



DARLINGTON

Borough Council

Audit Committee Agenda

2.00 pm

Monday, 4 November 2024

Council Chamber, Town Hall, Darlington DL1 5QT

Members of the Public are welcome to attend this Meeting.

1. Introductions/Attendance at Meeting
2. Declarations of Interest
3. To approve the minutes of this Audit Committee held on 22 July 2024 (Pages 3 - 8)
4. Council Constitution Update – Report of the Executive Director of Resources and Governance (Pages 9 - 38)
5. Review of Anti-Fraud and Corruption Arrangements – Report of the Audit and Risk Manager (Pages 39 - 42)
6. Annual Statement of Accounts 2022/23
7. Information Governance Work Programme - Progress Report (Six Monthly) – Report of the Executive Director of Resources and Governance (Pages 43 - 50)
8. ICT Strategy - Implementation Progress - Six Monthly – Report of the Head of ICT Services – Xentrall Shared Services (Pages 51 - 56)
9. Mid-Year Prudential Indicators and Treasury Management 2023/24 – Report of the Executive Director – Resources and Governance (Pages 57 - 72)
10. Ethical Governance and Member Standards - Update Report (6 monthly) – Report of the Assistant Director, Law and Governance Monitoring Officer (Pages 73 - 90)

11. Internal Audit Activity Report – Report of the Audit and Risk Manager Pages 91 - 100)
12. Audit Progress Report - Mazars (Pages 101 - 114)
13. SUPPLEMENTARY ITEM(S) (if any) which in the opinion of the Chair of this Committee are of an urgent nature and can be discussed at this meeting
14. Questions



Luke Swinhoe
Assistant Director Law and Governance

Friday, 25 October 2024

Town Hall
Darlington.

Membership

Councillors Baker, Durham, Garner, Henderson, Keir and McGill

If you need this information in a different language or format or you have any other queries on this agenda please contact Olivia Hugill, Democratic Officer, Operations Group, during normal office hours 8.30 a.m. to 4.45 p.m. Mondays to Thursdays and 8.30 a.m. to 4.15 p.m. Fridays E-Mail: Olivia.hugill@darlington.gov.uk

AUDIT COMMITTEE

Monday, 22 July 2024

PRESENT – Councillors Baker, Durham, Garner, Henderson, Keir and McGill.

OFFICERS IN ATTENDANCE – Brett Nielsen (Assistant Director Resources), Judith Murray (Finance Manager), Lee Downey (Complaints and Information Governance Manager), Andrew Barber (Audit and Risk Manager, Stockton Borough Council) and Paul Dalton (Democratic and Elections Officer).

A1 CHAIR

RESOLVED – That Councillor Henderson be appointed as Chair of this Committee for this Municipal Year 2024/25.

A2 VICE-CHAIR

RESOLVED – That Councillor Garner be appointed as Vice-Chair of this Committee for the Municipal Year 2024-25.

A3 TIME OF MEETINGS

RESOLVED – That meetings of this Audit Committee be held at 3.00 p.m. on the dates, as agreed on the calendar of meetings by Cabinet at Minute C106/Feb/24.

A4 DECLARATIONS OF INTEREST

There were no declarations of interest reported at the meeting.

A5 TO APPROVE THE MINUTES OF THE MEETING OF THIS COMMITTEE HELD ON 8 APRIL 2024

Submitted – The Minutes (previously circulated) of the Audit Committee held on 8 April 2024.

RESOLVED – That the Minutes of the Audit Committee held on 8 April 2024, be approved as a correct record.

A6 AUDIT OF ACCOUNTS 2022/23 - AUDIT UPDATE

The Group Director of Operations submitted a report (previously circulated) to present an interim report by the Council's external auditor's Ernst and Young LLP (EY) on the Value for Money arrangements for the audit year 2022/23.

The report explained the work undertaken during the period 1 April 2022 to 31 March 2023. The report noted that following completion of the risk assessment procedures that no significant weaknesses were identified in the Councils VFM arrangements. A final update will be made as part of the Auditors Annual letter later in the year.

RESOLVED – That the Value for Money Interim Report be noted.

A7 ANNUAL REVIEW OF SIGNIFICANT PARTNERSHIPS 2023/24

The Partnerships Director submitted a report (previously circulated) advising Members of the outcome of the annual review of significant partnerships, and to enable the Committee to ensure that adequate governance arrangements were in place.

It was reported that the Partnership toolkit had been adopted by Cabinet in March 2007 and provided a means to record that the performance of each partnership was monitored and that good governance arrangements were in place.

The submitted report outlined the criteria for a partnership to be classed as significant, together with those partnerships in Darlington which were currently classed as significant and the process involved in assessing their achievements against their objectives and in identifying any areas for improvement or risk. A brief overview of each of the background to each of the partnerships and their roles was given at the meeting.

Members clarified the roles of the Stronger Communities Board and the Voluntary Community Sector Engagement Group, and determined whether the Partnership toolkit remained fit for purpose

RESOLVED – That the review of significant partnerships be endorsed and that the actions taken to address outstanding issues be noted.

A8 ANNUAL RISK MANAGEMENT 2023/24

The Chief Executive submitted a report (previously circulated) advising Members on the approach to and the outcomes of the Council's Risk Management process.

It was reported that Risk Management was an essential part of the effective and efficient management and planning which strengthened the ability of the Council to achieve its objective and enhance the value of services provided, and that positive progress continued to be made within the Authority regarding the management of the key strategic risks and with the work undertaken by Officers to manage operational risk.

Discussion ensued on Risk SR50 and the risk associated with not having a full audit undertaken by 30th September and the issue of a modified opinion. Members further entered into discussion on Risk SR12, the delays in the Blue Badge Scheme and the risks associated with that delay.

Members sought clarification around the term 'modified opinion', and the difficult position that Mazars would be in if a fully audited set of accounts were not produced for 22/23, as they would be unable to depend on a brought-forward figure for that financial year, with the likelihood that a disclaimer would be in place for the Council's brought-forward position. Members enquired on whether there was a potential breach of contract, and ascertained whether it would be possible to recover future costs from Ernst and Young LLP. Members also sought clarification in relation to the term 'unqualified'. Further to the backlogs, the Committee was keen to understand how the Council could come to an accepted position,

which there could be confidence in.

Members entered into discussion on the need for regional comparators in terms of sickness data, and the harm from substance misuse.

RESOLVED – That the Risk Management Report be noted.

A9 MANAGERS' ASSURANCE STATEMENTS

The Group Director of Operations submitted a report (previously circulated) advising Members of the outcome of the 2023/24 Managers' Assurance Statements (MAS).

It was reported that the MAS was a key element of the Council's corporate governance arrangements and, based on the 2023/24 returns, had identified an overall positive position. The report stated that the statements had been completed by all Assistant Directors or Heads of Service and endorsed by the appropriate director, which covered their areas of responsibility in 2023/24.

The report highlighted a number of improvements to process/controls and proposed actions were identified throughout the different areas of the Council, and that these matters would be progressed by Assistant Directors during 2024/25.

Members enquired as to what checks were in place to ensure actions were undertaken, and at what point Members maintained oversight. It was noted that Children's Services had fewer identified proposed actions than other service areas.

RESOLVED – That the contents of the report be noted.

A10 AUDIT SERVICES AUDIT WORK 2023/24 - ANNUAL REPORT

The Assurance Manager submitted a report (previously circulated) to present the Annual Report of the testing undertaken in the previous 12 months in accordance with Audit Services' role and terms of reference.

The submitted report outlined progress to date on audit assignment work, consultancy/contingency activity and performance indicators; and gave details of Audit Services' all agreed work that had been completed. It was also reported that the Annual Report should be considered in the context of fulfilling the function to monitor the adequacy and effectiveness of the Council's internal control environment and the Internal Audit service provided.

Members entered into discussion on cash handling, Human Resources management, training and qualifications and Health and Safety.

RESOLVED – That the annual report of the results of testing during the previous 12 months, and the overall opinion statement, be noted.

A11 AUDIT SERVICES - ACTIVITY REPORT

The Audit and Risk Manager submitted a report (previously circulated) to provide Members with a progress report of activity and proposed activity for the next period.

The submitted report outlined progress to date on audit assignment work, consultancy/contingency activity.

It was reported that, in relation to the management of risks on the corporate risk register, the overall position was that the majority of risks had assurance of over 75 per cent with two emerging issues in relation to the control around the procurement of Deprivation of Liberty Assessors and compliance with the General Data Protections Requirements.

RESOLVED – That the activity and results be noted, and that the planned work be agreed.

A12 TAXATION STRATEGY

The Group Director of Operations submitted a report (previously circulated) to present the proposed Taxation Strategy for the Council.

The report included how the Tax Strategy sets out the overall framework for the Council's management of its tax affairs. The Finance Act 2016 Schedule 19 sets out what should be included in a Tax Strategy, the report explains that the Council is not required to publish a Tax Strategy however it is good practice to do so and demonstrates the Council's commitment.

The report also included the key components of the Tax Strategy these included The Council's approach to risk management and governance arrangements in relation to taxation, The Council's attitude towards tax planning, The level of risk in relation to taxation that the Council is prepared to accept, and the Council's approach towards its dealings with His Majesty's Revenues and Customs (HMRC).

RESOLVED – That the proposed Tax Strategy be noted.

A13 TREASURY MANAGEMENT ANNUAL REPORT AND OUTTURN PRUDENTIAL INDICATORS 2023/24

The Group Director of Operations submitted a report (previously circulated) to provide important information regarding the regulation and management of the Council's borrowing, investments and cash-flow, as a requirement of the Council's reporting procedures and by regulations issued under the Local Government Act 2003 to produce an annual treasury management review and outlined treasury activity for 2023/24.

The report also sought Members approval of the Prudential Indicators results for 2023/24 in accordance with the Prudential Code.

It was reported that the financial year 2023/24 was another unprecedented year with regard to treasury management. With the invasion of Ukraine, the cost of living increases and inflation rising to over ten per cent, the cost of borrowing had risen steadily throughout 2022/23, starting the year at 4.25 per cent and finishing at 5.25 per cent. It was expected that the challenges would continue into 2023/24 with the cost of

borrowing continuing to rise and, although the returns for cash investments have also increased due to higher interest rates they still remain below the cost of borrowing.

The submitted report summarised the capital expenditure and financing for 2023/24; the Council's overall borrowing need; the Treasury position as at 31 March 2024; prudential indicators and compliance issues; the economic background for 2023/24; a summary of the Treasury Management Strategy agreed for 2023/24; and performance and risk benchmarking.

The report explained that the Council's external debt was £152.878m which is £14.864m more than the previous year, this increase relates to the progression of various capital schemes and the rise in costs of these schemes due to inflationary pressure. Financing costs had been reduced during the year and a saving of £0.735m had been achieved from the original Medium-Term Financial Plan.

Discussion ensued on net borrowing and the monies owed back to the Council from the Tees Valley Combined Authority, the value of the Property Fund, the reason for the higher than approved Capital Financing Requirement outturn, the Treasury position on Property Fund Borrowing, the return on short-term investments, the delay in receiving a revised cashflow for the Joint Venture and the 'cost of carry' which remained during the year on long-term borrowing that was not immediately used to finance capital expenditure.

RESOLVED – (a) That the 2023/24 Prudential Indicators within the submitted report and those in Appendix 1 of the submitted report, be noted.

(b) That the Treasury Management Annual Report for 2023/24 be noted.

(c) That the submitted report be forwarded to Cabinet and Council in order for the 2023/24 Prudential Indicators to be noted.

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**AUDIT COMMITTEE
4 NOVEMBER 2024**

CONSTITUTION UPDATE

SUMMARY REPORT

Purpose of the Report

1. To consider the Constitution Update report so far as matters that are related to the Audit Committee.

Summary

2. Attached at **Annex 1** is a report setting out the changes that are being proposed to the Constitution. The final report is intended to go forward to be considered by Council at its meeting on 28 November 2024.

Audit Committee – Terms of Reference

3. The changes include a proposal to about the terms of reference of the Audit Committee.
4. The rationale for the change is to make it the terms of reference easier to read and align with the format used for other committees (which is an outline approach)
5. The amended text is based on the terms of reference that are used by Stockton on Tees Council (with whom we have a shared Internal Audit Service) [Constitution - July 24 accessible](#) with some minor amendments.
6. The proposed amended text is set out in the Appendix to the Council Constitution Update Report (Annex 1) under the heading of Schedule 1 – Council Committees.
7. The current text is set out in Schedule 1 – Council Committees Constitution [SCHEDULE 1](#)

Other changes

8. The changes also include proposals concerning:

Schedule 4 – Scheme of Delegation – Finance exceptions
Budget and Policy Framework Procedure Rules
Financial Procedure Rules
Whistleblowing Policy
Corporate Governance

The details are all set out under the relevant headings in the Appendix to the Council Constitution Change Update Report (Annex 1), including details of the reasons.

