

## **DURHAM COUNTY COUNCIL**

At a Meeting of **Audit Committee** held in **Committee Room 1A , County Hall, Durham** on **Friday 29 September 2023 at 1.00 pm**

**Present:**

**Councillor A Watson (Chair)**

**Members of the Committee:**

Councillors L Fenwick (Vice-Chair), A Hanson, D Oliver and R Ormerod

**Co-opted Members:**

Mr C Robinson and Mr I Rudd

### **1 Apologies for absence**

Apologies for absence were received from Councillors P Heaviside, A Jackson, B Kellet and T Smith.

### **2 Minutes**

The minutes of the meeting held on 30 June 2023 were agreed as a correct record and signed by the Chair.

### **3 Declarations of interest**

There were no declarations of interest.

### **4 Annual Health, Safety and Wellbeing Performance report 2022/23**

The Committee received a Report of the Corporate Director of Regeneration, Economy and Growth that provided the annual report on Health, Safety and Wellbeing (HSW) performance for 2022/23 (for copy see file of minutes).

Kevin Lough, Corporate Health and Safety Compliance Manager gave a presentation that highlighted the summary key points. He noted that there was an error on page four of the report on the infographic which should read an annual increase of 14% not 91%.

K Lough responded to Councillor Watson that the Ambassador Award was a level of recognition from the Trade Union Congress (TUC) for better health at work award. If awarded DCC would be acknowledged as a public ambassador for the award and mentor for other employers.

P Darby explained that the award was helpful with recruitment and retention of staff. The TUC would also promote DCC as a good employer. There had been five to six years of work that had gone in to prepare for the award.

Mr Rudd was concerned that it was the first time he had heard of radon gas being an issue in the North East. He thought it was a Southern issue. He queried if there were any hotspots in County Durham where there were issues.

K Lough confirmed that radon gas was generally an issue in the South of the Country, however UK Health Security (UKHSA) had updated their mapping data and had found small amounts of the gas in County Durham. The amount was not as significant as Southern areas but it required DCC to carry out assessments and provide evidence of the action taken. After which there would be no further action required for ten years. He did not expect any issues.

P Darby mentioned that the position was a result of the legacy of mining and the geology of the county, with radon gas more prevalent in the West of the County. It tended to accumulate in cellars and basements of older buildings. He confirmed that assessment kits had been purchased and a programme had been established to carry out the assessments that would commence in the high-risk areas in the West initially and continue East until every DCC building had been assessed. The kits would be placed in basements for a three-month period and the data returned to UKHSA for analysis. It was not expected that there would be any issues but the risk would continue to be monitored.

**Resolved:**

That the report be noted and the contents agreed.

**5 Health, Safety and Wellbeing Performance Report Quarter 1 2023/2024**

The Committee considered a report of the Corporate Director of Regeneration, Economy and Growth which provided an update on the Council's Health, Safety and Wellbeing (HSW) performance for Quarter one 2023/24(for copy see file of minutes).

Councillor Watson referred to the potentially violent persons register (PVPR) and asked why there had been an increase in the number of people registered.

K Lough responded that there had been an impressive amount of partnership working that had provided information that DCC had acted upon to include on the register hence the increased numbers. DCC's register was to be used as a point of contact for Officers and Members when they dealt with the public.

Councillor Watson queried if the information gathered had highlighted any change in the incidence of serious violent incidents.

K Lough stated that the information on incidents was the same with only a few variations. The main issues were related to persistent abusive or threatening language.

Mr Robinson asked about the process to remove people from the list and how robust this was.

K Lough confirmed that there was a policy in place to review those registered on the list after twelve months where information would be gathered to justify whether that person should remain on the list or be removed. If within the review period a person committed another incident the twelve-month review would reset. If an incident reported was significant that person would remain on the list. He noted that all entries were thoroughly assessed before a person was removed. The register continued to be monitored on a regular basis.

Mr Rudd questioned if the twelve-month review was carried out in association with the Police to determine if a person was still deemed as potentially violent.

K Lough replied that reviews that had originally involved the police were carried out in conjunction with them but not everyone on the list had an incident logged with the police. In those instances it was difficult to involve them.

Councillor Ormerod asked if the PVPR could be compared statistically to other Local Authorities in the area.

K Lough explained that other Local Authorities in the area were in different positions to DCC making it difficult to compare. DCC had established one corporate register as a single point of information in 2016 whereas other local councils had five or six registers within their organisation and did not apply the same policy that would be hard to benchmark against.

