

**Audit Committee**

**28 November 2022**

**Annual Governance Statement for the  
year ended 31 March 2022: Actions  
Update**



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**Report of Paul Darby, Corporate Director of Resources**

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

### **Purpose of the Report**

- 1 This report provides the Audit Committee with an update on the progress being made in relation to the actions arising from the Council's draft Annual Governance Statement for the year ended 31 March 2022.

### **Executive summary**

- 2 The Accounts and Audit (England) Regulations 2015 require the Council to conduct, at least annually, a review of the effectiveness of the system of internal control and to prepare an Annual Governance Statement (AGS). The AGS demonstrates how the Council complies with the principles of good governance and must accompany the Statement of Accounts.
- 3 The review of effectiveness concluded that seven improvement actions were required to further strengthen governance arrangements during 2022/23. These actions were presented to the Audit Committee in July, alongside the draft AGS.
- 4 This report provides the Audit Committee with an update on the progress being made in relation to these actions.

### **Recommendation**

- 5 Audit Committee is recommended to note the progress that has been made against each of the improvement actions identified in the draft AGS 2021/22.

## Background

- 6 The Council 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. In discharging this responsibility, the Council must put 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.

## Review of Effectiveness

- 7 The Accounts and Audit (England) Regulations 2015 require the Council to conduct, at least annually, a review of the effectiveness of the system of internal control and to prepare an Annual Governance Statement (AGS). The AGS demonstrates how the Council complies with the principles of good governance and must accompany the Statement of Accounts.
- 8 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.
- 9 The Annual Internal Audit Opinion and Report 2021/22 and the draft AGS 2021/22 were presented to Audit Committee in [July 2022](#). The review of effectiveness concluded that seven improvement actions were required to further strengthen governance arrangements during 2022/23.

## Progress Update on Improvement Actions

- 10 Appendix 2 contains detailed updates on the progress being made in relation to each improvement action. The overall position is as follows: -

### One action is complete

**Action 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 (AHS).

### Three actions are fully on schedule

**Action 1:** Implement the actions identified in the Children's Social Care Services improvement plan agreed with Ofsted (CYPS).

**Action 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 (AHS).

**Action 5:** Review of the Council's community engagement functions, including the work of area action partnerships (NCC).

One action is largely but not fully on schedule

**Action 3:** 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.

Only one of 26 actions in this area is behind schedule, and this relates to a review of the marketing and recruitment strategy for supported lodging provision. The action has been delayed because of limited capacity in the relevant team, but additional staff have recently been appointed to help drive forward this area of work.

The Looked After Children Placement Sufficiency Strategy has been reviewed recently and relevant management teams are being consulted before it is presented for formal approval. It is anticipated that some actions from the original strategy will change, and new actions will be added.

One action is behind schedule

**Action 2:** 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 (AHS).

Since this action was identified, the Government has announced far-reaching reforms that include some of the areas covered by this action. To avoid duplication, a decision has been taken to focus on the requirements of the Government reforms, meaning that that completion has been rescheduled from February 2022 to February 2023.

One action has been postponed

**Action 7:** Undertake a corporate peer challenge with the Local Government Association to help us identify strengths and areas for improvement within the Council (RES).

The corporate peer challenge was scheduled to take place in February 2023 but has now been postponed due to the work underway to plan for savings should the Councils MTFP projections prove correct, given the uncertainty surrounding local government funding and the implications for the Council. It is intended to reschedule the peer challenge later in the year at a time of mutual convenience for the Council and the LGA.

- 11 Progress will continue to be monitored and a further update will be reported to Audit Committee in May 2023.

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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 2 and 4 of the report. The Code of Corporate Governance enables the Council to demonstrate how it complies with the Delivering Good Governance in Local Government Framework 2016.

### **Finance**

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

### **Consultation**

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

### **Equality and Diversity / Public Sector Equality Duty**

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

### **Climate Change**

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

### **Human Rights**

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**

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

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## Appendix 2: Annual Governance Statement for the year April 2021 to March 2022 – Actions Update

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The tables below contain updates on the progress being made in relation to the actions arising from the Council’s Annual Governance Statement for the year ended 31 March 2022.

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

**The action plan has been progressed with all actions completed or on target.**

Those actions which have yet to be completed will be incorporated into the new Improvement Plan being developed by Children and Young Peoples Services in response to the most recent ILACS Inspection in May 2022, when the Council was judged to be ‘good’ for overall effectiveness with ‘outstanding’ leadership.

No.	Actions to be taken	Links to the Local Code of Corporate Governance (ref)	Lead Officer	Timescale
2	<p>Brought forward</p> <p>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).</p>	<p>D3.1 Optimising achievement of intended outcomes: optimise the achievement of outcomes (4.34)</p>	<p>Head of Integrated Commissioning</p>	<p>March 2023</p>

**This action is behind schedule (original timescale was March 2022).**

The Government announced a far-reaching reform of social care funding in Spring 2022. Following the update provided on this action in May 2022, full details were received by Local Authorities. The reforms set out changes to the way individuals pay for care, i.e., the ‘care cap’, and linked initiatives to move towards a Fair Cost of Care (FCOC) for older persons care homes. Local Authorities are required to carry out cost exercises with their local markets using set national parameters and provide both these and a detailed Market Sustainability Plan to the Department of Health & Social Care to access funding in 2023-24 and 2024-25. The DCC market exercise is nearing completion, and analysis of results and drafting of the MSP is ongoing ahead of initial engagement with DHSC from October 2022, and final submission in February 2023. This national requirement effectively covers the same areas of the planned review we had already anticipated carrying out; therefore a decision has been to avoid duplication and concentrate fully on the FCOC exercise and MSP. This means that completion will now be by the end of February 2023.