Recommendation

9. It is recommended that Members consider and discuss the proposed amendments to the Constitution.

Luke Swinhoe
Assistant Director Law and Governance

Background Papers

Stockton on Tees Borough Council Constitution, page 29, para 2.49 [Constitution - July 24 accessible](#)

Constitution of the Council

<https://democracy.darlington.gov.uk/ieListDocuments.aspx?CId=202&MId=284&Info=1>

**COUNCIL
28 NOVEMBER 2024**

CONSTITUTION UPDATE

Responsible Cabinet Member – Councillor Stephen Harker, Leader

**Responsible Director – Elizabeth Davison,
Executive Director of Resources and Governance**

SUMMARY REPORT

Purpose of the Report

1. To approve changes to the Council’s Constitution with effect from 1 January 2025.

Summary

2. The process for reviewing the constitution started earlier in the year and a number of proposed amendments which are mostly what might be described as general housekeeping and updating rather than fundamental change are proposed.
3. The proposed changes are set out in the **Appendix**.
4. There is also commentary and explanation in the main body of this report on matters requiring additional detail and consideration.
5. The updates and amendments, detailed in the report and appendix will ensure that the Constitution remains up-to-date and fit for purpose.

Recommendations

6. It is recommended that:
 - (a) The changes to the Constitution as detailed in this report are approved to take effect from 1 January 2025.
 - (b) The Monitoring Officer is delegated to update the Constitution to reflect the changes identified.

Reasons

7. The recommendations are supported by the following reasons:
 - (a) To ensure that the Constitution is clear, accurate and up-to-date; and

- (b) To give effect to legislative changes.

**Elizabeth Davison,
Executive Director of Resources and Governance**

Background Papers

The Constitution of the Council

<https://democracy.darlington.gov.uk/eListDocuments.aspx?Cid=202&Mid=284&Info=1>

Legislation and guidance as referenced in the Report.

Luke Swinhoe: Extension 5490

Council Plan	An up to date and clear Constitution should contribute to the decision making and governance arrangements and help members and officers to deliver the Council plan
Addressing inequalities	There is no direct impact on inequality.
Tackling Climate Change	There is no impacts on climate change.
Efficient and effective use of resources	Improving the clarity of the Constitution will with help with efficiency
Health and Wellbeing	There are no direct issues relating to Health & Wellbeing.
S17 Crime and Disorder	There is no direct impact on Crime and Disorder.
Wards Affected	There will be no direct impact on any particular ward.
Groups Affected	There will be no direct impact on any particular group.
Budget and Policy Framework	Amendments to the Constitution need to be approved by Council.
Key Decision	This is not a Executive Decision
Urgent Decision	This is not an Executive Decision
Impact on Looked After Children and Care Leavers	This report has no impact on Looked After Children or Care Leavers

MAIN REPORT

Information and Analysis

8. The Council’s Constitution prescribes the framework for Council decision making and the procedures that are followed.
9. Some updating of the Constitution will be needed from time to time and there are also a number of updates and changes proposed to ensure that the overall Constitution remains up-to-date and fit for purpose.
10. All of the proposed changes are set out in the **Appendix**. Further additional information and detail about particular areas of change is set out below:

Additional information

11. The headings below correspond to the headings in the Appendix.

SUMMARY AND EXPLANATION

Code of Conduct - Criminal Records Checks for Councillors

12. The Council does not currently have a requirement that members should undergo criminal records checks upon being elected to office.
13. Candidates standing for election as a councillor are required at the nomination stage to declare that they are not disqualified from standing for office. Making a false statement on a nomination form is a criminal offence. A candidate is disqualified if on the day of nomination and polling day, if
 - (a) They had been sentenced to three months or more imprisonment (including a suspended sentence), without the option of a fine, during the five years before polling day (and the period allowed for appeal of the conviction has passed. They are not disqualified while appeal against conviction is underway);
 - (b) They are subject to the notification requirement or order under the Sexual Offences Act 2003, and the ordinary period allowed for making an appeal or application in respect of the order or notification has passed (they are not disqualified while appeal against disqualification is underway). This applies to a person who is subject to any relevant notification requirements or relevant order made on or after 28 June 2022;¹
 - (c) They are subject to bankruptcy restrictions order or interim order;
 - (d) They have been disqualified under the Representation of the People Act 1983 for an illegal practice (three years from conviction) or for a corrupt practice (five years from conviction);
 - (e) They have been convicted of an intimidatory criminal offence motivated by hostility towards a candidate, future candidate or campaigner or holder of a relevant elective office under the Elections Act 2022 (five years from conviction);
 - (f) There are also disqualifications for staff employed by the local authority they intend to stand for and for people working in politically restricted posts.
14. In January 2024, the Minister for Local Government, wrote to local authorities urging that enhanced Disclosure and Barring Service (DBS) check are undertaken for all councillors being considered for appointment to any committee which discharges education or social services functions. This was one of the suggestions that had been made by an Independent Review of the Disclosure and Barring Regime carried out by Simon Bailey in April 2023. [Criminal record checks for councillors: letters to local authorities and the Local Government Association - GOV.UK](#)
15. This suggestion has been considered. While all Councillors are eligible to have a basic DBS check, the ability to have enhanced checks is more limited. The Safeguarding Vulnerable Groups Act 2006, Schedule 4, Part 1, 1 sets out a number of roles that people may perform (regulated activity) that brings them into contact with children that would enable an

¹ S.81A Local Government Act 1972, as amended by the Local Government Disqualification Act 2022

enhanced DBS to be carried out Safeguarding Vulnerable Groups Act 2006 (legislation.gov.uk). Essentially this is about working with children. [Safeguarding Vulnerable Groups Act 2006 \(legislation.gov.uk\)](https://www.legislation.gov.uk/ukpga/2006/16/schedule/4/part/1/section/4). The Safeguarding Vulnerable Groups Act 2006, Schedule 4, Part 1, 4 used to specify that some councillors who are members of an executive or committee discharging any education functions, or social services functions, will be eligible for Enhanced DBS checks. However Schedule 4, Part 1, 4 of the Safeguarding Vulnerable Groups Act 2006, was repealed by the Protection of Freedoms Act 2012. The eligibility of local authority members to have enhanced DBS checks based on their involvement in decision making functions would appear to be not currently available.

16. On the understanding that members are wanting to move forward with DBS checks, as matters currently stand it is suggested that all members are asked to undergo a basic check (rather than reference enhanced DBS checks). A basic DBS check costs £18, so the cost for all members would be £900. It is suggested that this is carried out following election to office (if a DBS check was undertaken this annually, there is an annual update service of £13 per application). Consideration of the frequency of DBS checks is not just about the application fee but will also involve resource implications for officers and members involved in the DBS process. Given that no DBS checks were undertaken following the 2023 elections, the suggestion is that following agreement to adopt this change we will then proceed with DBS checks for all current members.
17. Consideration is also needed about how any material that arises from a DBS check is dealt with. This will depend on precisely what is disclosed. In the first instance it is suggested that the Monitoring Officer should evaluate the material to consider what action is necessary. This might be disclosure to the police (for instance, if the information revealed would have meant the member was ineligible to stand as a candidate) or if there are safeguarding concerns for a risk assessment to be carried out and appropriate safeguarding measures put in place.

Rights and Responsibilities of the Public

18. Members of the public are entitled to photograph, film, record, broadcast meetings of the Council. This right is set out in the Openness of Local Government Bodies Regulations 2014. Details of this entitlement are included in the constitution. The constitution also has provisions that regulate conduct at meetings. It has been thought helpful to clarify matters for persons who photograph or film meetings. This is not to stop them from carrying out this activity but just to ensure that there is no misunderstanding about the role of the person chairing the meeting, to ensure that the meeting proceeds without being disrupted by the conduct of persons attending.
19. A Protocol has also been drafted to provide some additional guidance to persons attending meetings who intend to film, photograph or record during the meetings. This should make it easier for people who want to do this, to understand the expectations but also to members and officers to ensure that expectations are clear and that proceedings run smoothly. There are particular considerations concerning the removal of recording equipment should a meeting move into private session and about the public and young persons being filmed or photographed. The Protocol is referenced under the 'Access to Information Procedure Rules' heading in the Appendix and is set out in 4.12 of the Codes and Protocols section of the Appendix.

Financial Implications

20. There will be limited financial impacts arising from the revisions to the Constitution concerning the additional costs associated with all councillors undergoing a DBS check. For all members to have a basic DBS check the cost will be £900.

Legal Implications

21. The Local Government Act 2000 requires that the adoption of a local authority's Constitution is exercised by the Council.

Consultation

22. The Constitution update has been raised with Chief Officers and Senior Managers as part of the review.
23. An all member briefing about the proposed changes was held on Wednesday 30 October 2024.
24. On the 28 October 2024 the proposals were considered by the Efficiency and Resources Scrutiny Committee.
25. On the 4 November 2024 the Audit Committee was consulted on a proposals relevant to the Committee.

Summary

26. Members are asked to consider and approve the proposed changes detailed in the **Appendix** to this report for inclusion in the Constitution to take effect from 1 January 2025.

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CONSTITUTION REVIEW 2024

SCHEDULE OF PROPOSED CHANGES

PART 1 - SUMMARY AND EXPLANATION

SUMMARY AND EXPLANATION

Section	Existing Wording	Proposed Wording	Reason/Comments
Elections and Councillors' Length of Office	6. The last Elections in Darlington were held in May 2015 and the next ones will be held in May 2019	6. The last Elections in Darlington were held in May 2023 and the next ones will be held in May 2027	Dates need updating
The Mayor	11. Further details on the role and responsibilities of The Mayor are available on the Council's website	11. Further details about The Mayor is available on the Council's website	Simpler wording
Roles and Functions of Councillors	15. Further details on the role and responsibilities of Members are available on the Council's website	15. Further details about Members is available on the Council's website	Simpler wording
Code of Conduct	n/a	New 18. Following their election to office, all Councillors are required to have a basic Disclosure and Barring check 50 members x £18 = £900	Response to Ministerial advice Criminal record checks for councillors: letters to local authorities and the Local Government Association - GOV.UK (www.gov.uk)
Rights and Responsibilities of the Public	46. The public can photograph, film, record and blog at meetings. Further details are set out in the Access to Information Procedure Rules.	46. The public can photograph, film record and blog at meetings so long as it does not disrupt the meeting. Further details are set out in the Access to Information Procedure Rules.	Clarification

Rights and Responsibilities of the Public	53 In summary, citizens have the right to :- ...and submit a petition to the Council and to receive a response to the issues raised in that petition. Should the petition contain enough signatures (1,000 or more) it could trigger a debate at a Cabinet meeting.	Insert (1,000 or more)	Clarification
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PART 2 - RESPONSIBILITY FOR FUNCTIONS

Section	Existing Wording	Proposed Wording	Reasons/Comments
Functions of the Full Council	<p>12. The Policy Framework comprises the following Plans and Strategies</p> <p>Mandatory Children and Young People Plan Corporate Plan Community Safety Plan Library Plan Licensing Authority Policy Statement Local Plan Core Strategy - plans and strategies that comprise the Development Plan Local Transport Pan Medium Term Financial Plan Youth Justice Plan</p> <p>Discretionary Child Poverty Strategy Economic Strategy Environment Strategy Health and Well Being Strategy</p>	<p>12. The Policy Framework comprises the following Plans and Strategies</p> <p>Mandatory Children and Young People Plan Council Plan Community Safety Plan Licensing Authority Policy Statement Local Plan Core Strategy - plans and strategies that comprise the Development Plan Local Transport Pan Medium Term Financial Plan Youth Justice Plan</p> <p>Discretionary Child Poverty Strategy Economic Strategy Environment Strategy Health and Well Being Strategy</p>	<p>Corporate Plan is now the Council Plan</p> <p>The Library Plan is no longer mandatory, so moved to Discretionary.</p>

	<p>Housing Strategy Leisure Strategy (Sport and Physical Recreation) Organisational Development Strategy Transport Strategy Treasury Management Strategy</p>	<p>Housing Strategy Leisure Strategy (Sport and Physical Recreation) Organisational Development Strategy Transport Strategy Treasury Management Strategy Library Plan</p>	
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SCHEDULE 1 – COUNCIL COMMITTEES

Section	Existing Wording	Proposed Wording	Reasons/Comments
8. Audit Committee	Delete existing wording	<p>AUDIT COMMITTEE PROTOCOLS</p> <p>The membership of the Audit Committee shall be restricted to two Members from the Executive (Cabinet). The Chair shall not be a Member of the Executive (Cabinet)</p> <p>The purpose of the Audit Committee is to provide independent assurance to the members of the adequacy of the risk management framework and to the internal control environment. It provides independent review of governance, risk management and control framework, oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.</p> <p>TERMS OF REFERENCE</p> <p>(a) To review the Council’s corporate governance arrangements against the good governance framework and consider annual governance reports and assurances</p>	<p>To simplify text and align with format of other committees</p> <p>Based on Stockton on Tees Borough Council (the internal audit service is shared with Stockton BC)</p>

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| | | <ul style="list-style-type: none">(b) monitor the integrity of the Council's financial statements and review the Annual Statement of Accounts;(c) To review the Annual Governance Statement;(d) To oversee risk management and the Council's risk registers;(e) To review any proposed changes to accounting policies and procedure rules;(f) To review the performance of the Treasury Management Strategy and forward any comments to Cabinet and Council;(g) To approve the role and responsibilities of the Internal Audit Service (the Services' functions, aims and objectives);(h) To receive and consider the Council's External Auditor's Audit Results Report;(i) To approve the internal audit plans;(j) To receive external audit plans;(k) To review Internal Audit work on a quarterly basis; internal and external annual reports together with any management response and receive details of specific significant issues highlighted via audit work and refer Cabinet or Council, as appropriate, any issues arising which are key in nature; and(l) To consider the arrangements for the promotion of high standards of conduct and wider corporate governance. | |
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SCHEDULE 2 - CABINET

Section	Existing Wording	Proposed Wording	Agreed/Comments
Resources Portfolio	Communication and One Darlington Magazine	Corporate Communications and marketing	A broader definition is preferable (One Darlington is just one of a number of channels).

