

Audit Committee

28 November 2022

**Annual Governance
Statement for the year April
2021 – March 2022**

Ordinary Decision



Report of Corporate Management Team

Paul Darby, Corporate Director of Resources

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

Electoral division affected:

None

Purpose of the Report

- 1 To seek approval of the Annual Governance Statement (AGS) for 2021/22, 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 A draft Annual Governance Statement for 2021/22 was considered by Audit Committee on 1 July, 2022.
- 4 The AGS demonstrates how far the Council complies with the principles of good governance, and the review of effectiveness for 2021/22 concludes that the Council's corporate governance arrangements in place during the year were fit for purpose in accordance with the governance framework.
- 5 The review also concluded that seven actions, listed in appendix C of the AGS, should be included in the plan of improvements to strengthen governance arrangements during 2022/23.

- 6 The improvement actions contained in the AGS attached at Appendix 2 remain in line with the draft AGS presented to Audit Committee in July.

Recommendation

- 7 Audit Committee is requested to approve the AGS as attached at appendix 2.

Background

- 8 The Accounts and Audit (England) Regulations 2015 require the Council to prepare an Annual Governance Statement, which must accompany the Statement of Accounts.
- 9 A draft Annual Governance Statement for 2021/22 was considered by Audit Committee on 1 July, 2022.
- 10 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

- 11 The review of effectiveness for 2021/22 was conducted during the latter stages of the Covid-19 pandemic, when the focus of the Council's response had shifted from the impacts on day-to-day operations to long-term implications for issues such as employment, health and wellbeing, and communities. The Covid19 impacts on the review of effectiveness have been minimal and the review was largely carried out in the normal way.

Outcome of the Review

- 12 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 2021/22 were fit for purpose in accordance with the governance framework.
- 13 The review also concluded that seven actions, listed in appendix C of the AGS, should be included in the plan of improvements to strengthen governance arrangements during 2022/23.
- 14 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.
- 15 As part of their audit of the Statement of Accounts, Mazars, the Council's external auditor, has reviewed the draft AGS and they have informed us that they have no matters to raise.

Author

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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 2021/22

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 2022.

COVID-19 PANDEMIC

2. The review of effectiveness for 2021/22 was conducted during the advanced stages of the Covid-19 pandemic, when the focus of the Council's response had shifted from the impacts on day-to-day operations to long-term implications for issues such as employment, health and wellbeing, and communities. Any changes or developments to the Council's governance arrangements in response to either short- or long-term implications of Covid19 are incorporated into the relevant section of this statement.

CONTEXT

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

SCOPE OF RESPONSIBILITY

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

7. In January 2022, the Council approved, adopted and published on its website, a revised Local Code of Corporate Governance, which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA)/ Society of Local Authority Chief Executives (SOLACE) Framework – “Delivering Good Governance in Local Government”.

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

8. The governance framework comprises the systems, processes, culture and values by which the Council is directed and controlled, and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of sustainable economic, social and environmental benefits for the people of County Durham.
9. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council’s policies, aims and objectives, to evaluate the likelihood of those risks occurring and the impact should they occur, and to manage them efficiently, effectively and economically.
10. The governance framework has been in place across the Council for the year ended 31 March 2022 and up to the date of approval of the Statement of Accounts.

THE GOVERNANCE FRAMEWORK

11. The key elements of the Council’s governance arrangements are detailed in the Council’s [Local Code of Corporate Governance](#). This sets out the key documents and processes that determine the way the Council is directed and controlled to meet the seven core principles of the CIPFA/ SOLACE Framework.
12. The Constitution Working Group, which consists of the lead members of each political party, and is chaired by the Leader of the Council, proposed amendments to the [Constitution](#) during the year which were approved by the Council. Changes following the annual review of the [Constitution](#) were approved by the Council in March 2022.
13. The arrangements and rules of procedure for the Overview and Scrutiny function, including the membership, functions and scope of the Overview and Scrutiny Board and each Committee is set out in detail in the [Constitution](#). Terms of Reference for the Board and Committees are set within the context of the [Council Plan](#) and the [County Durham Vision 2035](#). The Head of Policy, Planning and Performance is the designated scrutiny officer to discharge the functions required under the Localism Act 2011.

14. The following sections demonstrate assurance that the Council has complied with each of these principles in practice, and also highlights where we have further improved our corporate governance arrangements during 2021/22.

REVIEW OF EFFECTIVENESS

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

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

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

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

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

18. The 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.

19. 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 July 2022. This opinion is based on audit reviews undertaken during the year which found all systems reviewed to give substantial or moderate assurance, except in five 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.
20. 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 2021/2022. The level and nature of internal audit work undertaken has therefore not required the 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.
21. Aligned to the seven principles of good governance, a detailed account of how the Council's governance arrangements have operated during 2021/22 is included in **appendix A**. An update on improvements identified in the 2020/21 Annual Governance Statement is included in **appendix B**.
22. The ways in which the Council's governance systems have been deployed and adapted in response to the Covid-19 pandemic are incorporated into the body of the statement, aligned to the principles of good governance.

CONCLUSION

23. We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit Committee. In conclusion, we are satisfied that the Council's corporate governance arrangements in place during 2021/22 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 seven actions as part of ongoing improvements to further strengthen governance arrangements in 2022/23. 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

APPENDIX A: Governance Arrangements during 2021/22

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 2021/22.