P Darby noted that other local authorities had multiple registers and this meant that some people were potentially double counted, which was the case in DCC before the registers were brought together.

**Resolved:**

That the report be noted and the contents agreed

**6 Strategic Risk Management Progress Report for 2022/23 Review 1: 1 January – 31 May 2023**

The Committee received a report of the Corporate Director of Resources that supported the Council's Risk Management Strategy and highlighted the strategic risks faced by the Council and provided an insight into the work carried out by the Corporate Risk Management Group between January and May 2023 (for copy see file of minutes).

P Darby Corporate Director of Resources presented the report to Committee, which had been identified as best practice. He noted that this was the first of three reports presented to committee for review annually. He outlined that two new risks had been included: Martyns Law, which was pending UK wide legislation and which placed more responsibility on a council to carry out risk assessments on open spaces for the threat of terrorism; and the impact of the Health and Social Care Reforms. He updated members on the A690 slippage, the increase in the budget for Looked after Children, the lack of children's social workers and on the emergency care services winter pressures.

Two emerging risks were highlighted: radon gas management and the reinforced autoclaved aerated concrete (RAAC) that had been found in four schools in County Durham. Further risks linked to the Refuse and Recycling Service and the collection of food waste were flagged. Energy prices had been removed as these had been mitigated and incorporated into the budget.

P Darby replied to Councillor Watson on the increase in the budget for Looked After Children that there was no specific grant funding available to offset this and therefore the costs had fallen on the Council taxpayers. He explained that budgets were under pressure but the council had a statutory obligation to look after exploited, neglected, abused or vulnerable children. He noted that the budget had increased because the numbers in care were higher but also because the complexity of the children requiring care had increased, with some children requiring three to four members of staff to look after them due to their challenging behaviour.

Councillor Watson was concerned that there were issues in recruiting children's social workers. He queried why there were difficulties.

P Darby explained that there was a looked after children sufficiency strategy in place to ensure there was sufficient provision in place to meet the needs of children in care but to also ensure the councils achieved Value for Money (VFM). The recruitment of children's social workers was a national supply and demand issue with newly qualified social workers not meeting demand and a number of workers exiting the market. There was also a lack of in county specialist provision and difficulties in recruiting foster carers etc. which was also driving up costs. Several children therefore needed to be placed out of county. There were simply not enough social workers and the recruitment market was extremely challenging.

Mr Rudd stated that as the Audit Committee had control over the work and budget for the Council he requested that the relevant officer could be invited to the committee to provide an update on Looked After Children and the counter measures for that service.

P Darby agreed to ask the Head of Childrens Social Care to attend the Committee to provide an update on the Council's strategy, control and safeguarding in relation to Looked After Children.

P Darby responded to Councillor Watson that where there was a safeguarding concern the council had a statutory duty to address this and that social care worker caseloads was something that was looked at closely. The aim was that Social Workers were allocated a caseload of 20-25 cases to deal with at any one time, with less experienced social workers having a lower caseload.

Councillor Ormerod asked if Foster Carers could undertake the role on a part time basis to provide more flexibility and if they were allowed to join the pension scheme.

P Darby clarified that Fosters Carers were unable to join the pension fund as this arrangement was made via an allowance and not via an employee and employer relationship. He did not think that Foster Carers were allowed to be part time but this was something that would be better addressed by the Head of Childrens Social Care. Foster Carers were entitled to respite care to give them a break. He added that there had been a 12% increase in Foster Carers allowances after the budget was set that had created a circa £600,000 overspend that would need to be accounted for in the budget next year.

Councillor Fenwick asked if all the schools that had been affected by RAAC had been found temporary provision to ensure the continuity of children's education. She also queried if there was funding available until monies came from Government to pay for repairs.

P Darby noted that we were waiting clarification from DfE regarding funding and whether the schools who had RAAC could be repaired or if they required new builds. He added that the four schools that had issues were all academies and were not the responsibility of DCC to establish the costs for repair but that DCC were responsible for the education of children and were working with the leadership teams at each of these schools. He advised that DCC had worked with the schools to establish temporary accommodation to ensure lessons continued.

K Lough noted that work had been undertaken with the North East case work team and the school trusts already for claiming money as costs had already been incurred. In the short term there was a three month lead in for demountable classrooms and in the long term plans there was a requirement to see if the buildings could be fixed or if they would need to be rebuilt.

