital, which is responsible for scrutinising capital budget revisions and monitoring progress on schemes.
- Formally reflecting on the experiences of the COVID-19 pandemic and using learning to strengthen capacity and capability.

4.38 The Council strives to improve the use of its resources to ensure that they are allocated in a way that realises outcomes effectively and efficiently. This is achieved through:

- The Inspiring Change element of the Transformation Programme, which seeks to invest in new IT systems, modernise and simplify business

processes, redesign services in localities to meet community needs, and introduce more commercial activity to support social objectives.

- Using benchmarking data from statutory returns to inform programmes of VFM reviews and savings options in various service areas in order to ensure that defined outcomes are achieved effectively and efficiently.
- Using data from commercial benchmarking clubs, to facilitate meaningful comparisons with other Councils.
- Providing, through the [County Durham Compact](#), a framework for partnership and engagement with the voluntary and community sector where added value can be achieved.
- Including in the [County Durham Partnership](#) a range of key public, private and voluntary sector organisations that work together to improve the quality of life for the people within County Durham.
- Managing, within service groupings, informal, collaborative working arrangements with external organisations.
- The [Digital Strategy](#), sets out the Council's digital ambitions for the County in line with the Council Vision and the Transformation Programme.
- The [Apprenticeship Strategy 2019 to 2022](#), which aims to identify opportunities for new and existing employees to support workforce development and planning.

4.39 The Council maintains an effective workforce plan, through the Organisational Development Strategy, to enhance the strategic allocation of resources.

## **E2 Developing the capability of the Council's leadership and other individuals**

4.40 The Council ensures that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained. This is achieved by:

- Setting out in the [Constitution](#) how the Executive is made up and how appointments to this committee are made.
- Electing the Leader under the terms of the [Constitution](#), and making appointments to a number of committees with various regulatory and scrutiny responsibilities.
- Nominating, through the Leader, nine other councillors, including a Deputy Leader, with specific responsibilities to form the Cabinet.
- Allocating, through the Leader under the terms of the [Constitution](#), roles and responsibilities to individual members and the Executive Committee as a whole.
- Supporting the above arrangements with a number of formal member and officer working groups.

4.41 The Council makes a clear distinction between the types of decisions that are delegated and those reserved for the collective decision making of the Council in the [Constitution](#), which is published on the website. Decision-making

arrangements will be refined, with appropriate scrutiny safeguards, for the purposes of managing the COVID-19 pandemic emergency.

4.42 The Council clearly defines in the [Constitution](#) the respective roles of the leader and the chief executive, whereby the chief executive leads in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority.

4.43 The Council continually seeks to develop the capabilities of members and senior management to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks. This is achieved by:

- Ensuring, through the ~~Members Learning and Development Strategy~~ Learning, Development and Support Programme for Members and the ~~Organisational Development Strategy~~ Durham Learning and Development System, that members and staff are provided with induction training tailored to their role and individual training and development plans.
- Ensuring, through respective appraisal schemes, that members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis
- Ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external
- Promoting excellence in learning through membership of the North East Public Service Academy.
- ~~Using initiatives such as the Durham Manager Programme to support managers in meeting the changing needs of the Council, and e-learning as an efficient means of training employees.~~ The Durham Leadership Way programme, which outlines the expectations of leaders and managers together with a development and support offer.

4.44 The Council encourages public participation by:

- Administering 14 multi-agency [Area Action Partnerships \(AAPs\)](#) that enable local people and organisations to comment on how services are provided.
- Inviting members of the public to attend Council meetings.
- Including a protocol for member of the public wishing to ask a question ~~at Council~~ to the Executive.
- The Covid-19 Community Champions programme, which 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.