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

Behaving with integrity

1. The [Code of Our Values Behaviour and Conduct](#) explains our values, sets out the responsibilities we all have and the standards of behaviour that are expected of us. In April 2021, the process for declaring personal interests, [gifts and hospitality](#) was digitised so that heads of service receive notifications of declarations, which are recorded on the employee's personal file.
2. Our core values have been invaluable in shaping the response to Covid-19 and addressing the drivers of poverty, including food and energy inflation: -
 - (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 monitored by their Head of Service.
4. The Contract Procedure Rules set out how contracts for goods, works, services and utilities should be put in place and managed, and specify record keeping and reporting requirements related to procurement activity.
5. In January 2022, the Council agreed to a [members' allowances scheme for 2022-2023](#), 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 [2021/22 annual report of the Standards Committee](#), which is responsible for promoting and maintaining high standards of conduct by councillors, was presented to Council in September 2022. At its first meeting in 2022/23, the Committee will be asked to agree its work programme for the year.
7. Guidance on how to [make a complaint](#) is available on the Council's website. Quarterly customer feedback reports are presented to the [Corporate Overview and Scrutiny Management Board](#), summarising performance in dealing with corporate and statutory complaints, and identifying actions to improve service provision.

8. An update on complaints against councillors, considered in accordance with the council's Local Assessment Procedure, is presented quarterly to [Standards Committee](#).
9. 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

10. 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.
11. The Council has a [Counter Fraud & Corruption Strategy](#), through which it is committed to a zero-tolerance approach to fraud and corruption against the Council and its partners. The Corporate Fraud team examines all reports of fraud, vigorously pursuing sanctions and prosecutions and, where possible, publicising successful cases. The team was highly commended in the Institute of Revenues Rating and Valuation Awards 2021 in the Excellence in Counter Fraud category. The [Protecting the Public Purse Annual Report 2021/2022](#) gives an account of the team's work between 1 April 2021 and 31 March 2022 and the Update Activity Report gives an account of their work between 1 April 2021 and 30 September 2021. Since its' creation in 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.
12. [Selective licensing](#) of privately rented properties, which aims to drive up standards and thereby improve communities, came into effect in April 2022 until March 2027. The Council will have powers to regulate landlords and managing agents in areas that suffer from low housing demand or high levels of anti-social behaviour or deprivation.
13. In December 2021, Corporate Overview and Scrutiny Management Board were presented with a report on the [Annual Review of the Council's use of powers under the Regulation of Investigatory Powers Act 2000](#).

Principle B: Ensuring openness and comprehensive stakeholder engagement.

Openness

14. 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 decisions made by Cabinet in [March 2022](#) and [April 2022](#) in relation to reports on,
- (a) Review of Durham Light Infantry (DLI) Collection and Archive and the potential future use of the former DLI Museum & Art Gallery and Grounds at Aykley Heads; and
 - (b) Review of Durham County Council Headquarters.

Engaging comprehensively with institutional stakeholders

15. The Leader of the Council is the chair of the County Durham Partnership including: the board and forum, which bring together the board and local communities; five partnerships (Health and Wellbeing Board, Safe Durham Partnership, Economic Partnership, Environment and Climate Change Partnership and County Durham Together Partnership); Durham Safeguarding Children Partnership; Durham Safeguarding Adult Partnership; Better Together Voluntary and Community Sector Forum; and all Area Action Partnerships.

Examples of partnership working include: -

- (a) From April 2021, the Council entered a partnership arrangement with Cumbria County Council and Together for Children (Sunderland City Council) to form [Adopt Coast to Coast](#), which will speed up the adoption process and find the best match for the babies and children in our care.
 - (b) To prepare for anticipated disruption to health and social care services during Winter 2021/22, a task and finish group was set up, including representatives from relevant in-house Council services, North East Ambulance Service and three NHS Foundation Trusts (County Durham and Darlington; Harrogate and District; and Tees, Esk and Wear Valley).
 - (c) Other examples can be found in County Durham Partnership update reports to Cabinet in [July 2021](#) and [January 2022](#).
16. 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.

17. The Consultation Officer Group supports the Council's approach to engaging stakeholders and oversees major consultations, which help improve services and influence decision-making.
18. 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.
19. A refresh of the [Work Programme 2021/22](#) was presented to Corporate Overview and Scrutiny Management Board in June 2021. 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.
20. The [framework for good workforce mental health in County Durham Businesses](#) supports 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.

Engaging with individual citizens and service users effectively

21. Due to the significant level of uncertainty associated with the [Medium Term Financial Plan 2022/23 to 2025/26](#), consultation focused on seeking views from Area Action Partnerships (AAPs) on the approach being taken by the council in planning for the budget process. Presentations were made to 14 AAP Boards between 5 January 2022 and 27 January 2022 providing a 2022/23 Budget and Medium-Term Financial Plan consultation and budget update.
22. Public consultation exercises were undertaken during the year on a range of issues, including our updated Tenancy Strategy, our library service, a review of Storm Arwen, and a review of 'drop-in' adult and health services (where people can access services without a referral). The full list can be found on the [Consultations](#) pages of the website.
23. 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.
24. All 14 [AAPs](#) have received increased resources of £1.4 million for Covid-19 recovery work. In February 2021, a workshop at the County Durham Partnership Forum relating to Towns and Villages focused on how we can work with AAPs to ensure the opportunity to revitalise their towns and villages is maximised. Each AAP has now received an additional funding allocation of £210,000 through the 'Towns & Villages Fund' that will add value to our local communities.