Mr Rudd asked about the A690 and how much risk the council had placed on the slippage, whether repairs would be carried out in the next twelve months and how much disruption would be caused by repairs.

P Darby confirmed that there was £15 million in the capital budget to repair the road. This was agreed at council in February. Work was underway to design / plan how the repairs would be carried out including any that was needed to land that was owned by National Rail. The Council would look for a programme that would cause the least disruption. The road was monitored on a regular basis and had not deteriorated so did not cause any heightened risk at this stage.

**Resolved:**

That the report provided assurance that strategic risks were being effectively managed within the risk management framework across the council.

## **7 Implementation of Accounting Standard IFRS 16 Leases**

The Committee considered a report of the Corporate Director of Resources provided a summary of the key changes and implications of implementing accounting standard IFRS16 Leases (for copy see file of minutes).

P Darby responded to queries on the IFRS 16 Leases that the process was to bring Local Authorities in line with the private sector, to develop transparency and harmonise the accounts. The changes were originally brought in so that the private sector accounts were not being distorted by leasing arrangements.

He advised that the process of complying with IFRS16 reporting requirements would not affect the cost of borrowing or impact on the DCC budgets per se. He stated the biggest issue was that the balance sheet would be grossed up for assets and liabilities. The biggest issue that distorted the DCC accounts was how the pension fund liabilities were accounted for currently.

**Resolved:**

That the report be noted.

**8 2022/23 Final Outturn for the General Fund and Collection fund**

The Committee received a report of the Corporate Director of Resources that provided information on the General Fund and Collection Fund outturn position for 2022/23 (for copy see file of minutes).

**Resolved:**

That the contents of the report be noted.

**9 Treasury Management Outturn Report 2022/2023**

The Committee considered a report of the Corporate Director of Resources that provided information of the Treasury Management outturn position for 2022/23 (for copy see file of minutes).

Mr Robinson was concerned that PFI's had a bad reputation and queried if this was still within the finances or if it was legacy finance.

P Darby answered Mr Robinson that the PFI's were legacy finance that related to the Build Schools for the Future project from many years ago.

**Resolved:**

That the contents of the report be noted.

**10 External Audit Progress Report 2022/23**

Mr Outterside, Mazars gave a verbal update on the external audit progress report for 2022/23. He stated that the work was progressing well. He reported that the plan was to be complete the external audit by the end of October with a view to report back to Committee in November.

T Henderson stressed that the Council were to sign off the accounts at the special Audit meeting that was to be held on 30 October 2023.

Mr Outterside, Mazars stated that he would try to complete the audit earlier but this may prove difficult as work had just started on the NHS audit that would impact the work.

P Darby mentioned that like social workers, external auditors were hard to recruit and that it was a difficult job market. This had undoubtedly impacted on the capacity of the external audit team to complete the audit of the accounts this year, which was disappointing given that the accountancy team had worked so hard to prepare the accounts early.

J McMahon stated that statutorily the Council were required to finalise their accounts by 30 September 2023 but as that was not possible a public notice had been added to the website.

Councillor Watson noted that DCC had a proud and strong record of achieving final accounts sign off by the required statutory timescale within the authority. He hoped that the external audit process would run smoothly and that the final accounts review would be complete in time for the extra ordinary Audit meeting that was scheduled for 30 October 2023.

## **11 Report of the Audit Committee for the period September 2022 to August 2023**

The Committee received a report of the Chair of the Audit Committee that provided the proposed report that was to be presented to County Council in October which would inform Council of the work of the Audit Committee during the period September 2022 to August 2023 and set out details of how the Audit Committee continued to oversee good governance across the Council.

The report also contained proposals to extend the term of office of the two co-opted members to the Audit Committee until 30 August 2024 with a recruitment exercise to be undertaken to appoint two independent members to the committee for a three year period from April 2024, which would be confirmed via the Council Annual General Meeting in May 2024 (for copy see file of minutes).

P Darby explained that the extra term of office for the co-opted members was an oversight and should have been discussed and agreed last year. He confirmed that the situation had been discussed with Mr Robinson and Mr Rudd who had kindly agreed to extend their term of office whilst a recruitment process was followed and agreed by Council in line with the constitution to recruit two co-opted independent persons to the Audit Committee. Both Mr Robinson and Mr Rudd were free to reapply.



**Resolved:**

- i) That the contents of the report be noted.
- ii) That the extended terms of office for the two co-opted Independent Persons to 30 April 2024 subject to a recruitment exercise being concluded in advance of that date to appoint co-opted members for a three year period from May 2024 be agreed.

