

## **Report of Chief Executive Officer**

### **Electoral division(s) affected:**

Countywide

### **Purpose of the Report**

- 1 To provide Cabinet with a summary of the council's approach to continual improvement, including in relation to Best Value (BV) standards.
- 2 To inform Cabinet of the Council's participation in the Local Government's Association's (LGA) Corporate Peer Challenge (CPC) which is scheduled for week commencing 6<sup>th</sup> October 2025.
- 3 To provide an update on preparations for the Corporate Peer Challenge and self-assessing the Councils performance against Best Value standards.

### **Executive Summary**

- 4 Durham County Council is committed to maintaining its strong reputation for delivery and strong performance. Our effective governance means that we can be confident about this whilst our focus on continual improvement means we are not complacent.
- 5 We adhere to the Best Value Standards set by the government, ensuring that our operations are efficient, effective, and economically sound. Our productivity plan outlines strategies for enhancing service delivery while minimising unnecessary expenditures. We welcome external evaluations and peer reviews from organisations such as LGA's sector led improvement offer, CIPFA and regulators such as Ofsted and CQC, which help us benchmark our standards against other councils.
- 6 Collaboration is a cornerstone of our approach, as demonstrated by our active participation in the County Durham Partnership and alignment with the County Durham Vision 2035. Our strategic planning framework, which includes the Council Plan and various supporting strategies, ensures that our objectives are clearly defined and integrated throughout the organisation.

- 7 Despite facing financial challenges which are addressed in our Medium-Term Financial Plan (MTFP), we have a proven track record of robust financial management and positive audit outcomes. Our substantial capital program includes initiatives like the leisure transformation program and the development of an innovation district at Aykley Heads, aimed at attracting quality jobs.
- 8 We have enhanced our corporate performance reporting and engaged in a self-evaluation process aligned with the newly launched Best Value standards. This includes preparing for a Corporate Peer Challenge to gain further insights and support for our improvement efforts.
- 9 While we are confident in our performance, we remain vigilant and committed to continuous improvement, ensuring that we meet the evolving needs of our community and uphold the highest standards of public service.

### **Recommendation (s)**

- 10 Cabinet is requested to:
  - (a) note the content of this report.

## Background

- 11 Durham County Council is committed to maintaining its strong reputation for delivery and strong performance.
- 12 Our Council is focussed on being an excellent council with effective governance arrangements, a good grip on our performance and finances. We aim to do this through a workforce fit for the future making best use of the latest technology to provide an effective service and that listens to the views of our residents and service users. As such, we continually strive to improve.
- 13 We are a well-functioning council. This means we meet the standards set by the government (Best Value Standards). This includes always looking for better ways to do things, finances in line with ambitions, service delivery that is value for money, and checks and balances that make sure everybody follows the rules. External Audit provide assurance that we are delivering in a way consistent with expected standards and our Value for Money rating and our Overview and Scrutiny Committee receive updates and ensure public scrutiny that our strategy and delivery is effective and based upon community needs. We have a productivity plan that sets out how we will improve and reduce unnecessary spending.
- 14 We are open to challenge and support from other councils (peer review) and external organisations such as Chartered Institute of Public Finance and Accountancy (CIPFA), Ofsted and the Care Quality Commission. We regularly compare our performance to other councils through benchmarking data and Oflog.
- 15 Elected Members play an important role in the running of the council. They work across the council and partner organisations to improve the quality of life for people in their communities and help to decide how local services are provided, funded, and prioritised.
- 16 The council's cabinet provides an important place shaping leadership role. It is made up of the Leader of the Council and nine other Members. Each Member has their own portfolio. Cabinet discusses and makes decisions about the council's policies and strategies, as well as countywide decisions and issues, which affect more than one of the council's services. It keeps decision-making close to local people by holding meetings in communities across the county.
- 17 Members also lead the overview and scrutiny process. This involves developing comprehensive work programmes which reflect the issues which are important to our county and our communities. Scrutiny contributes to policy development and performance improvement through its review activity and plays an important part in holding the council to account for its performance in the delivery of services, shaping of places and both revenue and capital expenditure.