25. Since 2009, AAPs have been key to engaging on a more local level across a large Council area comprising over 530,000 people. In March 2022, Cabinet agreed the outline of a planned [review of the community engagement and funding processes](#) currently provided by our AAPs, together with the scope, governance arrangements and timescales for its completion. The review aims to ensure that our community engagement mechanisms are fit for the future, and that they continue to meet the corporate needs of the Council and our key partners and deliver outcomes for our communities and councillors.
26. [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](#).
27. 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, information for suppliers, jobs support for affected businesses), and the [latest statement from LA7 leaders](#).
28. The Voluntary and Community Sector 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.
29. 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

30. 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.

31. In January 2022, Corporate Overview and Scrutiny Management Board considered a report on the progress of the Council and partners in addressing and alleviating [poverty](#), including our response to the negative financial impacts of the COVID-19 pandemic. In the same month, Children and Young People's Overview and Scrutiny Committee considered a report on the progress of the Child Poverty Working Group in addressing [Child Poverty in County Durham](#) since October 2020. A revised Poverty Action Plan was brought to Cabinet for approval in April 2022.
32. In February 2022, Cabinet approved the updated [Tenancy Strategy 2022 - 2027](#), which sets out the Council's expectations to the registered providers of social housing operating within the County regarding the types of tenancy they should offer to their tenants.
33. Despite this very challenging financial period and the significant base budget pressures faced by the Council, the [Medium Term Financial Plan 2022/23 to 2025/26 and Revenue and Capital Budget 2022/23](#) report includes some very positive outcomes for the people of County Durham including: -
- (a) significant new investment of £10 million funded by earmarked reserves to enable levelling up bid feasibility studies to be developed and for investment in Durham City heritage assets, rural and urban footways, public rights of way and country parks;
 - (b) continued support to protect over 34,000 working age households in receipt of low incomes through the continuation of the Council Tax Reduction Scheme, where 80% of affected households will continue to be entitled to 100% relief and where those left with a bill will receive up to £150 of additional support next year;
 - (c) ongoing work with health partners to ensure health and social care funds are maximised for the benefit of vulnerable people through the services we provide; and
 - (d) significant capital investment in school provision, town centres and infrastructure, including new transport schemes and maintenance of our highways and pavements. In total, additional capital investment of £112.7 million was approved by the council.

34. In June 2021, Cabinet endorsed the [Joint Health and Wellbeing Strategy 2021-2025](#), which is a legal requirement under the Health and Social Care Act 2012, to ensure health and social care agencies work together to agree services and initiatives which should be prioritised.
35. There are clear links between the Financial Management Code and the Governance Framework, particularly with its focus on achieving sustainable outcomes.
36. The [County Durham Commissioning and Delivery Plan 2020-2025](#) update report was presented to Health and Wellbeing Board on 24 November 2021. The Plan is administered by the County Durham Care Partnership Executive (of which the council is a partner) and helps shape commissioning decisions through understanding the needs of communities and individuals, so that collective resources and staff can be used to meet those needs.
37. In January 2022, Adults, Wellbeing and Health Overview and Scrutiny Committee received an update on the [COVID-19 Local Outbreak Management Plan](#), the overarching focus of which is to protect the health of local residents and reduce any onward transmission of the virus. This report also included an update on the Government's Autumn and Winter Plan, Contain Framework and Plan-B guidance.
38. In April 2022, Cabinet adopted the [Special Educational Needs and Disability \(SEND\) Strategy](#) for the period 2022-24. At the heart of our approach to the strategy, which was developed through extensive stakeholder engagement and public consultation, is a vision for children and young people with special educational needs and disabilities that is the same as for all children and young people in County Durham: that they are safe and part of their community, have the best start in life, have good physical and mental health, and gain the education, skills, and experiences to prepare them for adulthood.

Sustainable economic, social and environmental benefits

39. The Council declared a Climate Emergency in February 2019, and, in February 2020, Cabinet adopted a [Climate Change Emergency Response Plan](#) (CERP). In October 2021, an update on progress of the [CERP Year 2](#) was presented to Environment and Sustainable Communities Overview and Scrutiny Committee (ESC OSC), who also considered future challenges for meeting long-term Council and countywide targets.
40. The ESC OSC continues to oversee the progress on environmental improvement actions including reducing single use plastics and the strategic waste management service. In [October 2021](#), Cabinet considered a report on the international and national declines in natural habitats and species, the findings of which were overwhelmingly confirmed in a review by ESC OSC and, in [April 2022](#), Cabinet declared an ecological emergency for County Durham. Accordingly, actions to address the ecological emergency will be reflected in future MTFP planning cycles and other projects and programmes.

41. Through its [Accessibility Statement](#), the Council endeavours to make the full range of services available on our website accessible to everyone, regardless of their skill or technology. Also included is an account of the Council's level of the compliance with the Web Content Accessibility Guidelines and plans to remedy non-accessible content. There is also a link to the enforcement procedure.
42. In November 2021, the Health and Wellbeing Board was presented with an overview of the work being undertaken to mitigate against COVID-19 vaccine inequality in underrepresented groups across County Durham.
43. The [Gender Pay Gap Report 2021](#) sets out Durham County Council's gender pay gap data, analysis and plans for long term improvements.
44. In October 2021, Cabinet endorsed the [Armed Forces Covenant](#), which is a promise by the nation, ensuring that serving and former armed forces personnel and their families are treated fairly and will not be disadvantaged in accessing public services by their military service.