SCHEDULE 3 – SCRUTINY COMMITTEES

Section	Existing Wording	Proposed Wording	Reason/Comments
Economy and Resources Scrutiny Committee	Communication and One Darlington Magazine	Corporate Communications and marketing	A broader definition is preferable (One Darlington is just one of a number of channels).

SCHEDULE 4 – SCHEME OF DELEGATION TO OFFICERS

Section	Existing Wording	Proposed Wording	Reason/Comments
Introduction Paragraph 1	<p>The Council has adopted a vision expressed in the phrase One Darlington: Perfectly Placed Council Plan which aspires to provide fairness and prosperity for the people of Darlington To enable that vision managerial and operational decisions are taken, within a framework of democratic accountability, at the most appropriate level, which is usually the closest point of contact to the citizen. This scheme is to be interpreted widely to give effect to this overall purpose by empowering staff to carry out their functions and deliver the Council’s services within the budget and policy framework set by the Council, and subject to the guidelines set by the Executive and the Council’s management team.</p>	<p>The most important decisions will be taken by members, but on a day to day basis many decisions will need to be made by officers under delegated powers. This scheme of delegation is to be interpreted widely to enable staff to carry out their functions and deliver the Council’s services within the budget and policy framework set by the Council, and subject to the guidelines set by the Executive and the Council’s management team.</p>	Simplification and clarity
Permissions (a) Powers in relation to staff	<p>.....determination and application of conditions of service, including but not limited to allocation of leave, honorariums, ill health retirement and determination of establishment except as detailed in the Staff and Employment Exceptions chart.</p>	<p>.....determination and application of all conditions of service, (including but not limited to allocation of leave, honorariums, ill health retirement) and determination of establishment except as detailed in the Staff and Employment Exceptions chart.</p>	Clarification

<p>Areas of Responsibility</p> <p>Assistant Director of Resources</p>	<p>Insurance and Treasury Management</p>	<p>VAT, insurance and Treasury Management</p>	<p>Omission</p>
<p>Assistant Director (Housing and Revenues)</p>	<p>Council Housing Management</p>	<p>Council Housing Management, including day to day repairs and maintenance</p>	<p>Movement of division</p>
<p>Head of Strategy, Performance and Communications</p>	<ul style="list-style-type: none"> • Systems Development and Support • Corporate Communications • Media Relations • Internal Communication • Web and Social Media • Design and Print • Marketing and Advertising • Council Plan • Corporate Performance 	<ul style="list-style-type: none"> • Council Plan • Corporate Communications and marketing • Equality and Inclusion • Corporate Strategy and policy • Corporate Performance • Corporate systems development, support and processes • Corporate web development and content 	<p>To reflect changed responsibilities.</p>
<p>Assistant Director Highways and Capital Projects</p>		<ul style="list-style-type: none"> • Delivery of Highways Construction and Maintenance Programme • Highways Maintenance Projects, Transport, Planning and Asset Management • Bridges and Highway Structures, Private Sector Works, Street Works, Highway Inspections, Insurance Claims, Asset Management and Street Lighting • Highway Network Management, Highway Development, Intelligent Transport System, Traffic Data Collection, Casualty Reduction Analysis, Traffic Management Projects, Traffic Signals, Highways Technical Support, School Crossing Patrol, 	<p>To reflect changed responsibilities.</p>

		<p>Highway/Transport Design, Road Safety Education, Sustainable Transport and Rights of Way</p> <ul style="list-style-type: none"> • Capital Project management, Capital Process Methodology, Capital Projects Technical Support and advice, Architectural Consultancy, Building Services Consultancy, Framework Consultancy Commissions, Cost Consultancy Services and Estimating and Tendering, Investment and Funding • Project/Programme Management and Development • Flood Risk Management • Council Property Services Management 	
Assistant Director Community Services		<ul style="list-style-type: none"> • Street Scene, Crematorium and Cemeteries, Arboriculture, Countryside, Allotments, Parks and Open Spaces and Play Area Ranger Service/Friends Groups, Waste Management, Fleet Management and Maintenance, Winter Maintenance Call Out, Environmental Campaigns, Nursery and Building Cleaning • Libraries, Dolphin Centre, Eastbourne Sports Complex, Hopetown, Hippodrome and Theatre Hullabaloo, Events and Programming, Town Centre Management, Sports and Physical Activity Programme, Schools and Community Catering • Rail Heritage 2025 	To reflect changed responsibilities.
Exceptions - Contracting			
Exceptions - Contracting	<p>Heading</p> <p>EU Threshold</p>	<p>Replace with:</p> <p>Procurement Act Threshold</p>	To reflect post Brexit arrangements

Exceptions – Contracting Waive Contract Procedure Rules	Strategic Procurement Council and the Procurement Board in accordance with Contract Procedure Rules	Strategic Procurement The Procurement Board in accordance with Contract Procedure Rules	Clarification – this role is not undertaken by Council
Exceptions – Contracting Waive Contract Procedure Rules	Over £100K Council and the Procurement Board in accordance with Contract Procedure Rules	Over £100K The Procurement Board in accordance with Contract Procedure Rules	Clarification – this role is not undertaken by Council
Exceptions – Contracting Extension of Fixed Term Contracts	Reference to Cabinet	Replace with Procurement Board	To reflect the Contract Procedure Rules
Exceptions – Finance			
Exceptions – Finance – Capital Expenditure	Director in consultation with the Group Director of Operations	Change across all headings to Assistant Director Resources	Current practice
Exceptions – Finance – Other	Write off Debts	Change from £500 to £1,000	Inflationary increase
Exceptions – Finance – Other	Submit bids for funding to the relevant body where the deadline occurs prior to the next meeting of Cabinet	Submit bids for funding to the relevant body	The requirement to get Cabinet approval before submitting a funding bid is an unnecessary step.

	Negotiate and manage leasing arrangements Group Director of Operations	Change across all headings to Assistant Director Resources	Current Practice
Include new	n/a	Agree the distribution and allocation of government grant funding as per the grant conditions when the Council is acting as the intermediary party Up to £100k Assistant Director in Consultation with the Assistant Director Resources Over £100k Group Director of Operations	Expediency of delivery of funding
	Write off any surplus or efficiencies in respect of one stock item	delete	No stores anymore
Exceptions – Staff and Employment			
Exceptions – Staff and Employment Dismissal of the S151 Officer (Group Director of Operations) and the Monitoring Officer (Assistant Director, Law and Governance)	Member Decision Human Resources Chief Officers Appointment Panel. An Independent report must be prepared before a decision can be made Council Decision Can be taken by Full Council	Member Decision Human Resources Committee. A report from the Human Resources Advisory Panel made by the Independent Person must be prepared before a decision can be made Council Decision Must be taken by Full Council	Clarification Ties up with Appendix 4 in the Officer Employment procedure rules

Determine Appeals against final written warnings	Group Director of Operations	All Directors	Clarification
	Directors Implement immediate action to ensure the safety of staff up to £1,000 from the existing revenue budget	Change to £2,000	Inflationary increase
To carry out the powers and duties under the Health and Safety at Work etc Act	As an employer – All Directors and otherwise than as an employer – Group Director of Services	As an employer – All Directors	Clarification
To carry out the powers and duties under the Health and Safety at Work etc Act		Add additional box Otherwise than as an employer, the Assistant Director Economic Growth	Clarification
Exceptions – Legal			
Exceptions – Legal	Institute criminal proceedings....., or which any of the Queen's subjects may prosecute; and offences of common assault on behalf of an employee, if so required	Change to King's	Update

PART 3 – PROCEDURE RULES

3.1 - COUNCIL PROCEDURE RULES

Section	Existing Wording	Proposed Wording	Reason/Comments
Timing and Business	1(f) appoint the Cabinet , Scrutiny Committees, Quasi-Judicial Committees....	Delete	The Leader has sole responsibility to appoint members to Cabinet
Order of Business	4(p) Questions to the Police, Crime and Victims Commissioner in accordance with the Police Reform and Social Responsibility Act 2011	Delete Add (p) Membership Changes	Dealt with at a separate meeting
Notice of and Summons to Meetings	10. The Council will give at least five days notice	add Notice will also be posted on the Council’s Website	To reflect current practice
Scope of Questions	16(b) is defamatory, frivolous or offensive;	16(b) is defamatory (or potentially so), frivolous or offensive;	Clarification
Record of Questions	17. The Assistant Director Law and Governance will keep a record of questions asked (available for public inspection) and will immediately send a copy of the question to the Member to whom it is to be put. Rejected questions will include reasons for rejection. Copies of all questions will be circulated to all Members and will be made available to the public attending the meeting	17. The Assistant Director Law and Governance will keep a record of all questions received (available for public inspection) other than those rejected under rule 16 and will immediately send a copy of the question to the Member to whom it is to be put. Rejected questions will include reasons for rejection. Copies of all questions to be asked , will be circulated to all Members and will be made available to the public attending the meeting and on the Council’s Website.	Clarification

3.2 - ACCESS TO INFORMATION PROCEDURE RULES

Section	Existing Wording	Proposed Wording	Reason/Comments
Rights to Photograph, Film, Record, Blog etc at Meetings	n/a	After para 8 insert: a new paragraph 9 and renumber subsequently 9. Your attention is drawn to the Council's Protocol on photography, filming, recording and broadcasting at the Council meeting	Clarification It is suggested that the Protocol is included in the Protocols section of the Constitution. See 4.12 below
Access to Agenda and Reports at the Meeting	13. Unless the Proper Officer (Assistant Director Law and Governance), decides otherwise, all Members of the Council shall be provided with full copies of the agenda and reports to be presented to meetings, including those containing exempt and/or confidential information. The Council will make copies of the agenda and reports open to the public available for inspection at the public office of the Council (Town Hall, Darlington) at least five clear days before the meeting.	13. Unless the Proper Officer (Assistant Director Law and Governance), decides otherwise, all Members of the Council shall be provided with full copies of the agenda and reports to be presented to meetings, including those containing exempt and/or confidential information. The Council will make copies of the agenda and reports open to the public available for inspection at the public office of the Council (Town Hall, Darlington) at least five clear days before the meeting and on and on its website www.darlington.gov.uk	

3.3 - BUDGET AND POLICY FRAMEWORK PROCEDURE RULES

Section	Existing Wording	Proposed Wording	Reason/Comments
Process for Developing	2(a) Details of Cabinet's consultation process shall be included in relation to each of these	2(a) Details of Cabinet's consultation process shall be included in relation to each of these	Updating

Policy Framework	matters in the Forward Plan and published at the Town Hall, Darlington.	matters in the Forward Plan and published on the Council's website.	
Process for Developing Policy Framework (Brett)	2(q) In approving the budget and policy framework, the Council will also specify the extent of virement within the budget and degree of in-year changes to the policy framework which may be undertaken by Cabinet, in accordance with these Rules (virement and in-year adjustments). Any other changes to the Budget and Policy Framework are reserved to the Council	2q. In approving the budget and policy framework, the Council will also specify the extent of variation within the budget and degree of in-year changes to the policy framework which may be undertaken by Cabinet, in accordance with these Rules (virement and in-year adjustments). Any other changes to the Budget and Policy Framework are reserved to the Council	

3.6 - FINANCIAL PROCEDURE RULES

Section	Existing Wording	Proposed Wording	Agreed/Comments
Budgets - Capital	39(a) the actual or projected final costs of a scheme increase by the lesser of 10 % or £100,000 and the increase in costs is required to be met from the Council's own capital resources or have an impact on the availability of resources for other schemes	39(a) the actual or projected final costs of a scheme increase by the lesser of 10 % or £150,000 and the increase in costs is required to be met from the Council's own capital resources or have an impact on the availability of resources for other schemes	Inflationary increase
Control of Income	74. The Group Director of Operations shall write off sums up to £500 on debts which he/she considers that further action would be inappropriate after all appropriate recovery procedures have been attempted. Any other sums shall not be written off	74. The Group Director of Operations shall write off sums up to £1,000 on debts which he/she considers that further action would be inappropriate after all appropriate recovery procedures have been attempted. Any other sums shall not be written off	Inflationary increase

	in the Council's records without the authority of Cabinet	in the Council's records without the authority of Cabinet	
Certification and Payments of Accounts	81. Any amendment to an account shall be made in ink and initialled by the Officer making it, stating briefly the reasons where they are not self evident	delete	All electronic now
Stores and Accounts	89 - 94	Delete	We no longer have stores.
Inventories	95. Inventories of furniture, equipment, computer hardware, plant and machinery shall be maintained by the Director of the department concerned and kept up to date. The form and extent of such inventories shall be approved by the Assistant Director Resources	Change to 95. Inventories of plant and machinery shall be maintained by the Director of the department concerned. The form and extent of such inventories shall be approved by the Assistant Director Resources	Update ICT devices are maintained by Xentrall and logged automatically when in use.