- 18 There is a strong track record of working in partnership across County Durham, which is evident throughout our County Durham Partnership, supported by the County Durham Vision 2035 and we are making good progress across its priorities.
- 19 To help us manage our contribution to this partnership vision, we have delivered improvements to our strategic planning framework which helps the council set ambitions and objectives from the highest corporate level to the bottom functional level. It consists of a series of plans which are aligned throughout the organisation (golden thread). At the top of the framework is the Council Plan (underpinning the County Durham Vision).
- 20 Our strengthened Council Plan describes how we will achieve this vision, our achievements, and our role in place shaping across the county. Written in line with the council's financial strategy (the MTFP – medium-term financial plan), our plan is based on a strategic assessment of need using our intelligence platform [Durham Insight](#) as our evidence base. It also sets out how we will become more efficient and fit for the future.
- 21 Our supporting strategies are key to achieving our ambitions across specific key areas, the county, and places within it. Examples include Inclusive Economic Strategy, Climate Emergency Response Plan, Joint Local Health and Wellbeing Strategy, Safe Durham Partnership Strategy, Housing Strategy, Workforce Strategy.
- 22 Service and improvement plans describe the role of each service in delivering the vision, alongside any plans to improve our existing high-quality services and improvements across the county and places within it. These are supported by project plans and Team and individual's Performance Development Reviews, setting out individual's contribution to achieving our corporate objectives.
- 23 Whilst our MTFP position is challenging, we have a strong track record of robust financial management, a good audit opinion and CIPFA peer review findings.
- 24 Our Statement of Accounts for 2023/24 was signed off by the Audit committee on 29 November 2024 with an unqualified opinion and a positive unqualified VFM opinion presented by the External Auditors. It was formally recognised by the Audit Committee that it is to our credit that we are the first council in our region to have last years accounts signed off and avoid backstop arrangements.
- 25 We have a substantial capital programme, including the leisure transformation programme, to improve our leisure facilities where it is financially viable to do so and Aykley Heads which will create and innovation district to attract good quality jobs.

- 26 We have reviewed and delivered enhanced corporate performance reporting, including improvements in qualitative analysis. Through continuous improvement and responsive service delivery we aim to measure and challenge ourselves to provide a service that is of the highest quality.
- 27 We have now embarked on the latest phase of our improvement planning via a self-evaluation of ourselves utilising newly launched Best Value standards. In parallel with this we are also preparing for a Corporate Peer Challenge to bring in external challenge by providing a practitioner perspective and 'critical friend', spending time with the council to help it with its improvement and learning.

### **Best Value Standards**

- 28 The Best Value Duty relates to the statutory requirement for local authorities 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.”
- 29 There are seven principles that guide the Government’s approach to ensuring all authorities function according to their Best Value Duty. These are:
- Local accountability,
  - Continuous improvement,
  - Openness to challenge and support,
  - Expectations,
  - Prevention,
  - Meeting the cost of failure,
  - The lifecycle of an intervention.
- 30 In addition, there are seven Best Value themes each with defining characteristics of “well-functioning” and “failing,” which include:
- Continuous improvement,
  - Leadership,
  - Governance,
  - Culture,
  - Use of resources,

- Service delivery,
- Partnerships and community engagement.

31 Best Value powers are held by the Secretary of State under Section 10 of the 1999 Act, and they are now seeking to inform greater application of local authority scrutiny, intervening where required. Decisions to intervene will only be taken when there are significant, systemic, and extensive indications of failure and it is anticipated that these will present across more than one Best Value theme.

32 We are confident, but not complacent, that the council does not fall into the definition of a council exhibiting signs of failure. However, it is important that we assess ourselves with further external evaluation to provide even greater assurance.

### **Corporate Peer Challenge**

33 It is considered best practice for all councils to undertake a peer challenge every five years. Durham County Council last had a Corporate Peer Challenge (CPC) several years ago although it has engaged in peer challenges focused on discrete corporate areas such as finance, communications, Public Health, Children's Services and Adult Social Care, along with climate and environment, with highways in progress. We support Sector-Led Improvement through a range of mechanisms, e.g.

- Our Director of Childrens Services was recently Chair of the Association of Directors of Childrens Services.
- Adult services colleagues are supporting sector-led improvement through regional Association of Directors Adult Services.
- Our Corporate Director of Resources is the Chief Finance Officer to the North East Combined Authority and Chair of the Regional Directors of Resources Group, and lead authority overseeing the North East Procurement Organisation, a collaboration across all twelve north east councils providing nationally recognised and used procurement frameworks.
- Our Head of Procurement was the Cabinet Office and LGA lead on Procurement and supported a peer review of a large county.