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

Determining interventions

45. 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. Example reports include: -
 - (a) [Leisure Transformation New Build Site Selection Update](#) to Cabinet, September 2021.
 - (b) [Greenfield Community College - Future Options](#) to Cabinet, October 2021.
46. In December 2021, the council's Cabinet agreed the process for developing a new [Inclusive Economic Strategy](#) using a three-stage process (economic review, economic statement, conversation on strategy development), and this was considered by [Economy and Enterprise Overview and Scrutiny Committee](#) (E&E OSC) in March 2022. A large-scale public consultation, called the Big Conversation ran until April 2022, prior to developing the strategy taking account of the feedback. Prior to engaging with the development of the Inclusive Economic Strategy, E&E OSC had considered reports on the [Strategic Job Creation Plan](#), [Strategic Employment Sites in County Durham](#), and [County Durham's Visitor Economy](#).
47. To inform decision-making on interventions, the Service Restoration Group received weekly updates from the Covid-19 Policy Monitoring and Analysis sub-group, including an overview of new and updated policies, and those requiring action. This report was also provided for information to Corporate Management Team, Health Protection Assurance Board and Recovery Group.

48. [Corporate Overview and Scrutiny Management Board](#) played a key role in a review by Cabinet of the options for the future storage, care and display of the Durham Light Infantry Collection and Archive, the findings of which were approved by [Cabinet](#) in September 2021.

Planning interventions

49. Following a change in administration in May 2021, a new Council Plan was considered by Cabinet in April 2022 and approved by Council in June 2022. The Council Plan is the primary corporate planning document for the county council and details the Council's contribution towards achieving the objectives set out in the [Vision for County Durham 2035](#) together with its own objectives and change agenda. The Council Plan aligns to both the council's Medium-Term Financial Plan and the County Durham Plan, which is a spatial representation of our ambitions contained within the Council Plan around housing, jobs and the environment until 2035, as well as the transport, schools and infrastructure to support it. The Council Plan is underpinned by a series of corporate strategies and service planning arrangements providing more detailed information on the actions being undertaken to deliver on our priorities and to avoid duplication.
50. The [Medium Term Financial Plan 2022/23 to 2025/26 \(MTFP12\)](#), which was approved by the Council in February 2022, 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. Prior to being approved by Council, the MTFP12 underwent scrutiny and challenge by [Corporate Overview and Scrutiny Management Board](#).
51. Assurance over the delivery of the [Council Plan](#) and the [MTFP](#) is gained by detailed and frequent monitoring undertaken by Corporate Management Team (CMT). The drivers for the council's financial strategy, which were agreed by Cabinet on 28 June 2010 for MTFP1, and still underpin the strategy in MTFP12: -
- (a) set a balanced budget over the life of the MTFP whilst maintaining modest and sustainable increases in council tax;
 - (b) fund agreed priorities, ensuring that service and financial planning are fully aligned with council plans;
 - (c) deliver a programme of planned service reviews designed to keep reductions to front line service to a minimum;
 - (d) strengthen the council's financial position so that it has sufficient reserves and balances to address any future risks and unforeseen events without jeopardising key services and delivery outcomes; and
 - (e) ensure the council can continue to demonstrate value for money in the delivery of its priorities.
52. [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](#).

53. 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.
54. In February 2021, Cabinet approved the [Towns and Villages Investment Plan](#). In November 2021, Economy and Enterprise Overview and Scrutiny Committee considered a report outlining the process for [Managing Change in County Durham's Towns and Villages](#), including planned interventions through Masterplans and Targeted Delivery Plans, and the development and alignment of funding programmes to facilitate change and improvement.
55. In November 2021, the Health and Wellbeing Board received the [Policy Framework and Planning Requirements for the Better Care Fund \(BCF\) 2021-22](#). The BCF is one of the government's national initiatives for driving health and social care integration and requires Clinical Commissioning Groups and local government to agree a joint plan for using pooled budgets to support integration.
56. In November 2021, Cabinet agreed phase 2 of the [Council House Building Programme](#), including the Council's strategy for the development of new council homes within the rural west of the County.

Optimising achievement of intended outcomes

57. The Company Governance Group oversees the Council's companies governance arrangements, including consideration of the strategic approach to and structure of its' companies and joint venture arrangements. Updates on the Group's work are periodically presented to Corporate Management Team, which considered proposals to amend the governance arrangements to ensure appropriate member oversight of Council companies in their capacity as shareholder. Cabinet is being briefed on these proposals with a view to implementation in the near future. In March 2021, training was delivered to all senior officers who work with, or who are appointed as, directors to ensure that they understand roles and responsibilities, and can identify and manage conflicts. Having sufficient officers trained in this regard will help provide resilience in the Council's resourcing of the Companies. Company governance training has been included in the Council's Workforce Learning and Development Plan.
58. The Council submitted a [bid for UK City of Culture 2025](#), with principal partner Durham University on behalf of Culture Durham, a partnership of organisations united by their belief in the power of culture to transform lives. More than half a million residents were asked to join its big econ-versation on issues which matter to them most, helping to create a new and ambitious economic strategy that provides opportunities for everyone. Although the bid was not successful, the Council and its partners are determined to deliver on the [ambitious plans within the bid](#), creating a county of culture that attracts tourists from across the UK and beyond, delivers thousands of new jobs and improves wellbeing. This will ensure

the whole county is connected and celebrated through art, sport, food and science.