4.45 The Council ensures that the leadership's own effectiveness is considered and that leaders are open to constructive feedback from peer review and inspections by:

- Monitoring the decisions of the Executive through the [Corporate Overview and Scrutiny Management Board](#), which has the power to:-
  - “call-in” decisions which have been made but not implemented; and
  - recommend that their decisions are reconsidered.
- Consulting the [Corporate Overview and Scrutiny Management Board](#) on forthcoming decisions or the development of policy.
- Assessing the skills required by members and officers through personal development plans, and making a commitment to develop those skills to enable roles to be carried out effectively.
- Developing skills on a continuing basis, through implementation of the [Members Learning and Development Strategy](#) Learning, Development and Support Programme for Members, to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed.

4.46 The Council strives to maintain effective arrangements to meet employees’ needs in terms of training, development, health and wellbeing through:

- The Inspiring People element of the Transformation Programme, which seeks to invest widely in staff training and development, review the Council’s HR policies and procedures, adopt new values and behaviours, empower people to be advocates of change, and identify talent and succession planning.
- Assessing the skills required by officers through personal development plans and making a commitment to develop those skills to enable roles to be carried out effectively.
- Managing the performance and development of employees through an ongoing appraisal process.
- Supporting employees through the Health, Safety and Wellbeing Strategy and the emergency Human Resources Policy, which is compatible with revised working arrangements introduced during the COVID-19 pandemic. Absence management arrangements and enhanced family and compassionate leave provisions focus on rehabilitation through the Attendance Management Policy with assistance from Occupational Health.
- Supporting employees through change processes with confidential counselling services through the Employee Assistance Programme.

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

Why this is important

4.47 The Council needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision-making activities.



- 4.48 A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery, and accountability.
- 4.49 It is also essential that a culture and structure for scrutiny is in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

#### How we meet this principle

- 4.50 Key governance documents supporting Principle F include:

[Constitution](#) – Councillor Call for Action Procedure (Overview & Scrutiny Procedure Rules); Decision Making; Financial Procedure Rules; Overview and Scrutiny Arrangements.

Other – [Budget Report](#); [Capital Strategy](#); [Council Plan 2020 - 2023](#); [Data Protection Policy](#); [Data Protection Policy](#); [Data Quality Policy](#); Delivering Good Governance in Local Government Framework; [Internal Audit Charter, Strategy 2020/21 and Audit Plan](#); [Medium Term Financial Plan](#); [Performance Management Framework](#); [performance reports](#); [Risk Management Strategy and Policy](#); service plans.

[Professional Codes](#) – CIPFA \* Code on a Prudential Framework for Local Authority Capital Finance; [CIPFA Financial Management Code](#); CIPFA \* Statement on the Role of Head of Internal Audit; Code of Practice on Managing the Risk of Fraud and Corruption, 2014; [National Audit Office Code of Practice on Value for Money](#); Public Sector Internal Audit Standards.

\* Chartered Institute of Public Finance & Accountancy

#### **F1 Managing risk**

- 4.51 The Council recognises that risk management is an integral part of all activities and decision making as set out in the [Risk Management Strategy and Policy](#), which defines key roles and responsibilities and is reviewed annually, to maintain robust, integrated and effective risk management arrangements. Council-owned companies and joint venture arrangements are provided with strategic and financial guidance and support, and are required to report regularly on performance.

#### **F2 Managing performance**

- 4.52 The Council ensures that service delivery is effectively monitored by:

- Setting out in service plans a detailed schedule of actions, which are assigned to responsible officers and incorporated into, and monitored through, the corporate and service performance management arrangements.
- Monitoring performance and ensuring that effective arrangements are put in place to deal with any failures in service delivery through the Council's Cabinet.
- Providing assurance through quarterly [performance reports](#) to Corporate Management Team, Cabinet and all scrutiny committees by way of senior management performance clinics during the year.
- Undertaking key in-depth evidence-based reviews through the Overview and Scrutiny Committees.
- Overseeing quality assurance developments in Children's Services and maintaining strategic oversight of children's services through a Quality Improvement Board.
- Operating a locally led [performance management framework](#) that links to the [County Durham Vision 2035](#) and the [Council Plan 2020 - 2023](#) and ensures that attention is focused on Council priorities.
- Undertaking benchmarking exercises by comparing performance with that of other Councils using a recognised, online tool.
- Seeking assurance on the quality of services from external, independent sources.
- Providing update reports, on service delivery plans and on progress towards outcome achievement, to Corporate Management Team, Cabinet and Full Council.