34 Regular Corporate Peer Challenges are now an expectation under the Best Value standards published by the Department for Levelling Up, Housing and Communities (DLUHC) on May 8, 2024. The absence of a CPC within the five-year period has been identified as a potential indicator of organisational failure by the Office for Local Government (Oflog).

- 35 The LGA has introduced a strengthened Corporate Peer Challenge framework aimed at enhancing the robustness and consistency of the process. This framework continues to focus on five core areas and councils are also expected to specify a sixth area for the peer team to consider. The five core areas consist of:
- local priorities and outcomes.
  - organisational and place leadership.
  - governance and culture.
  - financial planning and management and.
  - capacity for improvement.
- 36 Additionally, there is an increased emphasis on performance, governance, and culture to address current sector challenges and align with statutory guidance on Best Value authorities. All local authorities that have not undergone a Peer Challenge in the past five years are strongly encouraged to do so.
- 37 The strengthened CPC continues to be underpinned by tried and tested peer-led approach the LGA has facilitated for many years. This is built on the principles of sector-led improvement which states that local authorities are responsible for their own performance, accountable locally, not nationally and have collective responsibility for the performance of their sector.
- 38 In May 2024, the Council agreed to prepare for an LGA peer challenge review scheduled for 6 October 2025, which included an internal self-assessment against CPC criteria and Best Value Standards of well-functioning councils and signs of failure. The self-evaluation was completed during the first half of 2024 with the input of professional lead officers Extended Management Team, Directorate Leadership Teams and CMT.
- 39 This review will provide a robust, strategic, and credible challenge, and support to the council to bring together political and managerial leadership, using member and officer peers. Peers provide a practitioner perspective and 'critical friend' challenge spending time with the council to help it with its improvement and learning.
- 40 Participating in a CPC will help the council to reflect on its current practices, celebrate excellence, and drive meaningful change and improvement.

## Self-evaluation Process, role of Members, and Engagement

### Process

- 41 In Spring 2024, a project team led by a Project Manager was established to develop self-assessment tools. This team includes representatives from finance, audit, strategy, and HR, supported by key officers from other services, particularly in relation to development of the self-evaluation and position statement.
- 42 A self-assessment was conducted over the summer, with Service Leads across relevant departments, including Legal, Finance, Audit, Procurement, HR, Corporate Affairs, Policy, Equality & Diversity, Performance, Communications, Net Zero, and Economic Development.
- 43 Two workshops were held to validate the self-assessment and gather improvement suggestions. Following their feedback, the assessment was reviewed and moderated by Resources Management team (RMT). Directorate leadership teams have also fed into the process.
- 44 To ensure broader engagement with the Corporate Peer Challenge the outcome of the self-assessment and improvement plan was presented at a planned EMT session in November 2024. Feedback from that engagement is being fed into the improvement plan.
- 45 Identified gaps and areas for improvement are being addressed during Winter 2024/25, with improvements targeted for Spring/Summer 2025 in preparation for the Peer Challenge in Autumn 2025.
- 46 The project team are compiling the necessary documentation for the Peer Challenge Team, including a position statement which will be supplied to LGA peers as part of the evaluation process.
- 47 An initial scoping meeting with the LGA is scheduled for late January 2025 to discuss and agree upon:
  - (a) the focus of the challenge.
  - (b) the nature and composition of the peer team.
  - (c) the optimal timing for the peer challenge.
  - (d) the value and purpose of any preparatory work/material.
  - (e) The nature and form of the feedback post challenge.
- 48 By Winter 2024/25, the Council will have the completed the self-assessment and agreed-upon improvement areas, aiding in the identification of our focus areas for the challenge. Our additional area of focus for the challenge will be agreed in the first half of 2025.



- 49 The LGA peer challenge team will be finalised based on the Council's needs, reflecting the focus of the challenge. CMT will engage with the team to confirm expectations.
- 50 The project team will collate and review all requested information and documentation before submission to CMT and the peer team.
- 51 A concise 'position statement' will be prepared by the project team for CMT approval prior to distribution to the LGA peer team, outlining the challenge's focus.
- 52 The LGA peer team is expected to be on-site for three to four days, engaging in meetings and workshops. They will present their findings to the Chief Executive Officer and the Leader of the Council by the end of the week, followed by a formal report. The Council will be required to publish the report and action plan within three months.
- 53 A progress review will occur ten months after the peer challenge to assess the Council's implementation of the recommendations. This review report must be published no later than twelve months post-challenge.