3.7 - CONTRACT PROCEDURE RULES

Section	Existing Wording	Proposed Wording	Reason/Comments
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Throughout - where referenced	European Union, EU Rules ED Procedure EU Threshold Official Journal of the European Union (OJEU)	Delete reference and replace with reference to UK legislation/arrangements, as appropriate. Reference further changes awaiting the implementation of the Procurement Act 2023	To reflect post Brexit position
138.	Where contracts are completed by each side adding their formal seal, such contracts shall be signed by the Assistant Director Law and Governance or Authorised Signatory i.e. person authorised by Assistant Director Law and Governance together with the fixing of Council's seal.	Include at the end: The seals and the signature may be electronic.	Flexibility and efficiency
139	Every Council sealing will be consecutively numbered, recorded and signed by the person witnessing the seal.	Include at the end: The seals and the signature may be electronic.	Flexibility and efficiency

3.9 - OFFICER EMPLOYMENT PROCEDURE RULES

Section	Existing Wording	Proposed Wording	Reasons/Comments
Appointment of Head of Paid Service	2(1). A shortlist of applicants qualified for the post shall be selected by the Group Director of Operations in consultation with	A shortlist of applicants qualified for the post shall be selected by the Group Director of Operations (or their representative) in consultation with	
Appendix 1	12. Whenever provision is made for a notice to be sent, such notice must be in writing and may be sent by post, by e-mail or fax but in any event must be received by the recipient within the relevant period specified	12. Whenever provision is made for a notice to be sent, such notice must be in writing and may be sent by post or by e-mail but in any event must be received by the recipient within the relevant period specified	Reference to fax omitted

Appendix 2	7. A Cabinet Member objects to the appointment of a prospective Director on the grounds that he/she has a conviction for an offence involving dishonesty. The objection, would, clearly, be material and well-founded.	7. A Cabinet Member objects to the appointment of a prospective Assistant Director on the grounds that he/she has a conviction for an offence involving dishonesty. The objection, would, clearly, be material and well-founded.	
Appendix 4	2. A special meeting of Full Council will be summoned by the Assistant Director Law and Governance giving five clear working days notice, unless the matter can conveniently be dealt with at an ordinary meeting of the Full Council.	2. A special meeting of Full Council will be summoned by the Assistant Director Law and Governance (or their representative) , giving five clear working days notice, unless the matter can conveniently be dealt with at an ordinary meeting of the Full Council.	
	10. However, that is not enough in itself. It must also be material, i.e., it must be relevant to the process and the post and sufficient to warrant a decision not to make the offer of appointment. This is seen as being very much an exceptional circumstance.	10.However, that is not enough in itself. It must also be material, i.e., it must be relevant to the process and the post and sufficient to warrant dismissal . This is seen as being very much an exceptional circumstance.	
Appendix 5	6. However, that is not enough in itself. It must also be material, i.e., it must be relevant to the process and the post and sufficient to warrant a decision not to make the offer of appointment. This is seen as being very much an exceptional circumstance.	6.However, that is not enough in itself. It must also be material, i.e., it must be relevant to the process and the post and sufficient to warrant dismissal . This is seen as being very much an exceptional circumstance.	
Appendix 6	Protocol for Dismissal of Head of Service	Protocol for the Dismissal of Deputy Chief Officers	
	6. However, that is not enough in itself. It must also be material, i.e., it must be relevant to the process and the post and sufficient to warrant	6.However, that is not enough in itself. It must also be material, i.e., it must be relevant to the process and the post and sufficient to warrant	

	a decision not to make the offer of appointment. This is seen as being very much an exceptional circumstance.	dismissal . This is seen as being very much an exceptional circumstance.	
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PART 4 – CODES AND PROTOCOLS

4.4 - WHISTLEBLOWING POLICY

Section	Existing Wording	Proposed Wording	Reasons/Comments
46.	You may at any stage want to obtain help or advice from outside the Council and this can be obtained from a charitable organisation called ‘Public Concern at Work’. They can be contacted through their website www.pcaw.co.uk or via their helpline at: helpline@pcaw.co.uk	You may at any stage want to obtain help or advice from outside the Council and this can be obtained from a charitable organisation called ‘ Protect, speak up, stop harm ’. They can be contacted through their website Protect - Speak up stop harm - Whistleblowing Homepage (protect-advice.org.uk) or via their helpline at: 020 3117 2520	Change of name and contact details clarification

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4.6 - PROTOCOL FOR COUNCILLORS AND OFFICER DEALING WITH PLANNING MATTERS

Section	Existing Wording	Proposed Wording	Reasons/Comments
Conduct of Officers	9(c) in all their professional activities, Officers shall not discriminate for any reason, but particularly on the grounds of age, gender, sexual orientation, disability, race, ethnicity, religion, or belief and shall seek to eliminate such discriminations by others and to promote equality of opportunity	9(c) in all their professional activities, Officers shall not discriminate for any reason, but particularly legally recognised protected characteristics along with locally agreed protected characteristics and shall seek to eliminate such discriminations by others and to promote equality of opportunity	Language used in relation to the types of protected characteristics can change (e.g. gender and sex). Suggested we don’t list each characteristic.

4.7 - PROTOCOL FOR COUNCILLORS AND OFFICERS DEALING WITH LICENSING MATTERS

Section	Existing Wording	Proposed Wording	Reasons/Comments
Conduct of Officers	14(a) not discriminate in all their professional activities on the grounds of race, sex, creed, religion, disability or age and shall seek to eliminate such discriminations by others and to promote equality of opportunity	14(a) not discriminate in all their professional activities, particularly in terms of legally recognised protected characteristics along with locally agreed protected characteristics and shall seek to eliminate such discriminations by others and to promote equality of opportunity	Language used in relation to the types of protected characteristics can change (e.g. gender and sex). Suggested we don't list each characteristic.

4.9 - CORPORATE GOVERNANCE

Page 35

Section	Existing Wording	Proposed Wording	Reasons/Comments
10. Arrangements for Ensuring On-going Application and Effectiveness	The Corporate Group of officers will consist of the: - Chief Executive Group Director of Operations (S151 Officer) Assistant Director Law and Governance (Monitoring Officer) Head of Strategy, Performance and Communications	The Corporate Group of officers will consist of the: - Chief Executive Group Director of Operations (S151 Officer) Assistant Director Law and Governance (Monitoring Officer) Head of Strategy, Performance and Communications Complaints and Information Governance Manager	Updating
11. Further Information	(c) External Auditor Ernst & Young LLP Citygate, St James' Boulevard, Newcastle-upon-Tyne. NE1 4JD Tel. (0191) 2694887	(b) Forvis Mazars LLP. The Corner, Bank Chambers 26 Mosley Street Newcastle Upon Tyne, NE1 1DF www.mazars.co.uk	Updating

4.12 – PROTOCOL ON PHOTOGRAPHY, FILMING, RECORDING AND BROADCASTING AT THE COUNCIL MEETINGS

Section	Existing Wording	Proposed Wording	Reasons/Comments
4.12	n/a – this is a new protocol	See the below text	Clarification

Protocol on photography, filming, recording and broadcasting at the Council meetings

1. Darlington Borough Council supports the principles of openness and transparency.
2. The purpose of this protocol is to provide guidance to Chairs of council meetings, Committees, Cabinet and elected Members and to the press or public on the taking of photographs, filming, recording and broadcasting of any of the Council's public meetings, including by digital and social media.

NOTE – Film Crews with more complex equipment should contact the Communications Team at least one working day prior to the meeting to allow appropriate arrangements to be made

3. If the press or a member of the public proposes to film, photograph or record a meeting, it is advisable that they contact the Democratic Services Officer before the start of the meeting to ensure the necessary arrangements can be made and those participating in the meeting can be advised accordingly.
4. When appropriate, the Chair of the Committee will make an announcement that the meeting is being filmed, photographed or recorded at the start of the meeting. They will also advise members of the public that they will not be filmed, photographed or recorded unless they have a role in the meeting, such as asking a question or making a representation, in which case they will be deemed to have given their consent.
5. Filming, recording or photographing of any public meeting must take place from a designated fixed position in the meeting room. Equipment must not block access routes, no trailing cables are allowed and equipment cannot be plugged into mains sockets.
6. Filming, recording or photographing must not include the public gallery/public seating area to avoid members of the public being filmed, photographed or recorded without their consent. No person under the age of 16 can be filmed, photographed or recorded without written permissions given by parent or guardian in advance.
7. Filming, recording or photographing will only commence at the beginning of the meeting when the Chair opens the meeting and will finish when the meeting closes (or goes into private session). Anything that is outside the scope of the meeting itself cannot be filmed.
8. No exempt or confidential agenda items will be filmed, recorded or photographed and equipment cannot be left in any room where a private meeting is held.
9. Audible commentary cannot be made during the meetings.
10. The use of flash photography or additional lighting is not permitted.

11. If the Chair of the meeting considers that the filming, recording or photographing is disrupting the meeting, or if the person conducting it does not abide by the protocol, the operator of the equipment will be required to stop filming, recording or photographing the meeting for the remainder of the session.

**AUDIT COMMITTEE
4 NOVEMBER 2024**

ANTI-FRAUD AND CORRUPTION STRATEGY 2024-2025

SUMMARY REPORT

Purpose of the Report

1. To advise Members of the Anti-Fraud and Corruption arrangements for the period 2024-2025.

Information and Analysis

2. Estimates suggests in excess of £300m is being lost to fraud in local government. With the pressures faced by our services it is imperative that we are able to ensure the funds we have are not being lost to fraudsters.
3. The Chartered Institute of Public Finance and Accountancy (CIPFA) take the lead on providing advice and guidance to the sector on managing the fraud risk. They also co-ordinate annual surveys of fraudulent activity detected across local government.
4. A Code of Practice on Managing the Risk of Fraud and Corruption was published by CIPFA in October 2014. The code has 5 distinct strands:
 - (a) Acknowledge Responsibility
 - (b) Identify Risks
 - (c) Develop a Strategy
 - (d) Provide Resources
 - (e) Take Action
5. The attached strategy has been developed in line with the code of practice with each of the 5 themes addressed. The format of the strategy has been redefined from previous versions to improve the visual appeal of the strategy and make it more effective.
6. The strategy is endorsed by senior management with a foreword provided by the Director - Operations as the responsible finance officer and the Chair of the Audit Committee reflecting the importance of tackling fraud within the authority.
7. At the core of the code is understanding our fraud risk and ensuring we provide adequate resources to address the areas of greatest risk. A risk has been added to the strategic risk register to facilitate this.
8. Based on the results of local counter fraud activity and the national estimates of where fraud occurs it would appear the resources we have available and where they are deployed are commensurate with the current level of risk exposure. There are a number of emerging risk areas (specifically social care and procurement), work will be undertaken from existing

resources to assess the risk posed and whether there is a need for additional controls in those areas.

9. There are a significant number of promotional materials available to support counter fraud efforts. Included in the strategy are a number of actions around raising awareness and ensuring everyone understands the risk of fraud therefore helping to prevent fraud occurring and where it does to ensure it is reported and appropriate action is taken.
10. The audit plan supports the fraud risk assessment process providing advice and guidance where controls need to be improved. Good practice suggests continuous monitoring is an effective process for detecting fraud early. Much of the work within the audit plan is moving towards continuous monitoring not only to improve the efficiency and effectiveness of the audit service but also to support the early detection of fraud reducing its impact.

Anti-Fraud and Corruption Strategy 2023/2024 Update

11. A number of actions were identified in the 2023/2024 strategy and a position statement is provided below:
 - a. Intranet pages were reviewed during the year. The intranet page includes guidance and training materials for staff.
 - b. Fraud risk assessment has been reviewed at regular intervals during the year.
 - c. Progress has been made on the programme of controls auditing.
 - d. Audits have considered management arrangements for the prevention and detection of fraud.
 - e. Publication of relevant fraud information is included within the strategy itself.
 - f. Participation in the National Fraud Initiative (NFI) exercise.

Recommendation

12. It is recommended that the Audit Committee approves the Anti-Fraud and Corruption Strategy (**Appendix A**).

Reason

13. The recommendation is supported as it comprises part of the Council's corporate governance arrangements.

Andrew Barber
Audit and Risk Manager

Background Papers

(i). CIPFA Code of Practice on Managing the Risk of Fraud and Corruption

Andrew Barber : 01642 526176 Internal : 156176

Council Plan	No direct impact.
Addressing inequalities	No specific equality impact
Tackling Climate Change	No specific climate change impact however controls to manage climate change are included in the programme
Efficient and effective use of resources	The report provides for a strategy to help safeguard resources
Health and Wellbeing	There is no specific health and well-being impact.
S17 Crime and Disorder	The strategy focusses on fraud committed against the council which is considered low risk therefore the impact should be minimal overall.
Wards Affected	All wards are affected equally.
Groups Affected	All groups are affected equally.
Budget and Policy Framework	This report does not recommend a change to the Council's budget or policy framework
Key Decision	This is not a Key Decision
Urgent Decision	This is not an Urgent Decision

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**AUDIT COMMITTEE
4 NOVEMBER 2024**

INFORMATION GOVERNANCE PROGRAMME PROGRESS REPORT

SUMMARY REPORT

Purpose of the Report

1. The Systems and Information Governance Group (SIGG) is required to report six monthly to the Audit Committee on progress and planned developments of the information governance programme.

Summary

2. The ongoing delivery of our information governance programme continues to provide the assurance required to reduce our information risks to an acceptable level.
3. Recent/Ongoing work includes:
 - (a) The Microsoft Office 365 Programme.
 - (b) ICT work plan.
 - (c) Web Team work plan.
 - (d) Systems and Process Team work plan.
 - (e) Information Governance Team Work Plan.
 - (f) Data Security and Protection (DSP) Toolkit.
 - (g) Work to achieve our target for the completion of on-line mandatory information governance training courses.
4. The area of highest priority in the information governance programme is:
 - (a) The Microsoft Office 365 Programme.