4.53 The Council endeavours to make the right decisions for the benefit of its stakeholders by:

- Supporting the Council's decision-making processes with a [Risk Management Strategy and Policy](#).
- Implementing arrangements to ensure that decisions are based on relevant, clear, objective analysis and advice; comply with legal requirements; and take account of the Council's financial, social and environmental position and outlook.
- Including in the Council's stated principles for decision making the giving of reasons for decisions and supporting them with references to legal or other professional advice and stating the potential implications in terms of finance, staffing, risk, human rights and several other factors.
- Maintaining an overview and scrutiny function through which members robustly scrutinise, challenge and debate proposed policies and objectives to make decision-making processes transparent, accountable and inclusive.
- Enabling members to bring matters of local concern to the attention of the Council through the scrutiny process using Councillor Call for Action procedure.

4.54 The Council seeks to ensure consistency between specification stages and post implementation reporting by:



- Developing profiled budgets in the main accounting system in line with the [Medium Term Financial Plan](#) to ensure consistency between specification stages and post implementation reporting.
- Issuing Budgetary Control Statements to senior management, Cabinet and Overview and Scrutiny Committees, comparing actual with planned expenditure and showing forecasted overspends with reasons for variance.
- Maintaining and applying Financial Procedure Rules in the [Constitution](#).

### **F3 Robust internal control**

4.55 The Council seeks to align the risk management strategy and policies on internal control with achieving objectives, as well as evaluating and monitoring risk management and internal control on a regular basis. This is achieved by:

- Developing, maintaining and delivering an [Internal Audit Charter, Strategy 2020/21 and Audit Plan](#).
- Including in strategic risk management reports and internal audit reports the potential implications for achieving the Council's objectives.
- Reporting annually to [Audit Committee](#), through the Chief Internal Auditor and Corporate Fraud Manager, on the adequacy and effectiveness of the Council's internal control environment.
- Undertaking a self-assessment against both the principles of the CIPFA Statement on the Role of Head of Internal Audit and the Public Sector Internal Audit Standards (PSIAS), approved by [Audit Committee](#).
- Undertaking internal annual reviews of the effectiveness of internal audit and an external assessment once every five years as required by the PSIAS.
- Undertaking a review of the effectiveness of the Council's corporate governance arrangements in line with the Delivering Good Governance in Local Government Framework.
- Maintaining an [Audit Committee](#), which is independent of the Executive and accountable to the Full Council, to;
  - provide a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment;
  - advise both the Council and the Cabinet on audit and governance issues in order to provide independent and effective assurance about the adequacy of financial management and reporting, and the management of other processes required to achieve the organisation's corporate and service objectives;
  - make recommendations, which are listened to and acted upon.

4.56 The Council ensures that effective counter fraud and anti-corruption arrangements are in place by maintaining a dedicated Corporate Fraud Team to support its counter fraud arrangements through the [Counter Fraud and Corruption Strategy](#), and working towards compliance with the Code of Practice on Managing the Risk of Fraud and Corruption, 2014.

## **F4 Managing data**

4.57 The Council ensures that effective arrangements are in place for the safe collection, storage, use and sharing of data, including decision making and processes to safeguard personal data. This is achieved by:

- Managing data in accordance with the [Data Protection Policy](#), Data Quality Policy, Records Management Policy and various data sharing protocols, with oversight by the Information Governance Group, to ensure that the arrangements in place are effective.
- Designating the [Corporate Director of Resources](#) as the Senior Information Risk Officer to strengthen the Council's arrangements for maintaining good-quality information.
- Holding regular meetings with the designated Data Protection Officer, Head of Digital and Customer Services and the Council's designated Caldicott Guardian.
- Providing an online Data Protection Act training module for employees.
- Maintaining strong data protection arrangements regarding data sharing with other bodies through standardised subject access requests, a privacy impact assessment process, data sharing agreements and a data sharing register.
- Undertaking a rolling programme of audits to check the quality and accuracy of data used in decision making and performance monitoring.