## **Role of Members**

- 54 In the Corporate Peer Challenge, members of the council play several important roles that contribute to the overall effectiveness of the process:

**Engagement and Participation:** Council members are actively involved in the peer challenge, engaging with the peer team, and providing insights into the council's operations, priorities, and challenges. Their participation is crucial for a comprehensive understanding of the council's context.

- (a) **Providing Information:** Members help gather and present relevant data and documentation that the peer team needs to assess the council's performance. This includes financial reports, governance structures, and strategic plans.
- (b) **Facilitating Discussions:** They facilitate discussions with the peer team, sharing their perspectives on the council's strengths and areas for improvement. This open dialogue is essential for fostering a constructive environment.
- (c) **Receiving Feedback:** Council members are responsible for receiving and reflecting on the feedback provided by the peer team. They must be open to constructive criticism and willing to consider changes based on the recommendations.

- (d) **Action Planning:** After the peer challenge, members play a key role in developing an action plan to address the findings and recommendations from the peer review. This involves prioritising actions and ensuring that there is a clear path for implementation.
- (e) **Promoting Accountability:** By being involved in the process, council members help promote accountability within the council. They ensure that the recommendations are taken seriously, and that progress is monitored.
- (f) **Championing Improvement:** Members are also tasked with championing the changes and improvements identified during the challenge, helping to foster a culture of continuous improvement within the council.

55 Overall, the involvement of council members is vital for ensuring that the Corporate Peer Challenge is not only a review process but also a meaningful opportunity for growth and development within the local authority.

56 The project team will support members in the lead up to the evaluation, including Cabinet and Scrutiny.

## Engagement

57 To ensure that all staff and members are aware of the peer review and keep everyone informed a communications plan has been developed with the communications team.

58 Whilst it is important that the peer challenge process is authentic, it is also important that we press on with our improvement plans. Therefore, key messages around strengths and areas which require improvement are being developed and will be consistently used in communications through corporate messages to stakeholders and the workforce. This approach mirrors the current communications campaign on values, behaviours and priorities and ensures that these messages are embedded and understood across the organisation.

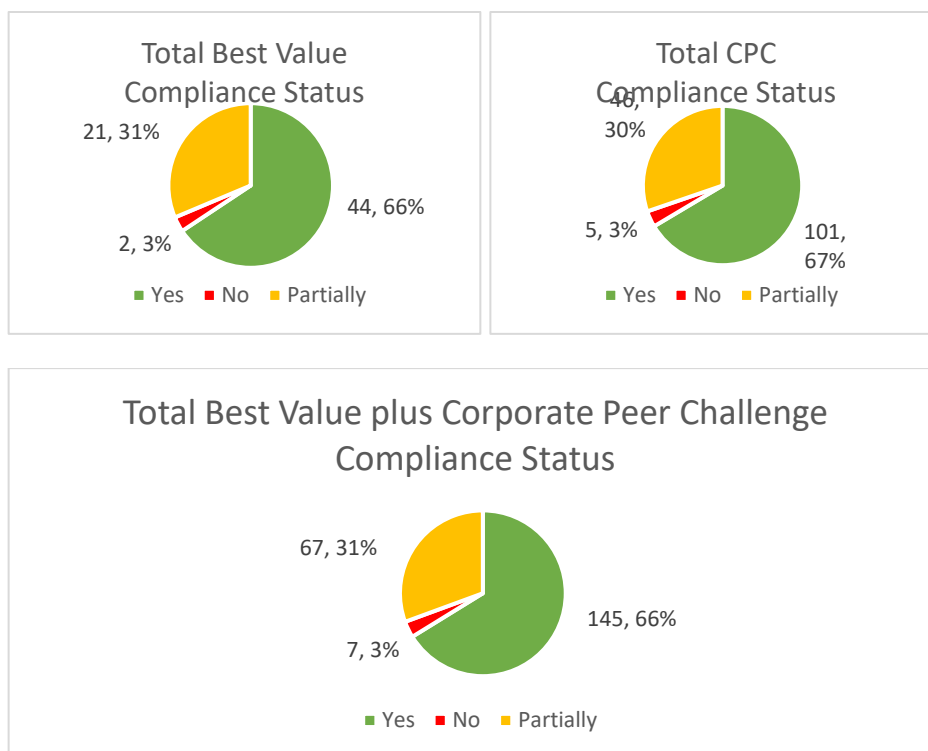
59 The phases of the communication plan are aligned with the stages of the improvement plan to ensure that appropriate communications opportunities and requirements are identified at relevant stages. At each phase, there will be a blend of communications which are designed to engage, inform, 'call to action' and deliver more formal, instructional, wider messages (such as service, organisation, stakeholder level).