Recommendation

5. It is recommended that progress on the implementation of the Information Governance Programme be noted.

Reason

6. To provide the Audit Committee with a status report on the delivery of the Council's Information Governance Programme.

Elizabeth Davison
Executive Director of Resources and Governance

Lee Downey, Complaints & Information Governance Manager: Extension 5451

Background Papers

Council Plan	There is no specific relevance to the strategy beyond a reflection on the Council’s governance arrangements.
Addressing inequalities	There is no direct impact
Tackling Climate Change	This report is for information to members and requires no decision. Therefore there are no issues in relation to Carbon Impact and Climate Change.
Efficient and effective use of resources	Implementation of effective information governance systems and procedures has a positive impact on efficiency.
Health and Wellbeing	This report is for information to members and requires no decision. Therefore there are no issues in relation to Health and Well Being.
S17 Crime and Disorder	There are no specific issues which relate to crime and disorder
Wards Affected	All wards are affected equally
Groups Affected	This report is for information to members and requires no decision. Therefore there is no impact on any particular group.
Budget and Policy Framework	This report does not recommend any changes to the Budget or Policy Framework
Key Decision	This is not a key decision
Urgent Decision	This is not an urgent decision
Impact on Looked After Children and Care Leavers	There is no specific impact on Looked After Children and Care Leavers.

MAIN REPORT

Background

7. Delivery of our information governance programme has provided the assurance required to reduce our information risks to an acceptable level. While that is the case it must be recognised that the data processing activities of the Council continually evolve and must be kept under review. The processes implemented by the Council include review mechanisms to ensure this takes place.

The Microsoft Office 365 Programme

8. The Microsoft Office 365 Programme Team is comprised of the Systems Strategy and Development Manager, the Complaints and Information Governance Manager, the ICT Solutions Architects and the ICT Security and Assurance Team Leader and the End User Engagement Team and reports to SIGG. We have also recently recruited a Systems and Process Officer (SPO) who will assist the above team in driving this forward.
9. Following the successful migration of services who volunteered to migrate to Microsoft 365, we now have a significant number of teams who are fully operational through a Microsoft (MS) Teams interface. However, there remains a significant piece of work to do to and over the coming months we intend to migrate the rest of the Council's services to Microsoft 365. This work will be carried out by the new SPO who will be meeting with services to enable a smooth transfer into the new 365 world.
10. In addition to the services now using MS Teams as their primary working area, there are several Functional and Project Teams being used to conduct business across the Local Authority, including with partners. We have recently decommissioned the secure file sharing system, Egress. We are now providing that functionality via MS Teams, saving on license costs.
11. It is vital all Council services are migrated to Microsoft 365, to enable officers to collaborate remotely, work in innovative ways and utilise the plethora of applications within Microsoft 365 to improve productivity. The need to migrate services to Microsoft 365 is also becoming increasingly necessary from an information security perspective and as we start to explore the potential use of Microsoft Co-pilot, Microsoft's AI tool.

ICT work plan

12. SIGG also oversees the Council's ICT work programme, a summary of which is contained in the ICT Strategy - Implementation Progress report to Audit Committee.

Web Team work plan

13. Work on the darlington.gov.uk migration was resumed in late May, this project is expected to take until spring 2025 to complete and is now the team's main focus. The basic

template and content management is now in place alongside the simpler custom features. Work is now starting on the more complex integrations.

14. Development on the Hopetown Darlington website is complete. Since going live we've had a steady stream of new feature requests and enhancements. These are currently being handled via the usual helpdesk route where time allows.

Systems and Process Team work plan

15. The Systems and Process Team are the custodians of the large corporate applications that administer the Council's business across Social Care, Education, Customer Services, all online payments, Waste Management, Building Services, Street Cleansing, Planning, Anti-Social Behaviour, Building Control, Trading Standards and Licensing. The work plan covers all major upgrades to these systems (including the intensive testing regime needed to support this).
16. The team are working in Adult Services to align the Transformation Team Programme with the System Programme, a new program of works has been drawn up and we are slowly working through each item. Ongoing work also includes looking at a system to digitalise care records within the reablement team and Holicote. Grants have been received to fund 50% of the cost within the first year. We are also carrying out research into portals which are available to the service to enable more streamlined delivery of services between us and 3rd parties.
17. Children's Services work continues with the main focus still being on Fostering. The team are working closely with the transformation programme manager to implement more streamline services when working with carers. The new payment scheme has been implemented for our foster carers, and the system also underwent a major upgrade in October 2024, which brought in a number of enhancements.
18. The Education system is now part of a much wider programme that will see it wholly replaced in 2025. Stage one of the Education system is now live alongside two out of four portals – Admissions and Establishment. The 3rd portal which will enable parents to apply for an Education Health Care (EHC) Plan for their child was due to soft launch with four school/nurseries in September 2024, however this has been delayed due to a system issue. Stage two was due to commence in 2024, however, this has been rescheduled to 2025 due to System C re-designing their finance module. This is an integral part of this stage and is yet to be released to customers, meaning there could be further delays. This is being monitored and factored in. School admission applications opened for the second time using the new system in September 2024 and saw a large influx of applications on its first day of opening.
19. The development of the Customer Strategy is supported by the Verint work programme (Verint is the Councils CRM System) where forms are developed to allow a seamless digital

interaction for the customer and a safe and secure payment option. Additional services will continue to come on board with an online form offering, this is a project where we continue to work with those that want to offer an online form option as well as continuous promotion of existing forms to increase a higher digital presence. Verint underwent a major upgrade in April which has brought us up to date and inline with their upgrade path.

20. Over the coming months, we will be updating our mapping programme and tools, this is a large scale project which will see the systems team working with services to ensure that the layers used are updated and migrated over to the new platform successfully prior to us moving over to the Pro version of the product.

Information Governance Team Work Plan

21. The Council's Complaints and Information Governance Team/The Data Protection Officer continues to provide advice to officers on a range of data protection and information rights matters and ensures information rights requests are handled in accordance with UK General Data Protection Regulations (GDPR); The Data Protection Act 2018; The Freedom of Information Act 2000; and The Environmental Information Regulations 2014.
22. Since the last report to Audit Committee the team has also advised on a number of contracts including, AV1 - No Isolator, Mailinator – USA and the Legal Case Management System; a number of data protection impact assessments (DPIAs) including, AV1 – No Isolator, Rapid Deployment Mobile CCTV Cameras and Children's Services / Legal Research Project; and a number of data sharing agreements including, the Community Safety Partnership Information Sharing Protocol, Nebula Labs - virtual memory box and For Baby's Sake.
23. The Team are scanning the horizon in relation to the Data Protection and Digital Information Bill. The Bill is reaching the end of its passage through Parliament, is now at Committee Stage in the House of Lords and could receive Royal Assent this year.

Data Security and Protection (DSP) Toolkit

24. The DSP Toolkit is an online self-assessment tool that allows organisations to measure their performance against the National Data Guardian's 10 data security standards. All organisations that have access to NHS patient data and systems must use the toolkit to provide assurance that they are practising good data security and that personal information is handled correctly.
25. The Information Management Team has published the Council's submission for 2023/24. The Council's DSP Toolkit status of Standards Met is now publicly available for service users, commissioners, partner organisations and the public at [Organisation Search \(dsptoolkit.nhs.uk\)](https://dsptoolkit.nhs.uk)

Training and awareness

26. The revised table in Appendix 1 shows the position on 23 October 2024 regarding the completion of the mandatory on-line information governance courses for Academy 10 and

where applicable, non-IT users. Completion rates of over 95% remains the Council's target and represents an acceptable level of take up which must be achieved.

27. The overall completion rate for the Employee's Guide to Information Security currently stands at 89%, an increase from the 85% reported to April's Audit Committee. This course is subject to a two year renewal, the course is not applicable to non-IT users.
28. In relation to the Social Media Module, completion rates currently stand at 78% overall, 92% for Academy 10 users and 34% for non-IT users. This compares to the 72% overall, 84% for Academy 10 users and 30% for non-IT users, reported to April's Audit Committee.
29. In relation to the Data Protection Act (DPA) 2018, overall completion rates are at 76%, 87% for Academy 10 users and 43% for non-IT users. This compares to the 70% overall completion rate, 80% for Academy 10 users and 41% for non-IT users, reported to April's Audit Committee.
30. While a significant number of officers have undertaken this training previously, following the introduction of two year expiry periods in relation to all three modules, they are now required to complete it again. As notifications are sent to those officers who need to refresh their training we anticipate an upturn in completion rates. This is done directly via reminder e-mails sent from Academy 10 and the weekly staff Briefing. With regards to completion rates for non-IT users, the simplified tool box talk style modules are still being used for Social Media and Data Protection. These modules have been designed for managers to be able to deliver the sessions faster, while still imparting all the key information with reinforced learning at the end of the sessions.

Conclusion

31. The Council's information governance programme continues to address emerging issues, support compliance with data protection legislation and manage the Council's information risks to an acceptable level.

Outcome of Consultation

32. No formal consultation was undertaken in production of this report.

% Completion Rate			
23/10/2024	Employee Guide to Information Security not applicable to hard copy	Social Media Version 3 - New in 2020	Data Protection 2018
Chief Executives & Economic Growth Total	84	91	82
Darlington Partnership	100	100	67
Economic Growth	89	91	82
Operations Group Total	92	97	96
Housing and Revenues	97	97	96
Law & Governance	96	96	96
Resources	95	95	95
Strategy Performance and Communications	100	100	97
People Group Total	89	84	78
Adult Social Care	85	88	83
Children's Services	83	90	81
Commissioning Performance&Transformation	96	95	89
Educational Services Total	97	54	53
Education	97	100	97
Educational Services Hard Copy	N/A	0	0
Public Health	94	94	100
Services Group Total	83	65	68
Community Safety	91	98	91
Community Services Total	77	53	58
Community Services	77	83	78
Community Services Hard Copy	N/A	34	45
Highways & Capital Projects Total	92	79	76
Highways & Capital Projects	92	93	85
Highways & Capital Projects Hard Copy	N/A	58	62
Council Total	89	78	76
Academy 10 Total	89	92	87
Hard Copy Total	N/A	34	43

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AUDIT COMMITTEE
14 SEPT 2024

ICT STRATEGY – IMPLEMENTATION PROGRESS REPORT

SUMMARY REPORT

Purpose of the Report

1. The Chief Officer's Board (COB) is required to report six-monthly to the Audit Committee on progress in relation to the implementation of the ICT Strategy.

Summary

2. The revised ICT Strategy focusses on three strategic priorities:
 - (a) ICT Governance and Service Development
 - (b) ICT Strategic Architecture
 - (c) Council Service Development and Transformation
3. This report summarises progress on the main activities within each of these priorities.

Recommendation

4. It is recommended that progress on the implementation of the ICT Strategy be noted.

Reasons

5. The recommendation is supported to provide the Audit Committee with evidence to reflect on progress in delivery of the Council's ICT Strategy.

Andy Evans
Head of ICT Services – Xentrall Shared Services

Background Papers

Darlington ICT Strategy 2022

Andy Evans - Extension 528472

Council Plan	The ICT Strategy supports the business of the Council Plan by ensuring appropriate ICT systems are available, reliable and secure.
Addressing inequalities	There is no specific impact on addressing inequalities.
Tackling Climate Change	Initiatives contained within ICT Strategy will help contribute towards the carbon reduction commitments.
Efficient and effective use of resources	Efficiency savings will be generated through the implementation of the ICT Strategy. The introduction of new technology is key to the delivery of savings within Council services.
Health and Wellbeing	There is no specific Health and Wellbeing impact.
S17 Crime and Disorder	There is no specific crime and disorder impact.
Wards Affected	All wards are affected equally.
Groups Affected	All groups are affected equally.
Budget and Policy Framework	Financial implications will be considered in the Medium-Term Financial Plan. This report does not affect the policy framework.
Key Decision	This is not a key decision.
Urgent Decision	This is not an urgent decision.
Impact on Looked After Children and Care Leavers	This report has no impact on Looked After Children or Care Leavers

MAIN REPORT

6. Progress on the three strategic themes of the ICT Strategy within the reporting period is described below.

ICT Governance and ICT Service Development

7. The Systems and Information Governance Group (which is the Chief Officers Board of Assistant Directors but chaired by the Executive Director - Resources and Governance) undertakes an ICT Strategy monitoring role as well as overseeing and approving the ICT Work Plan, which covers all service based and corporate ICT projects. As well as this forum, updates on major ICT projects are also given to the Executive Director - Resources and Governance and to the meetings of the Xentrall Executive Board on which she sits.
8. ICT have been awarded PSN (Public Service Network) certification by the Cabinet Office for the current financial year and work is already under way to prepare the 25/26 submission. The external penetration test of the Darlington network by an approved assessor is complete and ICT are working through recommended remediations and updating technical documentation. Xentrall ICT are also working with Central government on CAF (Cyber Assessment Framework). Whilst yet to be launched by the Government, Darlington will be one of the first Councils in the country to adopt this new cyber security standard.
9. Working closely with the Councils Internal Audit team twelve separate audit controls have been reviewed during this reporting period. All have been classified as "green" on a red/amber/green rating system. They include an assessment of Data Centre and Infrastructure Security as well as a review of ICT's approach to considering and responding to Cyber Security threats.
10. In terms of ICT service development and related to the two ISO certifications and internal audits, all ICT service improvement activities are identified in the ICT Service Improvement Programme, and this continues to be managed and monitored by the ICT Management Team, supported by the ICT Security & Process Excellence Officer. This group reviews the progress and priorities of this extensive and continual programme which is resourced through a combination of business-as-usual activities and planned projects within ICT. As part of the annual recertification work ICT have successfully retained both ISO 90001 (Quality Management Systems) and 27001 (Information Security Management) standards.
11. One of the ways ICT are helping to reduce the risk of a cyber incident is by working with the Information Governance Team to deliver regular Phishing email simulation exercises and a strengthened approach to communications. The most recent exercise was completed in June 2024. The findings have been passed to Information Governance who will use them to inform the approach to user education and communication. In additional security controls that filter malicious emails coming into the organisation have been reviewed and strengthened.
12. A revised user onboarding process was launched within FreshService, the ICT call logging portal. This improved process consolidates the various separate requests for ICT hardware and software into one online form. This paves the way for further development and the end goal of a fully automated starter process for new Council staff.