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

Developing the Council's capacity

59. 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. Projects supporting these aims that have been completed during the last year include: -
- (a) Ensuring staff were equipped with the necessary technology to allow them to work virtually from home during the Covid19 pandemic, including access collaboration and communication applications, a device click and collect service and the implementation of telephony software.
 - (b) The design and implementation of a digital democracy programme providing elected members with the necessary digital skills and tools to work virtually and enabling over 200 remote meetings of the council, involving 120 Councillors and chief officers, to be broadcast to the public through the Council's YouTube Channel.
60. The [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. The strategy is set out under three main themes: Digital Customer; Digital Organisation; Digital Communities. Projects supporting delivery of Digital Strategy outcomes that have been completed in the last year include: -
- (a) The implementation of an enhanced service delivery model for customer access with an increased choice of contact channels, and revisions to service standards and the customer charter.
 - (b) In line with a review of our digital response to the pandemic, a comprehensive assessment of the Council's communications technology systems was completed. Standardisation and harmonisation approaches have supported integration of systems, leading to enhanced experiences for customers and operational efficiencies for system users.
 - (c) Waves 1 and 2 of the Department for Education's national Connect the Classroom programme, were delivered. The programme, which aims to replace networking equipment in over 40 schools in the county, will see over £1.1m invested in network infrastructure across the estate.
 - (d) Community digital development and inclusion activity has included bringing community centres online and free access to Internet connected computers in libraries and hubs.
 - (e) The continued delivery of the Integrated Customer Service programme to enhance the customer experience and drive improvements across customer services.

(f) Support for remote learning in education to over 200 schools using Google Classroom and Microsoft Team.

61. Changes to services affected by the national lockdown were set out on the Council's website.
62. The focus of the Adults Wellbeing and Health Overview and Scrutiny Committee has been driven by the impact of the Covid19 pandemic on residents of County Durham, the management of outbreaks and the delivery of the vaccination programme. In February 2022, a special meeting was held to explain to members how increased operational demand across [999/111 services](#) impacts capacity and performance.
63. Roll-out of the MiContact Centre Ignite project was completed. This project involved deploying software which allows the council's contact centre agents to work from anywhere with an adequate internet connection, thus increasing flexibility of our workforce and the ability to respond to customer demand.
64. Following a cyber self-assessment and analysis of our current position and market conditions, options for appropriate cyber insurance cover are being explored. Market conditions are currently unfavourable due to several recent global hacks and uncertainty following Russia's invasion of Ukraine. Local authorities are regarded as high-risk with only a limited number of companies willing to provide insurance on a case-by-case basis, subject to a detailed assessment of our risks and mitigations. During the year, resilience was enhanced through a review of our current programme, the development of the Council's corporate cyber security strategy and framework in addition to the delivery of a mandatory programme of cyber-security training and awareness for relevant employees.
65. The trade unions' rejection an offer of a 1.75% pay increase temporarily increased the likelihood of widespread industrial action by Council employees. A Council-wide Working Group was convened and developed contingency plans, informed by consultation with, and involvement of, trade unions and employees.

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

66. The Corporate 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](#) and the [Overview and Scrutiny Six Monthly update to Council](#). Examples include: -
- (a) [State of the County Report, 2020/21](#)
 - (b) [Overview of Child Protection Process](#)
 - (c) [Child and Adolescent Mental Health Services Update](#)
 - (d) [SEND Overview and Focus on SEND in Mainstream Schools](#)

- (e) [County Durham Environment & Climate Change Partnership Overview](#)
- (f) [Adult Social Care Service Overview and Current Position](#)
- (g) [Overview of the Domestic Abuse Act 2021 and Whole System Approach to Domestic Abuse](#)
- (h) [Strategic Overview of Resources and Waste Management Services in County Durham](#)

67. 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 2021/22, managers attended mandatory training throughout the year to develop their skills as part of the corporate learning programme. Senior leadership development programmes were relaunched for Corporate Management Team, Extended Management Team and strategic managers.
68. Employees' needs, in terms of training, development, health and wellbeing, are delivered through our Workforce Strategy and the Health, Safety and Wellbeing Strategy. Workforce Plans are being developed for all service areas to support current and future workforce challenges.
69. The Council continues to support employees through the change process with, for example, confidential counselling services through the Employee Assistance Programme. A Wellbeing Portal has been specifically created for employees in relation to mental health and wellbeing and provides support and guidance for managers and non-management employees.
70. The Council achieved the Maintaining Excellence Better Health at Work Award and surveyed staff to inform future health and wellbeing campaigns. As part of World Mental Health Day in October 2021 we gave employees an additional day of leave as a 'wellbeing day' for employees' efforts during Covid-19.
71. The Council's Apprenticeship Strategy has been reviewed and was approved by Cabinet in April 2022. Apprenticeship recruitment continues to support and grow our own approach to meet future skills requirements.
72. A report to Cabinet in June 2021 outlined a delegated decision taken by the Corporate Director of Adult and Health Services, to commission [Designated Settings](#) within care homes to provide a safe alternative for people who are temporarily unable to return to their usual place of residence due to their covid status.
73. Following elections to the County Council in May 2021, members received induction training, including a range of generic and role-specific modules, through the Member Learning and Development Programme.

74. A new portal was created on the Durham Learning and Development system bringing together valuable resources and information for managers. Induction for new managers includes, mandatory training, links to policies, useful documentation and guidance, briefings and useful contacts. Officers of the corporate management team and extended management team completed a development programme comprising up to eight mandatory briefing sessions over the course of the year.
75. Following the cessation of Covid Plan B measures in February 2022, a hybrid working model was introduced, which minimises the potential number of employees in the workplace at any one time, whilst also supporting our future direction of travel to work more flexibly and smarter as an organisation.