60 Communication methods will be appropriate to each stakeholder group and include reports, emails, face-to-face meetings, presentations, meetings, workshops, Buzz (workforce e-newsletter), Team meetings,

Position Statement, Review documentation, website, and press releases  
Vlogs, Members portal newsfeed/briefing.

## Evaluation Findings

- 61 Our Council Improvement plan is informed by our self-evaluation developed directly from BV and CPC standards. Our self-assessment confirmed our views that we are generally well-functioning, but also highlights specific areas where we can improve.
- 62 The draft self-assessment has been completed, summarising compliance levels. Out of 219 statements, 145 (66%) are fully compliant, 67 (31%) are partially compliant or have ongoing work towards compliance, and 7 (3%) are non-compliant. The alignment between the Corporate Peer Challenge and Best Value results is expected, as they address similar themes and criteria, thus minimising duplication of required actions.



## Non-compliant statements

- 63 There are two non-compliant statements under Best Value theme, one involving innovation within the context of a mature approach to risk management under continuous improvement and the other involving a more consistent approach to participative forms of decision-making linked to Partnerships and Community Engagement. Whilst both areas have existing strengths further development work is underway as part of business-as-usual activity e.g. our Inspiring People Staff Awards, the new Let's Talk consultation and engagement portal, County Durham Partnership and Corporate approach to wellbeing. However, further

actions have been identified which can be resolved and do not have significant risks attached.

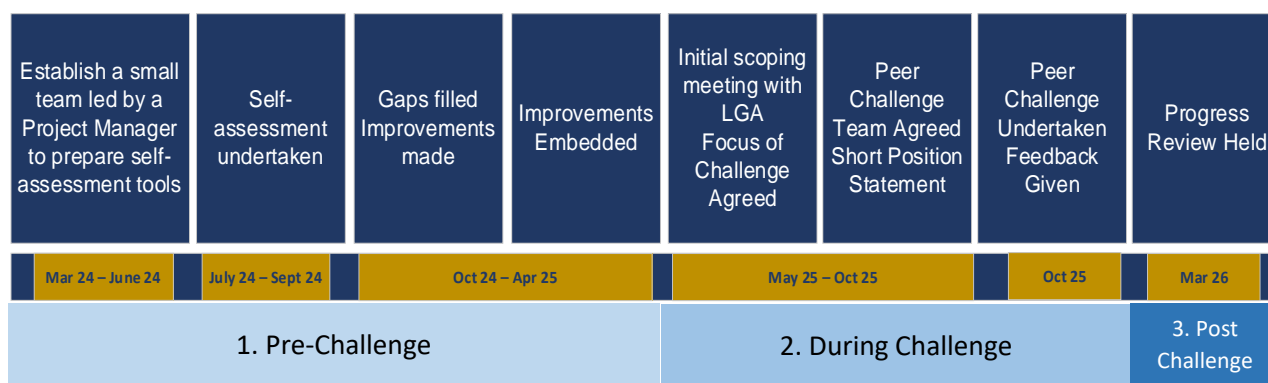
- 64 The five non-compliant statements under CPC, are from the following categories: Equality & Diversity, regarding satisfaction of under-represented groups and how it's measured, for which we have a gap and further work is required to address it; Audit and Risk, for which further clarity is required; Commercial approaches and investments, regarding good practice applied to arm's length bodies controlled by the council, for which we have an action plan in place and are continually improving on; Transformation & Change regarding how it is led and managed, which also has an action plan in place; and organisational learning which is very similar to the continuous improvement statement in Best Value.

### Partially Compliant Statements

- 65 Action plans are in place and areas being addressed for all statements with further work required to improve consistency across services for some, and to ensure we are measuring performance rather than how busy we are. All identified actions can be resolved and do not have significant risks attached.

### Corporate Peer Challenge – Programme Plan

- 66 The high-level timeline for the LGA Peer Review preparation, including self-assessment, is included below.