ICT Strategic Architecture

13. ICT continues to ensure high levels of system availability, reliability, and security through the delivery of major project work. Notable deliverables include:
 - (a) The refresh of the Councils Wide Area Network (WAN) is now well underway with all site surveys for Darlington complete. Dates are being arranged to install the new faster fibre circuits which will introduce new technology, faster connectivity, and a reduced contract price.
 - (b) The planned upgrade to the Councils main Internet connection is now complete with capacity increased by tenfold. This work was completed out of hours and whilst potentially disruptive, ICT worked with services such as CCTV, the Emergency Duty Team, Red Care Services and leisure sites taking cash to ensure minimum impact.
 - (c) During this reporting period ICT have worked at pace to refresh and replace key technology platforms such as the Darlington Firewall and the virtual server infrastructure which deliver key line of business applications such as Social Care, Finance and Revenues and benefits. As well as improving security and performance, this work is critical in maintaining high levels of application availability and resilience.
 - (d) Refresh of the Councils Network Infrastructure. In parallel with the upgrade to the wide area network connections ICT have also commenced a project to replace and upgrade the network hardware across the Darlington, starting with the Town Hall and then moving on to the 19 satellite offices sites across Darlington.

Council Service Development and Transformation

14. The service-based Information & Systems Strategies inform the ICT Work Plan, and this drives customer projects within the ICT service. As well as the management and monitoring of individual projects, the overall ICT Work Plan is monitored at the Systems and Information Governance Group (SIGG is described in paragraph 7 above). These ICT projects underpin many of the Council's business change activities. SIGG also reviews the Web Team Workplan and the Systems and Process Team Workplan and thereby has a whole view of ICT-related activities across the Council.
15. As well as some of the central ICT architecture projects listed above, five additional Darlington specific projects have been completed since the last progress report to this committee including significant updates to payment processing and online booking for leisure services and supporting the implementation of a new housing allocations service. Other examples of projects and major milestones include:
 - a) The launch of the Hopetown Rail and Engineering experience on the 16th of July. The scope of the ICT work encompassed the design and installation of the Councils largest Wi-Fi network to date. As well as the implementation of new point of sale and ticketing systems. ICT provided onsite supporting at the opening event on the 16th as well as out of hours support for the first full weekend of opening ensuring the best customer experience possible.

- b) Final testing stages of an internal development to migrate the Cemetery & Crematorium team to a modern web-based system that will improve processes with customers and funeral directors.
 - c) Provided ICT support for the Police & Crime Commissioner, Local Councillor and General Elections. Supporting Democratic Services, configuring and testing devices and applications required to facilitate the count, working through the night to ensure support was on hand if required.
16. As part of the Microsoft Office 365 roll-out and the features this brings, ICT have continued to work with a task group and different services across the Council to migrate their shared data to Teams. Services already migrated can work more collaboratively when developing and sharing documents. Functional as well as structural teams are also deployed, and these are used for project and group work.

Outcome of Consultation

17. There has been no formal consultation in the preparation of this report.

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**AUDIT COMMITTEE
4 NOVEMBER 2024**

**MID YEAR PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT
MONITORING REPORT 2024/25**

SUMMARY REPORT

Purpose of the Report

1. This report seeks approval of the revised Treasury Management Strategy, Prudential Indicators and provides a mid-yearly review of the Council's borrowing and investment activities. Audit Committee are requested to forward the revised Strategy and indicators to Cabinet and Council for their approval and note any changes to the MTFP with regard to the Treasury Management Budget (Financing Costs).

Summary

2. The mandatory Prudential Code, which governs Council's borrowing, requires Council approval of controls, called Prudential Indicators, relating to capital spending and borrowing. Prudential Indicators are set in three statutory annual reports, a forward looking annual treasury management strategy, a backward looking annual treasury management report and this mid-year update. The mid-year update follows Council's approval in February 2024 of the 2024/25 Prudential Indicators and Treasury Management Strategy.
3. The key objectives of the three annual reports are:
 - (a) to ensure the governance of the large amounts of public money under the Council's Treasury Management activities:
 - (i) Complies with legislation.
 - (ii) Meets high standards set out in codes of practice
 - (b) To ensure that borrowing is affordable,
 - (c) To report performance of the key activities of borrowing and investments.
4. The key proposed revisions to Prudential Indicators relate to the Operational Boundary will reduce to £179.323m and the Authorised Limit to £259.628m which will allow for any additional cashflow requirement.

Recommendations

5. It is recommended that:
 - (a) The revised prudential indicators and limits within the report in Tables 1 to 6, 8, 10 and 12 to 17 are examined.

- (b) The Treasury Management Budget (Financing Costs) projected outturn shown in Table 11 is noted.
- (c) That this report is forwarded to Council via Cabinet with comments from this committee, in order for the updated prudential indicators to be approved.

Reasons

- 6. The recommendations are supported by the following reasons :-
 - (a) In order to comply with the Prudential Code for Capital Finance in Local Authorities;
 - (b) To inform Members of the performance of the Treasury Management function;
 - (c) To comply with the Local Government Act 2003;
 - (d) To enable further improvements to be made in the Council's Treasury Management function.

Elizabeth Davison
Executive Director - Resources and Governance

Background Papers

- (i) Capital Medium Term Financial Plan 2024/25
- (ii) Prudential Indicators & Treasury Management Strategy 2024/25
- (iii) Accounting records
- (iv) The Prudential Code for Capital Finance in Local Authorities

Judith Murray: Extension 5204

Council Plan	The Council's treasury management contributes to all priorities outlined within the Council Plan.
Addressing inequalities	This report is providing an update on prudential indicators and the monitoring of the Council's treasury management. There is therefore no impact as a result of this report.
Tackling Climate Change	This report is providing an update on prudential indicators and the monitoring of the Council's treasury management. There is therefore no impact as a result of this report.
Efficient and effective use of resources	This report contains updated information regarding the Council's treasury management position
Health and Wellbeing	This report is providing an update on prudential indicators and the monitoring of treasury management therefore there is no impact as a result of this report.
S17 Crime and Disorder	This report has no implications for crime and disorder
Wards Affected	No specific impact on an individual area as a result of this report
Groups Affected	No specific impact on an individual area as a result of this report
Budget and Policy Framework	This report does not recommend a change to the Council's budget or policy framework
Key Decision	This is not a key decision
Urgent Decision	This is not an urgent decision
Impact on Looked After Children and Care Leavers	This report has no impact on Looked After Children or Care Leavers

MAIN REPORT

Information and Analysis

7. This mid-year review report meets the regulatory framework requirement of treasury management. It also incorporates the needs of the Prudential Code to ensure monitoring of the capital expenditure plans and the Council's prudential indicators (PIs). The Treasury Strategy and the PIs were previously reported to Council on 15 February 2024.
8. This report concentrates on the revised positions for 2024/25. Future year's indicators will be revised when the impact of the MTFP 2025/26 onwards is known.
9. A summary of the revised headline indicators for 2024/25 is presented in Table 1 below. More detailed explanations of each indicator and any proposed changes are contained in the report. The revised indicators reflect the movement in the Capital MTFP since its approval in February 2024 and the means by which it is financed.

Table 1 Headline Indicators

	2024/25 Original Estimate	2024/25 Revised Estimate
	£m	£m
Capital Expenditure (Tables 2 and 3)	70.088	69.646
Capital Financing Requirement (Table 4)	260.106	247.265
Operational Boundary for External Debt (Table 4)	183.973	179.323
Authorised Limit for External Debt (Table 6)	273.111	259.628
Ratio of Financing Costs to net revenue stream- General Fund (Table 14)	4.16%	4.10%
Ratio of Financing Costs to net revenue stream- Housing Revenue Account (HRA)(Table 14)	12.42%	12.49%

10. The capital expenditure plans and prudential indicators for capital expenditure are set out initially, as these provide the framework for the subsequent treasury management activity. The actual treasury management activity follows the capital framework and the position against the treasury management indicators is shown at the end.
11. The purpose of the report supports the objective in the revised CIPFA Code of Practice on Treasury Management and the Ministry of Housing, Communities and Local Government Investment Guidance which state that Members receive and adequately scrutinise the treasury service.
12. The underlying economic environment remains difficult for Councils. It is essential that the Council continues to monitor its cashflow in these times of high interest rates. Borrowing rates are higher than investment returns and this background encourages the Council to continue investing over the shorter term and with high quality counterparties but also limit any borrowing to only that which is essential and for the shorter term where possible until interest rates start to fall.

Key Prudential Indicators

13. This part of the report is structured to update:
- (a) The Council’s capital expenditure plans
 - (b) How these plans are financed
 - (c) The impact of the changes in the capital expenditure plans on the PI’s and the underlying need to borrow
 - (d) Compliance and limits in place for borrowing activity
 - (e) Changes to the Annual Investment Strategy
 - (f) The revised financing costs budget for 2024/25

Capital Expenditure PI

14. Table 2 shows the revised estimates for capital expenditure and the changes since the capital programme was agreed at the budget.

Table 2

Capital Expenditure by Service	2024/25 Original Estimate	2024/25 Revised Estimate
	£m	£m
General Fund	31.038	20.876
HRA	27.270	43.032
Total Estimated Capital Expenditure	58.308	63.908
Loans to Joint Ventures	11.780	5.738
Total	70.088	69.646

15. The changes to the 2024/25 capital expenditure estimates have been notified to Cabinet as part of the Capital Budget monitoring process (Quarterly Project Position Statement Report).
16. The current capital programme that has not already been financed now stands at £151.869m but this includes a number of schemes that will be spent over a number of years not just in 2024/25. A reduction of £82.223m has been allowed for schemes which are known will be finalised in future years, but it is likely that other schemes will also slip into future years.

Impact of Capital Expenditure Plans

Changes to the financing of the Capital Programme

17. Table 3 draws together the main strategy elements of the capital expenditure plans shown above, highlighting the original elements of the capital programme, and the expected financing arrangements of this capital expenditure. The borrowing element (Borrowing Need) increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR). Borrowing need is estimated to increase slightly for 2024/25 mainly

due to rising costs and additional schemes being approved. This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

Table 3

Capital Expenditure	2024/25 Original Estimate	2024/25 Revised Estimate
	£m	£m
General Fund	31.038	20.876
HRA	27.270	43.032
Loans to Joint Ventures	11.780	5.738
Total Capital expenditure	70.088	69.646
Financed By:		
Capital Receipts – Housing	0.303	0.000
Capital Receipts –General Fund	4.840	0.887
Capital grants	26.198	16.319
JV Repayments	1.799	1.000
HRA Revenue Contributions	13.455	25.007
GF Revenue Contributions	0.000	0.651
Total Financing	46.595	43.864
Borrowing Need	23.493	25.782

The Capital Financing Requirement (PI), External Debt (PI) and the Operational Boundary

18. Table 4 shows the Capital Financing Requirement (CFR), which is the underlying external need to borrow for capital purposes. It shows the expected actual debt position over the period. This is called the Operational Boundary. The increase in Borrowing Need (Table 3) is around £2.3m and currently actual borrowing for the Council is £158.411m. It is proposed to set an actual borrowing figure of £171.411m this will accommodate the additional borrowing need and any debt requirements for cash flow purposes. Other Long-term liabilities (the PFI scheme) will be added to give the revised operational boundary for 2024/25.

Prudential Indicator- External Debt/ Operational Boundary**Table 4**

	2024/25 Original Estimate	2024/25 Revised Estimate
	£m	£m
Prudential Indicator- Capital Financing Requirement		
Opening CFR- Post Audit of Accounts	241.020	233.973
CFR General Fund	148.208	151.371
CFR General Fund PFI/Leasing IFRS	5.912	5.912
CFR – Housing	85.871	76.371
CFR – Loans to Joint Ventures	20.115	13.611
Total Closing CFR	260.106	247.265
Net Movement in CFR	19.086	13.292
Borrowing	176.061	171.411
Other long-Term Liabilities	5.912	5.912
Total Debt 31 March- Operational Boundary	181.973	177.323

Limits to Borrowing Activity

19. The first key control over the treasury activity is a PI to ensure that over the medium term gross borrowing should not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2024/25 and the next two financial years. As shown in **Table 5** below.