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

Managing risk

76. Risk management continues to be embedded in decision making and key business processes and the [Risk Management Policy and Strategy](#), which defines key roles and responsibilities and is reviewed annually, underpins this. The Audit Committee has gained assurance that the Council's strategic risks are being effectively managed through reports issued in [July 2021](#), [November 2021](#) and [February 2022](#). In October 2021, the Council received a report from the [Chairman of the Audit Committee](#) on its work between September 2020 and August 2021, and how the Committee continues to provide for good governance across the Council.
77. Officers from the Council's corporate risk management group met monthly to oversee the management of risks arising from the pandemic and continually report the latest position to corporate management team.
78. The Council is 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 [strategic risk management progress report](#) to Audit Committee in February 2022 gave an account of the response by the Council and its' partners to Storm Arwen.
79. The Pension Fund Committee has gained assurance that pension fund risks are being effectively managed through a report issued in [December 2021](#).
80. 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) Capacity issues caused by nationwide labour shortages.
 - (c) Funding pressures in adult social care.

- (d) Long-term implications of the Covid-19 pandemic for issues such as employment, health and wellbeing, and communities.
- (e) 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

- 81. 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.
- 82. 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 and Corporate Directors during the year.
- 83. 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.
- 84. 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.
- 85. 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](#).
- 86. 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 2021](#), [September 2021](#), [November 2021](#) and [February 2022](#).

Robust internal control

87. Revised versions of the [Internal Audit Strategy, Charter and Plan 2021/22](#) were approved by Audit Committee in June 2021.
88. [Fighting Fraud and Corruption Locally - a strategy for the 2020's](#) is the updated counter fraud and corruption strategy for local government, produced as part of the Fighting Fraud and Corruption Locally initiative, a partnership between local authorities and key stakeholders. The Council's [Counter Fraud & Corruption Strategy, Fraud Response Plan](#), Sanctions Policy, Confidential Reporting Code (Whistleblowing) and the [Anti-Money Laundering Policy](#) were last presented to Audit Committee in June and July 2018 but remain valid.

Managing data

89. 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. A mandatory data protection e-learning training module was issued in 2021/22 for completion by all relevant employees.

Strong public financial management

90. 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.
91. The Government's responses to the recommendations made in the [Redmond review](#) into the oversight of local audit and the transparency of local authority financial reporting are reported regularly to Members of the Audit Committee.
92. In February 2022, an update was given to Audit Committee on the Council's [accounting policies](#) to be applied in the preparation of the 2021/22 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 2020/21](#)
 - (b) [Final Outturn for the General Fund and Collection Fund](#)
 - (c) [Audit Completion Report 2020/21 - Pension Fund](#)
 - (d) [Update on Progress towards achieving MTFP \(11\) savings](#)
 - (e) [Forecast of Revenue and Capital Outturn 2021/22](#)

- (f) [Medium Term Financial Plan 2022/23 to 2025/26 and Revenue and Capital Budget 2022/23](#)
- (g) [Report under Section 25 of Local Government Act 2003 - Reserves](#)

93. A value for money self-assessment against the National Audit Office (NAO) Code of Practice was completed, with input from Internal Audit, and sent to the external auditors for review by 30 September 2021. The external auditor's completion report, reported to the Audit Committee in November 2021, concluded that the Council achieved full compliance with the NAO Code of Practice.

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

Implementing good practice in transparency

94. 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.
95. 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

96. 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) [Director of Public Health Annual Report 2021](#)
 - (b) [Health Protection Assurance Annual Report](#)
 - (c) [Durham Safeguarding Children Partnership Annual Report 2020/21](#)
 - (d) [Corporate Parenting Panel Annual Report 2020-2021](#)
 - (e) [Durham Safeguarding Children Partnership Children Looked After Update](#)
 - (f) [Fostering Service Annual Report 2020-21](#)
 - (g) [Annual Report on the Adoption Service: April 2020 - March 2021](#)
 - (h) [Virtual School Annual Report Summary](#)
 - (i) [Children Looked After with a Disability Annual Update](#)
 - (j) [Protecting the Public Purse Annual Report 2021/2022](#)
97. The Local Code of Corporate Governance is reviewed annually before being considered for approval by the Audit Committee and County Council.
98. The [Statement of Accounts 2020/21](#), incorporating the [Annual Governance Statement for 2020/21](#), was approved by the Audit Committee in September

2021, 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.

99. Durham County Council Pension Fund (the Fund) is part of the Local Government Pension Scheme governed by regulations made under the Public Service Pensions Act 2013 and administered by Durham County Council. The Pension Fund Annual Report and Accounts for the year ended 31 March 2021, which contains the Pension Fund audited statement of accounts, was authorised by the responsible financial officer on 30 September 2021 and published on the council's website on 28 October 2021. The Pension Fund Statement of Accounts was received by the [Pension Fund Committee](#) in December 2021. The Pension Fund's [Annual Report](#) includes a Governance Compliance Statement which sets out the Fund's scheme of delegation and the terms of reference, structure and operational procedures of the delegation, and the extent of its compliance with 2008 statutory guidance issued by the Secretary of State and the provisions of regulation 55 of the Local Government Pension Scheme Regulations 2013.