## **F5 Strong public financial management**

4.58 The Council aims to ensure that financial management supports both long term achievement of outcomes and short-term financial and operational performance. This is combined with seeking to ensure that well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls. Investing resources in line with long-term outcomes and priorities as described in the [Council Plan 2020 - 2023](#), which contains a set of actions with proposed outcomes.

- Issuing special guidance on COVID-19 expenditure to budget managers and requisitioners to mitigate the huge potential financial impact of the pandemic response and escalating the frequency of monitoring and reporting.
- Making the links with priorities and outcomes detailed in the Council's Budget Report.
- Complying with CIPFA's Code on a Prudential Framework for Local Authority Capital Finance, subject to external audit review.
- Completing an independent assessment against CIPFA's Financial Management Code by the Council's Internal Audit Team and identifying any improvements that can be made.
- Ensuring delivery of transformational change while maintaining service delivery through the [Medium Term Financial Plan](#) process.

- Gaining independent assurance of value for money from the External Auditor.

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

Why this is important

4.59 Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the Council plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

How we meet this principle

4.60 Key governance documents supporting Principle G include:

[Annual Governance Statement](#); [Annual Statement of Accounts](#); Local Code of Corporate Governance; [Local Government Transparency Code 2015](#); [Partnership Governance Framework](#); [Transparency and Accountability webpage](#).

**G1 Implementing good practice in transparency**

- 4.61 Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate.
- 4.62 The Council aims to strike a proper balance between providing the right amount of information in a manner that is transparent and enhances public scrutiny while not being too onerous to provide and which readers can interpret. This is achieved by:
- Maintaining a website that is designed to make it easy for users to find information and includes a [Transparency and Accountability webpage](#) to comply with the [Local Government Transparency Code 2015](#).
  - Publishing information on the website about services provided, land and assets owned by the Council, organisational structures and salaries, counter fraud, how money is spent and how services are bought.

**G2 Implementing good practices in reporting**

4.63 The Council is committed to reporting to stakeholders at least annually on performance, value for money and stewardship of resources in a timely and understandable way, while ensuring members and senior management own the results reported. This is achieved by:

- Developing the [Annual Statement of Accounts](#) incorporating the [Annual Governance Statement](#).
- Publishing the [Annual Statement of Accounts](#) on the website, following approval by [Audit Committee](#), taking account of the views of the External Auditor, in line with the Accounts and Audit Regulations.
- Publishing the [Audit Completion Report](#) and Certification of Claims and Returns Annual Report, which provides assurance on the Council's system of financial management.
- Including with published information, the minutes of meetings approving reports to ensure that members and senior management own the results reported.

4.64 The Council seeks to ensure that robust arrangements are maintained for assessing and reporting on the effectiveness of its own governance arrangements, as well as those of related organisations. This is achieved by:

- Developing and maintaining a Local Code of Corporate Governance, approved by [Audit Committee](#), setting out how the Council will meet the principles of good governance.
- Assessing the Council's corporate governance arrangements against its Local Code of Corporate Governance, led by the Corporate Director of Resources in consultation with the directors and heads of service.
- Ensuring, through the [Partnership Governance Framework](#), that the corporate governance arrangements of partners and jointly managed or shared service organisations are consistent with the Council's Local Code of Corporate Governance.
- Reporting the outcome of the corporate governance review, including planned actions for improvement, in the [Annual Governance Statement](#), approved by the Corporate Management Team and the [Audit Committee](#), and signed by the Leader of the Council and Chief Executive.

4.65 The Council seeks to ensure that it produces financial statements on a consistent and timely basis, in accordance with Financial Reporting Standards, in a way that enables comparison with other, similar organisations.