**12 Review of the Effectiveness of Audit Committee**

The Committee considered a Report of the Corporate Director of Resources that highlighted the Chartered Institute of Public Finance and Accountancy (CIPFA) Position Statement: Audit Committees in Local Authorities and Police 2022. The report set out proposals for the completion of CIPFA's Audit Committee Arrangement: Self-Assessment of Good Practice document which allowed the Audit Committee to review effectiveness (for copy see file of minutes).

Mr Robinson was fully supportive of the self-assessment and queried if they would be completed this year.

T Henderson replied that she was keen to progress the self-assessments before Christmas if this was feasible. She then hoped to view the feedback and consider a report to be brought to the February or May 2024 Audit committee meeting. She requested that all Audit Committee members participate in the completion of their own self assessment and offered to provide support to members if required.

Mr Robinson asked if the form in appendix 3 was an example of what would be asked of members to complete as it seemed quite lengthy.

T Henderson responded by confirming that the CIPFA document was catered towards local authorities as well as Police authorities and that in advance of the self-assessment document being issued by individual Audit Committee Members, she offered to meet with the Chair and Vice Chair of the Audit Committee and provide support on reviewing and revising the documentation accordingly.

Mr Robinson questioned whether the outcome of the CIPFA self-assessment for this Audit Committee would be compared to the scoring outcome of other local authorities Audit Committees.

T Henderson confirmed that this was possible, for example Newcastle City Council had completed their assessment to the revised CIPFA 2022 guidance and that information on the outcome of their assessment was publicly available.

P Darby mentioned that the proposal for the completion of the self-assessments had been considered in conjunction with the mid-term tenure of the current Audit Committee membership and factored in the timescale of the 2025 election process. It was considered timely for the assessment to commence asap so that the assessment outcome could be beneficial in influencing the future training and induction requirements for new Audit Committee members in due course.

**Resolved:**

- i) That the content of the Chartered Institute of Public Finance and Accountancy (CIPFA) Position Statement: Audit Committees in Local Authorities and Police 2022 and CIPFA's Audit Committee Arrangement: Self-Assessment of Good Practice document be noted.
- ii) That the self-assessment of the Audit Committees effectiveness against the good practice guidance recommended by CIPFA be considered, endorsed and be undertaken.
- iii) That the outcome of the self-assessment undertaken will form the basis

**13 Internal Audit Progress Update - Report Period Ended June 2023**

The Committee received a report of the Corporate Director of Resources that provided an update on the work that was carried out by Internal Audit during the period 1 April 2023 to 31 March 2024 as part of the Internal Audit Plan for 2023/24 (for copy see file of minutes).

**Resolved:**

- i) That the amendments made to the internal Audit Plan during quarter one be noted.
- ii) That the work undertaken by Internal audit during the period ending 30 June 2023 be noted.

- iii) That the performance of the Internal Audit Service during the period be noted.
- iv) That the progress made by service managers in responding to the work of internal audit be noted.

#### **14 Such other business as in the opinion of the Chairman of the meeting is of sufficient urgency to warrant consideration**

P Darby gave a verbal update on CIPFA Financial Management Peer Review. He alerted members to the self-assessment report that had been considered in June 2022.

The purpose of the review was to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. In previous years neighbouring local authorities had carried out peer reviews on each other with DCC reviewing Newcastle and South Tyneside reviewing the DCC self-assessment.

These external independent reviews were expected to take place every five years to ensure the arrangements in place were in line with best practice and to ensure the Council conformed to any changes in guidance.

This CIPFA peer review assessment was to start shortly with interviews with specific members and officers taking place in the week commencing 2 October 2023 for a two-week period and a survey of other budget managers. A range of documentation had been supplied to CIPFA for review in advance of the site visits.

A report would follow to highlight the quality of the finance function within the council and any recommendations that would need to be actioned to improve existing arrangements.

#### **15 Exclusion of the Public**

##### **Resolved:**

That under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraph 1 of Part 1 of Schedule 12A of the Act.

## **16 Internal Audit Progress Report Period Ended 30 June 2023**

The Committee received a report of the Corporate Director of Resources which presented Appendices 6 and 7 that were referenced in the Internal Audit Progress Period ended 30 June 2023 report in Part A of the agenda (for copy see file of minutes).

### **Resolved:**

That Appendices 6 and 7 were noted.