Assurance and effective accountability

100. 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 July 2022. 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.

101. 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.

102. An external quality assessment of the Internal Audit Service's conformance to the Public Sector Internal Audit Standards (PSIAS) and the CIPFA* Local Government Application Note during 2021/22 was carried out by CIPFA. The opinion delivered concluded that the Internal Audit Service fully conforms to the requirements of the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note. Some improvement opportunities have been identified and an action plan has been developed to address these.

* Chartered Institute of Public and Finance and Accountancy.

103. 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 [Audit Completion Report \(Statement of Accounts\)](#) summarises the external auditor's conclusions for the year ended 31 March 2021.
- (b) The [External Audit Strategy Memorandum](#) sets out the audit plan in respect of the audit of Durham County Council for the year ending 31 March 2022.
- (c) External Audit Progress reports in [November 2021](#) and [February 2022](#).
- (d) The [Audit Completion Report \(Pension Fund\)](#) summarises the external auditor's conclusions for the year ended 31 March 2021.

104. Regulatory inspections

- (a) Each Children's home is inspected by the regulator, Ofsted.
- (b) In November 2021, Children and Young People's Overview and Scrutiny (CYP OSC) Committee considered a report that provided members with information in relation to the key findings and actions in response to the [Ofsted focused visit](#) in July 2021.

105. In March 2022, CYP OSC received a presentation providing information on The Independent Inquiry into Child Sexual Abuse into Child Sexual Exploitation by Organised Networks and providing information on the actions taken by Durham Constabulary, Durham County Council and the Durham Children's Safeguarding Partnership to address areas within the report.

APPENDIX B: Update on improvements identified in the 2020/21 Annual Governance Statement

Following the production of the Annual Governance Statement for 2020/21, eight improvement actions were identified for 2021/22. Progress against each action is shown in the table below.

No.	Actions to be taken	Links to the Local Code of Corporate Governance (ref)	Lead Officer	Timescale	Update
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	<p>This action is substantially complete.</p> <p>The new service is now embedded across the Council. The principles of the Corporate Landlord Model have been adopted across service groupings. The new arrangements will be continually kept under review to ensure that they are all embracing, fit for purpose and in line with the corporate direction of travel to meet best practice and deliver service needs.</p>
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	<p>Of the 64 actions in the plan, 61 are complete or on schedule and 3 have been rescheduled or reviewed.</p> <p>Fostering Peer Review completed in December 2021. Actions and recommendations have been incorporated into wider service improvement plan and broader service review.</p> <p>Peer review of quality assurance processes and Independent Reviewing Officer function is partially complete with interim report expected mid-April 2022. Further scoping and improvement work to build on recommendations is underway.</p> <p>Review of children's commissioning functions is underway and mid-way report received in March 2022 with further work and recommendations identified.</p>

No.	Actions to be taken	Links to the Local Code of Corporate Governance (ref)	Lead Officer	Timescale	Update
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 (4.34)	Head of Integrated Commissioning	March 2022	<p>This action is behind schedule.</p> <p>This work has been slightly delayed as a result of the ongoing pandemic and the requirement to divert the activities of the team to pandemic response. A draft model has now been developed (two months behind schedule) which includes detailed analysis of several years of care home activity. This data has been linked to NHS data to provide a comprehensive picture of capacity and demand across the county. The model can review demand based on level of need, complexity of health care condition, type of care home bed required and locality. Demand projections can be modified based on a range of variables linked to planned market changes.</p> <p>Alongside this, housing colleagues have undertaken a detailed analysis of housing stock for older people across the county which will accompany the care home demand model. The housing data shows capacity and demand on the same footprints as the care home data. Early engagement has taken place with registered social landlords via the housing forum and follow up meetings are scheduled to share views on accommodation gaps for older people across the County.</p>

No.	Actions to be taken	Links to the Local Code of Corporate Governance (ref)	Lead Officer	Timescale	Update
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 (4.29)	Deputy Director of Public Health	March 2023	<p>This action is on schedule.</p> <p>Work around developing County Durham Together continues. Several pieces of work are being progressed within individual workstreams. A presentation has been developed and agreed at County Durham Together Partnership Board to take through DCC senior management teams and onward to CMT and Cabinet Transformation on a date to be confirmed. This presentation will also be shared by CDT partners in their relevant senior management groups.</p>
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 (4.38)	Head of Education and Skills	March 2022	<p>This action is on schedule.</p> <p>The review has been completed and a new Home to School Travel Board has been established to lead the programme. The recommendations from the review have been considered by the Travel Board and will be discussed more broadly within the Council in March 2022. The final set of proposals are scheduled for presentation to Cabinet in May 2022. A new Home to School Transport policy is also in development with planned publication in May 2022.</p>