Table 5

	2024/25 Original Estimate £m	2024/25 Revised Estimate £m	2025/26 Revised Estimate £m	2026/27 Revised Estimate £m
Gross borrowing	176.061	171.411	188.411	205.411
Plus Prudential Borrowing Leases	2.000	2.000	2.000	2.000
Plus Other Long Term Liabilities	5.912	5.912	4.817	3.722
Total Gross Borrowing	183.973	179.323	195.228	211.133
CFR* (year-end position)	260.106	247.265	254.758	261.448

* includes on balance sheet PFI schemes and finance leases

20. The Executive Director - Resources and Governance reports that no difficulties are envisaged for the current and future years in complying with this PI.

21. A further PI controls the overall level of borrowing, this is the Authorised Limit which represents the limit beyond which borrowing is prohibited and needs to be set and revised by Members. It reflects the level of borrowing which while not desirable, could be afforded in the short term, but is not sustainable in the longer term. The Authorised Limit is currently set 5% above the Capital Financing Requirement to allow for any additional cashflow needs,

the revised figure for 2024/25 has been raised by 5% of the new CFR total. Whilst it is not expected that borrowing would be at these levels this would allow additional borrowing to take place should market conditions change suddenly and swift action was required. This is a Statutory limit determined under section 3 (1) of the Local Government Act 2003.

22. It is proposed to move the Authorised Limit in **Table 6** in line with the movement in the overall Capital Financing Requirement.

Table 6

Authorised Limit for External Debt	2024/25 Original Indicator £m	2024/25 Revised Indicator £m
Capital Financing Requirement	260.106	247.265
Additional headroom to Capital Financing Requirement	13.005	12.363
Total Authorised Limit for External Debt	273.111	259.628

Interest Rate Forecasts Provided by Link Asset Services (as at 30th September 2024)

Table 7

	Bank Rate	PWLB rates for borrowing purposes*			
		5 year	10 year	25 year	50 year
	%	%	%	%	%
2024/25					
Dec 2024	4.50	4.50	4.60	5.00	4.80
March 2025	4.00	4.30	4.40	4.80	4.60
2024/25					
June 2025	3.50	4.10	4.30	4.70	4.50
Sept 2025	3.25	4.00	4.10	4.50	4.30
Dec 2025	3.25	3.90	4.10	4.50	4.30
March 2026	3.25	3.90	4.10	4.40	4.20
2025/26					
June 2026	3.25	3.90	4.00	4.40	4.20
Sept 2026	3.00	3.90	4.00	4.40	4.20
Dec 2026	3.00	3.90	4.00	4.30	4.10
March 2027	3.00	3.80	3.90	4.30	4.10

*PWLB rates above are for certainty rates (which are provided for those authorities that have disclosed their borrowing/capital plans to the government. Darlington Borough Council will be able to access these certainty rates which are 0.2% below PWLB's normal borrowing rates.

23. The latest Bank Rate increase was reviewed in September with no change from 5.00% being implemented. The next review will be in November with a cut to 4.75% anticipated, however, what happens for the remainder of 2024/25 and into 2025/26 will most likely depend on inflation and employment data releases as well as geo-political events.

24. The government’s plans to raise public spending by around £16bn a year (0.6% GDP) have caused concerns that a big rise in taxes will be announced which could weaken GDP growth in the medium-term. However, raises in public spending tend to boost GDP by more than increases in taxes reduce it.
25. CPI inflation decreased to 1.7% in September with falls in transportation costs, furniture and household energy costs, however CPI inflation is expected to rise in the next couple of months, potentially reaching 2.9% in November before declining to around 2.0% by mid 2025.
26. The increasing uncertainties of the Middle East may also exert an upward pressure on inflation with oil prices rising in the aftermath of Iran’s missile attack on Israel. China’s recent outpouring of new fiscal support measures has also added to the upshift in broader commodity prices which in turn may impact on global inflation levels and thus monetary policy. The forecast is however for the bank rate to fall to 4.5% by the end of November with further cuts in 2025. In the second half of 2025 a more marked easing in inflation will prompt the Bank to speed up rate cuts eventually potentially reaching 3.0% by 2026.

Treasury Management Strategy 2024/25 and Annual Investment Strategy Update

27. The Treasury Management Strategy Statement, (TMSS), for 2024/25 was approved by Council on 15 February 2024.
28. There are no policy changes to the TMSS.
29. The details in this report update the position in the light of the updated economic position and budgetary changes already approved.

Debt Activity during 2024/25

30. The expected net borrowing need is set out in **Table 8**

Table 8

	2024/25 Original Estimate £m	2024/25 Revised Estimate £m
CFR (year-end position) from Table 4	254.194	241.353
<u>Less</u> other long term liabilities PFI and finance leases	5.912	5.912
Net adjusted CFR (net year end position)	260.106	247.265
Expected Borrowing	181.973	177.333
(Under)/ Over borrowing	(78.135)	(69.932)

31. The Council has taken on £27m of new short debt in the current year to date which will either be replaced or will be repaid using short term maturing investments and any surplus cash.

32. The amount borrowed by the Council now stands at £158.411m, this excludes any additional cashflow loans which may be required. An additional £13.000m has been included in Table 8 above for estimated cashflow loans which may be required.
33. There will still be an element of under-borrowing by the Council at the end of March 2024.

Property Funds

34. The Annual Investment Strategy highlighted the situation regarding the Lothbury Property Fund and it was confirmed in the 2023/24 Treasury Management Outturn report that unfortunately the Lothbury Property Fund was terminated in the first quarter of 2024/25 (30th May 2024).
35. The process of winding up the Lothbury Property Fund will take some time, as assets need to be sold and the distributions of funds can only be made once completed. This process is expected to be finalised by the end of March 2025, but this will depend upon how asset sales progress.
36. To date the Council has received three distributions from the sale of Lothbury assets. These have been invested in the UBS Triton Property Fund.
37. UBS Triton is a 5 star rated fund which offers returns of around 3.1% over 5 yrs, that is projected to increase to 5-8% per annum from 2025 to 2029.
38. Given these forecasts, and after extensive engagement and discussions with UBS Triton and with our advisors regarding alternative investment options, the Council have invested the funds received to date into UBS Triton. However investment decisions regarding future distributions will be made on receipt, in consideration of the best investment options and the Council's financial position at that point.
39. The latest projection is that future distributions from the Lothbury Fund will be a further £2.9m based upon the current value of their asset portfolio.
40. Maximising returns for the Council is key, so monitoring of the performance of all the property funds and other investments will continue to be a high priority.

Debt Rescheduling

41. Debt rescheduling opportunities have been very limited in the current economic climate given the consequent structure of interest rates and following the increase in the margin added to gilt yields which has impacted PWLB new borrowing rates since October 2010. No debt rescheduling has therefore been undertaken to date in the current financial year.

Annual Investment Strategy 2024/25

Investment Portfolio

42. In accordance with the Code, it is the Council's priority to ensure security of Capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. Successive interest rises over the past year have meant that current investment returns are much

higher than we have seen in previous years and in line with the current bank rate of 5.00%. During this period of greater returns the Council are actively investing where possible.

Treasury Management Activity from 1 April 2024 to 30 September 2024

43. Current investment position – The Council held £40.749m of investments at 30/09/2024 and this is made up of the following types of investment.

Table 9

Sector	Country	Amount £m
AAA Money Market Funds	Sterling Funds	13.530
Property Funds* - CCLA	UK	10.000
Hermes	UK	10.000
Lothbury	UK	2.908
UBS Triton		4.311
Total		40.749

* dividends are received from property funds

Short Term Cashflow Investments

44. Cash balances are invested on a daily basis to maximise the benefit of temporary surplus funds. These include investments in Money Market Funds, the Government's Debt Management Office and bank short term notice accounts. A total of 85 investments were made in the period 1 April 2024 to 30 September 2024 totalling c£148m these were for short periods of up to 180 days and earned interest of £0.501m on an average balance of £19.877m which equated to an annual average interest rate of 5.03%.

Investment returns measured against the Service Performance Indicators

45. The target for our investment returns is to better or at least match a number of external comparators, this performance indicator is also known as yield benchmarking. As can be seen from Table 10, the short term investment achievements (up to 6 months) are above market expectations.

Table 10

	Cashflow Investments %
Darlington Borough Council - Actual	5.03%
External Comparators	
Sterling Overnight Index Average (SONIA) – 6 months	4.96%

Treasury Management Budget

46. There are three main elements within the Treasury Management Budget:-

- (a) Longer term capital investments interest earned – a cash amount of which earns interest and represents the Councils revenue balances, unused capital receipts, reserves and provisions, this will now include Property Funds.
- (b) Cash flow interest earned – the authority has consistently had a positive cash flow. Unlike long term capital investments it does not represent any particular sum but it is the consequence of many different influences such as receipt of grants, the relationship between debtors and creditors, cashing of cheques and payments to suppliers.
- (c) Debt serving costs – this is the principal and interest costs on the Council’s long term debt to finance the capital programme.

Table 11 - Changes to the Financing Costs Budget 2024/25

	£m	£m
Original Financing Costs Budget 2024/25		3.547
Add Increased debt costs	0.085	
Less Increased returns on Investments	(0.235)	
Less decreased returns on Property Funds	0.150	
Total adjustments		0.000
Revised Treasury Management Budget 2024/25		3.547

47. This statement concludes that the Treasury Management budget is forecast to Outturn on budget in 2024/25, this will be reflected in the current MTFP projections.

Risk Benchmarking

48. A regulatory development is the consideration and approval of security and liquidity benchmarks. Yield benchmarks are currently widely used to assess investment performance and these are shown in Table 12. Discrete security and liquidity benchmarks are also requirements of member reporting.

49. The following reports the current position against the benchmarks originally approved.

50. **Security** – The Council’s maximum security risk benchmarks for the current portfolio of investments, when compared to historic default tables were set as follows;

0.077% historic risk of default when compared to the whole portfolio

Table 12

Maximum	Benchmark 2024/25	Actual May	Actual July
Year 1	0.077%	0.000%	0.002%

N.B. this excludes Property Funds

51. The counterparties that we use are all high rated therefore our actual risk of default based on ratings attached to counterparties is very low.
52. The reason that there is no risk of default in May is due to the fact that all investments were in Money Market Funds which could be recalled at any time and carry no risk of default.
53. **Liquidity** – In respect of this area the Council set liquidity facilities/ benchmark to maintain
 - (a) Bank overdraft - £0.100M
 - (b) Liquid short term deposits of a least £3.000M available within a weeks notice
 - (c) Weighted Average Life benchmark is expected to be 0.4 years with a maximum of 1 year
54. The Group Director of Operations can report that liquidity arrangements have been adequate for the year to date as shown in Table 13

Table 13

	Benchmark 2024/25	Actual May	Actual July
Weighted Average Life	0.4 – 1 year	0.00 years	0.52 years

55. The figures are for the whole portfolio of cash flow investments deposited with Money Market funds on a call basis (i.e. can be drawn on without notice) as well as call accounts that include a certain amount of notice required to recall the funds.

Treasury Management Indicators

56. **Actual and estimates of the ratio of financing costs to net revenue stream** – This indicator identifies the trend in the cost of capital (financing costs net of interest and investment income) against the net revenue stream.

Table 14

	2024/25 Original Indicator	2024/25 Revised Indicator
General Fund	4.16%	4.10%
HRA	12.42%	12.49%

Treasury Management Prudential indicators

57. **Upper Limits on Variable Rate Exposure** – This indicator identifies a maximum limit for variable interest rates based upon the debt position net of investments.
58. **Upper Limits on Fixed Rate Exposure** – Similar to the previous indicator this cover a maximum limit on fixed interest rates

59. Historically for a number of years this Council has used these percentages; together they give flexibility to the treasury management strategy allowing the Council to take advantage of both fixed and variable rates in its portfolio whilst ensuring that its exposure to variable rates is limited.

Table 15

	2024/25 Original Indicator	2024/25 Revised Indicator
Limits on fixed interest rates	100%	100%
Limits on variable interest rates	40%	40%

60. **Maturity Structures of Borrowing** - These gross limits are set to reduce the Council’s exposure to large fixed rate loans (those instruments which carry a fixed interest for the duration of the instrument) falling due for refinancing. The higher limits for longer periods reflect the fact that longer maturity periods give more stability to the debt portfolio.

Table 16 - Maturity Structures of Borrowing

	2024/25 Original indicator	2024/25 Actual to Date	2024/25 Revised Indicator
Under 12 months	40%	26%	40%
12 months to 2 years	50%	0%	50%
2 years to 5 years	60%	36%	60%
5 years to 10 years	80%	37%	80%
10 years and above	100%	100%	100%

61. **Total Principal Funds Invested** – These limits are set having regard to the amount of reserves available for longer term investment and show the limits to be placed on investments with final maturities beyond 1 year. This limit allows the authority to invest for longer periods if they give better rates than shorter periods. It also allows some stability in the interest returned to the Authority.

Table 17 - Principal Funds Invested

	2024/25 Original Indicator	2024/25 Revised Indicator
Maximum principal sums invested greater than 1 year	£50m	£50m

Conclusion

62. The prudential indicators have been produced to take account of the Council’s borrowing position. The key borrowing indicator (the Operational Boundary) is £179.323m. The Council’s return on investments has been good, exceeding both of the targets. Based on the

first six months of 2024/25 the Council's borrowing and investments is forecast to be on target on the approved 2024/25 budget.

63. The Council's treasury management activities comply with the required legislation and meet the high standards set out in the relevant codes of practice.