The modelling on care home activity and housing stock, as well as meetings with registered social landlords, have been progressed as part of the above work and are now anticipated to form part of the MSP documentation, with timescales being amended accordingly.

No.	Actions to be taken	Links to the Local Code of Corporate Governance (ref)	Lead Officer	Timescale
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

**Of the 26 actions in the plan, 25 are complete or on schedule and one is behind schedule (original timescale was March 2022).**

CYPS and supporting teams continue to deliver against the priorities as set out in the sufficiency strategy. The Strategy was updated recently as part of an annual review and is due to go to management teams imminently for approval. The updated strategy will cover the period up to March 2024. Accommodation sufficiency for children and young people is a rapidly moving area, with a need to update information regularly.

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).

During 2021/22, the **Fostering Service** recruited 29 new fostering households, against a target of 30. The intention is to recruit 30 new foster carer household during 2022/23. 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. There continues to be a targeted recruitment campaign. Work is ongoing to develop a new website which provides a 'one-stop-shop' for prospective foster carers. The Mockingbird Model is being rolled out in a phased approach, 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 (Tyne Tees Solution) has been recommissioned, and has been operational since July 2022, with 19 providers part of the new contract solution.

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.

Capacity has increased during 2022, with the development of a new smaller **children's home for two children / young people, which was registered in July 2022**. Work is ongoing to develop a further smaller children's home which will care for up to two young people which is estimated to open in March 2023. A suitable property has been identified for the Edge of Care Home, with initial design work completed. Negotiations are ongoing with the owner to agree a purchase price, prior to the submission of a change of use planning application. The home is forecast to be operational from mid-2023. A property has been identified to support the re-provision of a home for three young people with a target operational date of late 2023. This is subject to change of use planning approval. A further home for one young person is being developed, with the planning outcome imminent. The home is estimated to be operational later in 2022. A Lean Review has considered 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 has been concluded identifying ways in which the process can be further streamlined, and the time required to set up a home reduced from 14 months to approximately 10 months. Recommendations have been considered by management teams and approved.

Funding from DfE has been secured and a Staying Close Pilot is being rolled out. The Staying Close Programme focuses on our young people in children's home provision, providing ongoing, consistent, familiar support to young people from their residential staff, when they leave their children's home as care leavers. The programme is currently being delivered to three young people, with the future cohort being identified. The programme aims to deliver a series of improved outcomes for young people, including, accommodation stability and reduction in eviction and improved emotional wellbeing and mental health.

In relation to **care leavers**, the Supported Living Preferred Provider Panel has been extended for a further 12 months, until September 2023. It will then be recommissioned, taking on board information which we anticipate, will be released by Ofsted in early 2023, 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. One action, *review the marketing and recruitment strategy for supported lodging provision*, has been deferred from December 2021 to December 2022 because of limited capacity in the relevant team, but additional staff have recently been appointed to help drive forward this area of work.

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

**This action is on schedule.**

Our 'front of house' service remains highly effective at sign-posting and re-directing people to available support in their community. 69.8% of all calls are resolved without the need for a formal referral for full assessment.

A corporate review of the current contracts for Locate and Family Information Service is exploring the opportunities of consolidating these online directories into a Community Book to provide a one-stop reference point for people looking for lower-level social care services or preventative services.

Our locality social work teams have strengthened links with the Wellbeing for Life service and Health Facilitators work as part of a network of Community Connectors to advise and signpost people to use the assets available in their local communities.

Following some deep dive review activity with external consultancy firm Newton Europe via the County Councils Network, our Integrated Commissioning Service have agreed a plan to bolster our reablement service capacity in order to offer more people the opportunity to regain their independence, reducing their dependency on longer term social care provision.

Integrated Commissioning Service have also developed an Integrated Involvement Strategy which includes our shared vision for integration, involvement and co-production. Working with the North East regional ADASS People with Lived Experience Group, we are developing more effective methods of engaging with users of our services and our citizens to ensure that their experiences shape our service improvement work.

No.	Actions to be taken	Links to the Local Code of Corporate Governance (ref)	Lead Officer	Timescale
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

**The action is on schedule.**

Independent consultants ERS have been appointed to carry out the Community Engagement Review. ERS are currently in the process of engaging/consulting with staff, elected members and key partners. It is envisaged that initial findings/recommendations will be produced by the end of Autumn 2022 and the results are expected by 31 December 2022.

No.	Actions to be taken	Links to the Local Code of Corporate Governance (ref)	Lead Officer	Timescale
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

**This action is complete.**

The new Adult and Health Services performance management framework has been in place since Spring 2022. This involves bi-monthly cycles of performance clinics with operational teams and strategic managers, Head of Adult and Social Care, the Corporate Director of Adult and Health Services and Corporate Management Team. Throughout these cycles, performance is discussed within the context of demand, complexity and other pressures and significant issues are escalated for oversight, assurance and support. The rollout is complete and will be reviewed and refreshed regularly as the Care Quality Commission inspection framework emerges and wider health and social care integration takes place.

No.	Actions to be taken	Links to the Local Code of Corporate Governance (ref)	Lead Officer	Timescale
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 Corporate Policy, Planning and Performance	February 2023
<p><b>This action is postponed.</b></p> <p>A corporate peer challenge working group has been convened and the Head of Corporate Policy, Planning and Performance has regularly met with the lead officer from the Local Government Association. The corporate peer challenge was scheduled to take place in February 2023 but has now been postponed due to the work underway to plan for savings should the Councils MTFP projections prove correct, given the uncertainty surrounding local government funding and the implications for the Council. It is intended to reschedule the peer challenge later in the year at a time of mutual convenience for the Council and the LGA.</p>				