No.	Actions to be taken	Links to the Local Code of Corporate Governance (ref)	Lead Officer	Timescale	Update
6	Deliver the actions set out within the Looked After Children Placement Sufficiency Strategy to ensure best outcomes and cost-effective placement costs to address escalating budget pressures within Children's Social Care.	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 (4.38)	Head of Children's Social Care and Head of Integrated Commissioning	March 2022	<p>Of the 26 actions in the plan, 24 are complete or on schedule and two have been rescheduled.</p> <p>The strategy contains 26 actions over a three-year period (2020-2023), each aligned to one of four objectives relating to in-house foster carers (9), adopters (2), residential homes (11) and care leavers (4).</p> <p>During 2021/22, the Fostering Service recruited 29 new fostering households, against a target of 30. A new marketing and recruitment campaign has been launched focusing on the recruitment of new foster carers for sibling groups, children with a disability, teenagers and unaccompanied asylum-seeking children. Work is ongoing to develop a new website which provides a 'one-stop-shop' for prospective foster carers. The Mockingbird Model is being developed which will provide enhanced support to foster carers, improving the stability of children's foster placements and the retention of carers. The regional framework for Independent Fostering Agencies has been recommissioned, with bids being evaluated in April 2022 and a framework operational date of July 2022.</p> <p>The Adopt Coast to Coast Regional Adoption Agency (RAA) for Durham, Sunderland and Cumbria was launched in April 2021. The agency has continued to work collaboratively with RAA partners in developing practice around linking and matching so children can be matched to their forever family within a shorter timeframe.</p> <p>Capacity has increased during 2021/22, with the development of a new smaller children's home. Work is ongoing to develop a further smaller children's home which will care for up to two</p>

					<p>young people which is due to open later in 2022. The Edge of Care home has been identified with a forecast operational date of mid-2023. Work is ongoing to re-provide a home for three young people with a target date of 2023. A Lean Review is considering the end-to-end process in relation to developing new children's home, from identifying the property to opening the home and the first child moving in. The review will consider the roles and responsibilities across a range of services within the Local Authority, where improvements can be made, and processes streamlined and areas where additional capacity is proposed.</p> <p>In relation to care leavers, the Supported Living Preferred Provider Panel will be extended and opened up in September 2022, enabling new providers to join. As information is released by Ofsted in relation to the regulatory framework for support accommodation providers, we will work closely with providers to prepare them and to understand any emerging gaps within the provider marketplace. Two actions have been deferred from December 2021 to December 2022, (a) review the marketing and recruitment strategy for supported lodging provision, and (b) recommission our Supported Living Provider Panel for young people with needs that challenge services.</p>
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	Planning interventions: arrangements for planning the interventions for the achievement of its intended outcomes (4.33)	Corporate Director of Regeneration, Economy and Growth	October 2022	<p>This action is on schedule.</p> <p>Consultation titled 'Our Big Conversation' started on 31 January 2022 and continued until 22 April 2022. This includes a wide range of workshops and meetings with varied stakeholders. The website is now live and online surveys are available for residents, businesses and young people. A full report on the consultation outcomes will be compiled in May 2022 and drafting of the first strategy will start in May/June 2022.</p>

	community, focused on inclusive growth and prosperity.				
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 (4.58)	Corporate Director of Resources	March 2022	<p>This action is complete.</p> <p>Any ongoing impact of COVID upon the council's budget is continually reviewed. As part of the development of MTFP12, an additional base budget pressure has been included in the 2022/23 base budget in relation to waste volumes. During lockdown periods waste volumes increased and it was expected that after lockdown waste volumes would reduce to pre-pandemic levels. This has not occurred however and to ensure the base budget reflects this a budget uplift has been agreed for 2022/23.</p> <p>At this stage no other ongoing increased expenditure sums have been considered for inclusion in the base budget and income levels in areas such as leisure, car parking and theatres will continue to be closely monitored during 2022/23. If income levels do not return to pre-pandemic levels, then consideration may need to be given for inclusion of base budget uplifts in the 2023/24 base.</p> <p>Any ongoing impact within 2022/23 will be covered either from within cash limit budgets, contingencies or from reserves dependent upon the sums experienced.</p>

APPENDIX C: Proposed Governance Improvements required during 2022/23

As a result of the review of governance arrangements, and the work of both internal and external audit, seven improvement actions have been identified to further strengthen governance arrangements in 2022/23. These are shown in the table below.

No.	Actions to be taken	Links to the Local Code of Corporate Governance (ref)	Lead Officer	Timescale
1	Brought forward 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 2023
2	Brought forward 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 (4.34)	Head of Integrated Commissioning	March 2023
3	Brought forward Deliver the actions set out within the Looked After Children Placement Sufficiency Strategy to ensure best outcomes and cost-effective placement costs to address escalating budget pressures within Children's Social Care.	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 (4.38)	Head of Children's Social Care and Head of Integrated Commissioning	March 2023

No.	Actions to be taken	Links to the Local Code of Corporate Governance (ref)	Lead Officer	Timescale
4	Change our social care model and ensure that people have access to robust advice and information to enable them to live healthy and independent lives in their community and to prevent delaying the need for formal service provision (Our People)	B3.2 Engaging with individual citizens and service users effectively: effective communication methods to collect and evaluate the views, experiences and future needs (4.23)	Head of Adult Care	2022
5	Review of the Council's community engagement functions, including the work of area action partnerships (Our Communities)	B2.1 Engaging with institutional stakeholders: engage & develop formal/informal partnerships to ensure that the purpose, objectives & intended relationship outcomes are clear (4.21)	Head of Partnerships and Community Engagement	2023
6	Implement a new performance management framework for Adult and Health Services, to enable more timely analysis of data, improved business intelligence and real time presentation of data (Our Council)	F2.1 Managing performance: service delivery is effectively monitored (4.52)	Head of Adult Care	2022
7	Undertake a corporate peer challenge with the Local Government Association to help us identify strengths and areas for improvement within the council (Our Council)	G3.2 Assurance and effective accountability: welcome peer challenge, reviews & inspections from regulatory bodies and ensure that recommendations are implemented (4.67)	Head of Transformation, Planning and Performance	December, 2023