### **G3 Assurance and effective accountability**

4.66 The Council seeks to provide continuous assurance with regard to its arrangements for governance and internal control by:

- Operating an Internal Audit service, with direct access to members, as a key part of the Council's corporate governance arrangements with the primary aim of supporting the Council to achieve its objectives by helping services to identify, assess, and manage risks, which may prevent or hinder objectives being achieved effectively.
- Ensuring that agreed recommendations made by Internal Audit and External Audit are acted upon by tracking and reporting their progress to [Audit Committee](#).

- Complying with CIPFA's Statement on the Role of the Head of Internal Audit (2019).
- Applying the Public Sector Internal Audit Standards within all of procedures of the Internal Audit Service.

4.67 The Council welcomes peer challenge, reviews and inspections from regulatory bodies and seeks to ensure that recommendations are implemented.

4.68 The Council seeks to gain assurance on risks associated with delivering services through third parties by:

- Managing relationships with partners through the [Partnership Governance Framework](#), which seeks to ensure that:
  - members are clear about their roles and responsibilities;
  - there is clarity about the legal status of the partnership;
  - representatives both understand and make clear to all other partners the extent of their authority to bind their organisation to partner decisions.

## **5 Monitoring and Review**

5.1. The [Audit Committee](#) and the [Standards Committee](#) are responsible for monitoring and reviewing the various aspects of the Council's corporate governance arrangements.

5.2. The [Audit Committee](#) is responsible for the Council's arrangements relating to:

- Monitoring and reviewing the risk, control and governance processes, and associated assurance processes to ensure internal control systems are effective and that policies and practices are in compliance with statutory and other regulations and guidance;
- Approving the Council's Accounts prior to approval by the County Council;
- Reviewing a draft of this Code of Corporate Governance and recommending any amendments required before it is considered for approval by the Full Council;
- External audit and internal audit;
- Risk Management;
- Making recommendations concerning relevant governance aspects of the [Constitution](#);
- Reviewing the effectiveness of Internal Audit.

5.3. Each year the Council is required to publish a Governance Statement. This process is managed by the Resources Management Team and overseen by the [Audit Committee](#) who is responsible for approving it. The Annual Governance Statement provides an overall assessment of the Council's corporate governance arrangements and an appraisal of the key controls in place to manage the Council's principal governance risks, together with proposed improvements that will be made. This governance review process helps inform any amendments required to this Code of Corporate Governance.

- 5.4. The Annual Governance Statement will be published as part of the Council's Annual Statement of Accounts and will be reviewed by our External Auditors as part of their annual audit process.
- 5.5. The [Standards Committee](#) is responsible for promoting high ethical standards across the Council, overview of the Member and Officer Codes and other relevant protocols.
- 5.6. These two Committees will ensure that the Council's governance arrangements are kept under continual review through;
- Reports prepared by officers with responsibility for aspects of this Code;
  - The work of Internal Audit;
  - External Audit opinion;
  - Other review agencies and Inspectorates;
  - Opinion from the Council's Statutory Officers.
- 5.7. The Council also has a [Corporate Overview and Scrutiny Management Board](#) and five Overview and Scrutiny Committees who support the work of the Executive and the Council as a whole. They allow a greater involvement in Council business by involving non-councillors from the wider public sector, and voluntary and community groups to help them in their work, and also work with Partners, including the [County Durham Partnership](#). They may also be consulted by the Executive or the Council on forthcoming decisions or the development of policy. The terms of reference of the [Corporate Overview and Scrutiny Management Board](#) and its Committees are described in the [Constitution](#).
- 5.8. Within their terms of reference, the [Corporate Overview and Scrutiny Management Board](#) and Overview and Scrutiny Committees will:
- review and/or scrutinise decisions made, or actions taken in connection with the discharge of any of the Council's functions;
  - make reports and/or recommendations to the full Council and/or the Cabinet in connection with the discharge of any functions; consider any matter affecting the area or its inhabitants;
  - exercise the right to call-in, for reconsideration, decisions made but not yet implemented by the Executive in accordance with the Overview and Scrutiny Procedure Rules;
  - work to ensure that communities are engaged in the scrutiny process; and consider and implement mechanisms to encourage and enhance community participation in the development of policy options; and
  - promote equality and diversity across all of its work and the work of the County Council.