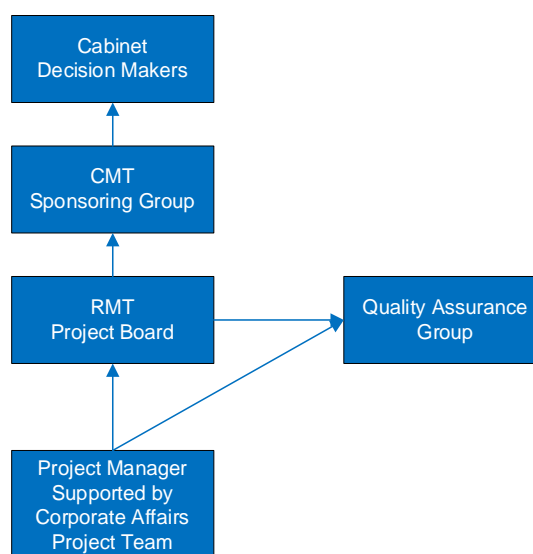


### Corporate Peer Challenge Governance Structure

- 67 A governance structure has been established to ensure the quality and rigor of the self-assessment process. This structure aims to maintain focus without imposing excessive demands on the organisation, minimising meetings, and utilising electronic communication where feasible.
- 68 The Sponsor for the peer review work is the Chief Executive, with Resources Management Team (RMT) serving as the project board, and

Corporate Affairs Management Team (CAMT) as the project team, due to key leadership areas sitting within these management teams. A Project Manager are leading them. Cabinet are decision makers with the board reporting to CMT and supported by Corporate Affairs staff. This will be supplemented by a Quality Assurance Group (QAG) and engagement with EMT and Directorate leadership teams. QAG will be established with experts from all council Services, with recent experience in inspections and will provide final quality assurance. It will meet to agree on the self-assessment and improvement plan, and to confirm preparedness for assessment backed up with good evidence of compliance.

**A diagram illustrating the governance structure is included below:**



### Next steps

- 69 It is proposed to submit a progress report to Cabinet in June and September 2025, prior to the Corporate Peer Challenge review outlining progress and improvements made and readiness for the Peer Review to take place.
- 70 Members will be informed of the Corporate Peer Challenge Review in February 2025, through the Members portal as a news feed and via email.
- 71 Members will be asked to share their views in preparation for the review by electronic survey between February and May 2025.
- 72 Further opportunities for engagement and participation will be shared, as appropriate, following meetings with the LGA and firming up of agenda for the review in October 2025.

### Conclusion

- 73 Starting work in May 2024, in conjunction with our ongoing improvement efforts, will position the Council strongly for the Peer Challenge. This process will help us identify our strengths, as well as areas of weakness

and challenges we face, allowing us to focus on specific areas for improvement.

## **Background papers**

Corporate Peer Challenge [Corporate Peer Challenge | Local Government Association](#)

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## **Appendix 1: Implications**

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### **Legal Implications**

It is best practice to undertake a corporate peer challenge every five years.

### **Finance**

There are no financial implications in having a corporate peer challenge.

Finance and financial management are an integral part of the assessment criteria of the Corporate Peer Challenge process.

### **Consultation and Engagement**

Staff, Member and Partner engagement will be required as part of this process and will be built into the communications plan.

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

Built into and assessed as part of the Corporate Peer Challenge process.

### **Climate Change**

Built into and assessed as part of the Corporate Peer Challenge process.

### **Human Rights**

N/A

### **Crime and Disorder**

N/A

### **Staffing**

A small project team will be required (from Corporate Affairs) to prepare for the peer review and to implement any agreed recommendations. A Board consisting of RMT and a Quality Group of personnel who have extensive experience in inspections/peer reviews will be formulated to function as a critical friend/assurance to the project team.

### **Accommodation**

Meeting rooms will be required for the four - five days that the Peer Challenge Team are on site.

### **Risk**

A detailed risk register will be developed and maintained throughout the lifespan of the project.

**Risks identified to date:**

A lack of a CPC every five years has been highlighted as a red flag of organisations exhibiting “indications of potential failure” by Oflog.

Risk that other inspections/significant activity within the Council may be ongoing at the same time.

Risk that Corporate Peer Challenges might change or be dropped.

**Procurement**

Built into and assessed as part of the Corporate Peer Challenge process.