Outcome of Consultation

64. No consultation was undertaken in the production of this report.

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**AUDIT COMMITTEE
4 NOVEMBER 2024**

ETHICAL GOVERNANCE AND MEMBER STANDARDS – UPDATE REPORT

SUMMARY REPORT

Purpose of the Report

1. To update members on issues relevant to member standards and ethical governance.

Summary

2. The report gives members an update of information about issues relevant to member standards since matters were reported to the Committee in April 2024.
3. Also set out in the report are a number of datasets of ethical indicators to assist in monitoring the ethical health of the Council. By reviewing these indicators it is hoped to be able to identify any unusual or significant trends or changes in the volume of data recorded for the relevant period that might provide an alert to any deterioration in the ethical health of the authority.
4. Commentary is included for some data sets to give analysis and explanation for some of the more notable variations. There are no particular issues of concern that have been identified from reviewing the data.

Recommendation

5. Members are asked to note the information presented and to comment as appropriate.

Reasons

6. By having information of this nature:
 - (a) Members will be assisted to perform their role.
 - (b) Members will be able to get a better picture of the ethical health of the authority.

**Luke Swinhoe
Assistant Director, Law and Governance
Monitoring officer**

Background Papers

None – save as mentioned in the text

Luke Swinhoe: Extension 5490

Council Plan	Strong ethical governance arrangements and standards are important in the delivery of the Council Plan
Addressing inequalities	There is no direct impact
Tackling Climate Change	There is no direct impact
Efficient and effective use of resources	There is no direct impact
Health and Wellbeing	There is no direct health and wellbeing impact
S17 Crime and Disorder	There are no specific issues which relate to crime and disorder
Wards Affected	All wards are affected equally
Groups Affected	All groups are affected equally
Budget and Policy Framework	This report does not affect the budget or policy framework
Key Decision	This is not a key decision
Urgent Decision	This is not an urgent decision
Impact on Looked After Children and Care Leavers	This report has no impact on Looked After Children or Care Leavers

MAIN REPORT

Update on matters relevant to Ethical Governance and Member Standards

Committee on Standards in Public Life

7. The Committee on Standards in Public Life (CSPL) advises the Prime Minister, national and local government about ethical standards in public life in England. It monitors, conducts broad inquiries and reports on issues relating to the standards of conduct of all public office holders.
8. In March 2024 the CSPL announced that it will be carrying out a new review looking at accountability within public bodies and the importance of acting on early warning signs of failure or concern. The report is due in the spring of 2025. [Committee on Standards in Public Life launches new review on accountability within public bodies - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/committee-on-standards-in-public-life-launches-new-review-on-accountability-within-public-bodies)
9. In July 2024, following the General election and mindful of the 335 completely new MP's, the CSPL published a reminder about the Nolan Principles (honesty, openness, objectivity, selflessness, integrity, accountability and leadership). [Setting the Standard – Committee on Standards in Public Life \(blog.gov.uk\)](https://www.blog.gov.uk/2024/07/setting-the-standard-committee-on-standards-in-public-life/)
10. For more general information about the CSPL and the wider recent work of the CSPL – this can be viewed from the following link [Committee on Standards in Public Life - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/committee-on-standards-in-public-life)

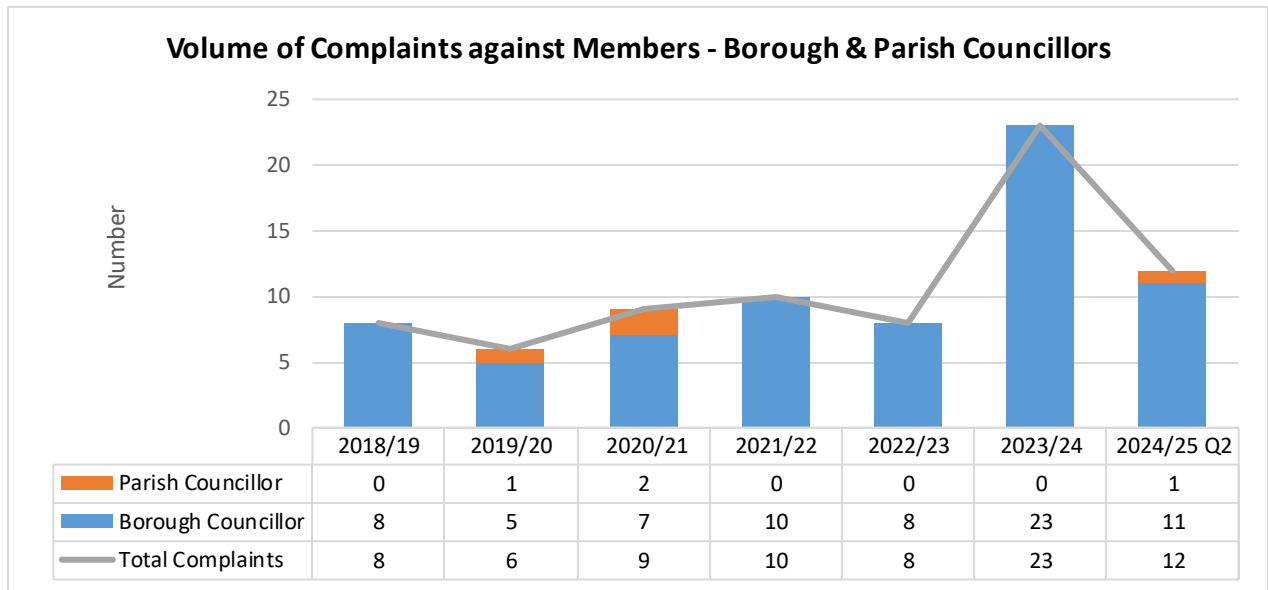
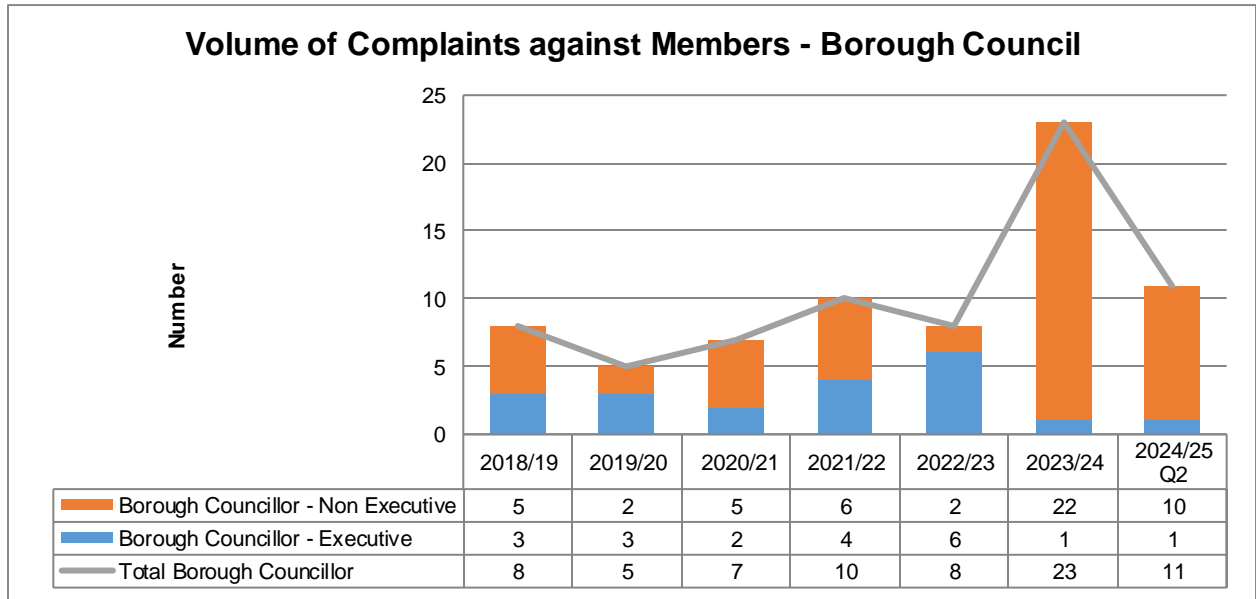
Code of Conduct

11. The Monitoring Officer provided refresher training on the Members Code of Conduct on 29 July and 3 September 2024.
12. Register of Interests reminders to members and website updating that may be required in consequence will be getting underway shortly.

Ethical Indicators

13. Set out in **Appendix 1** are a range of data sets that it is hoped will assist in monitoring the ethical health of the Council. By reviewing the indicators, it will be possible to identify any unusual or significant changes in the volume of data recorded for the relevant period that might provide an alert to any deterioration in the ethical health of the authority.
14. As requested at the last Audit Committee a more detailed breakdown of Member complaints received and outcomes can be found at **Appendix 2**.
15. Member's observations about this information are invited.

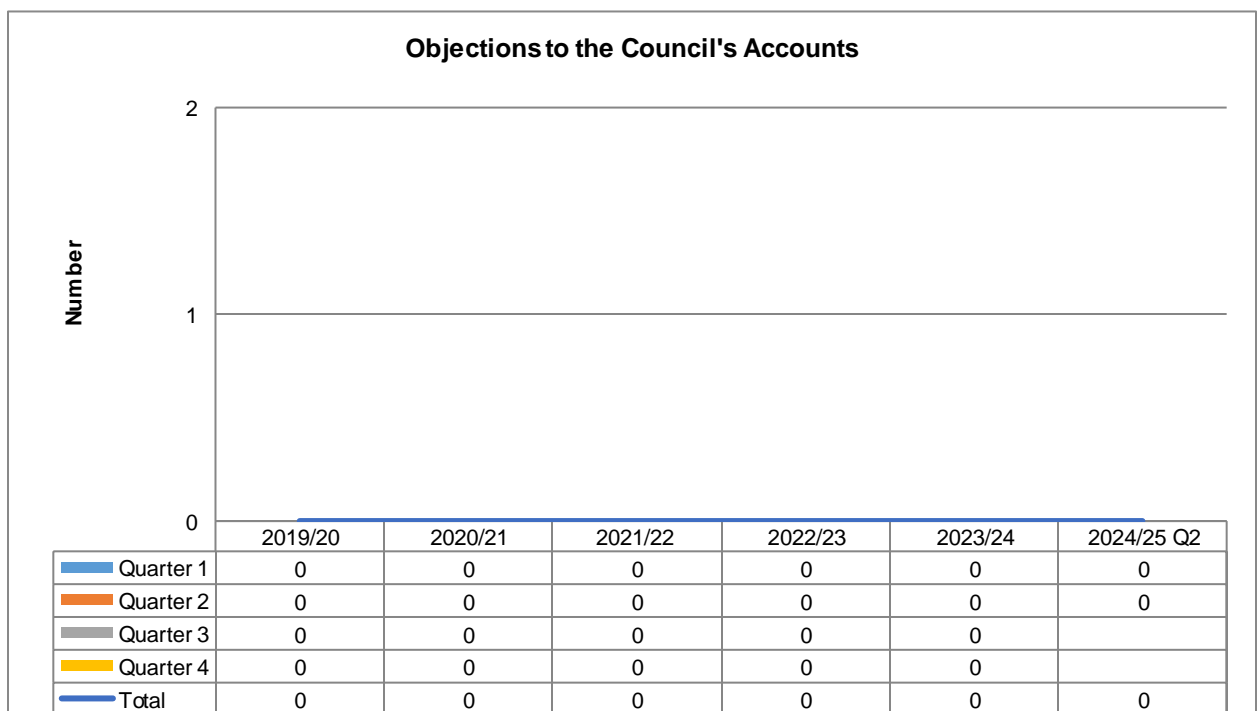
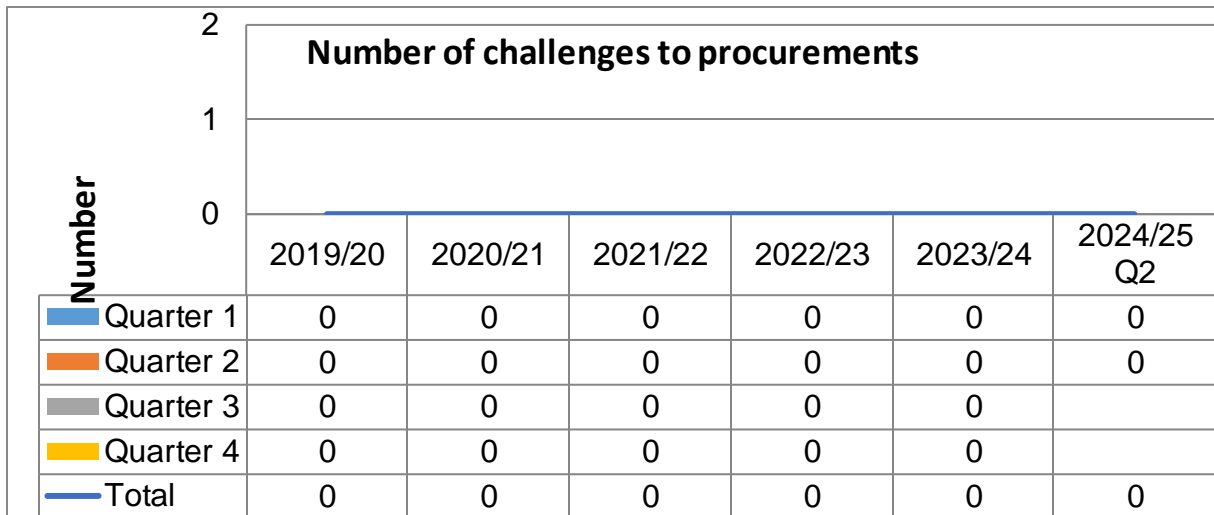
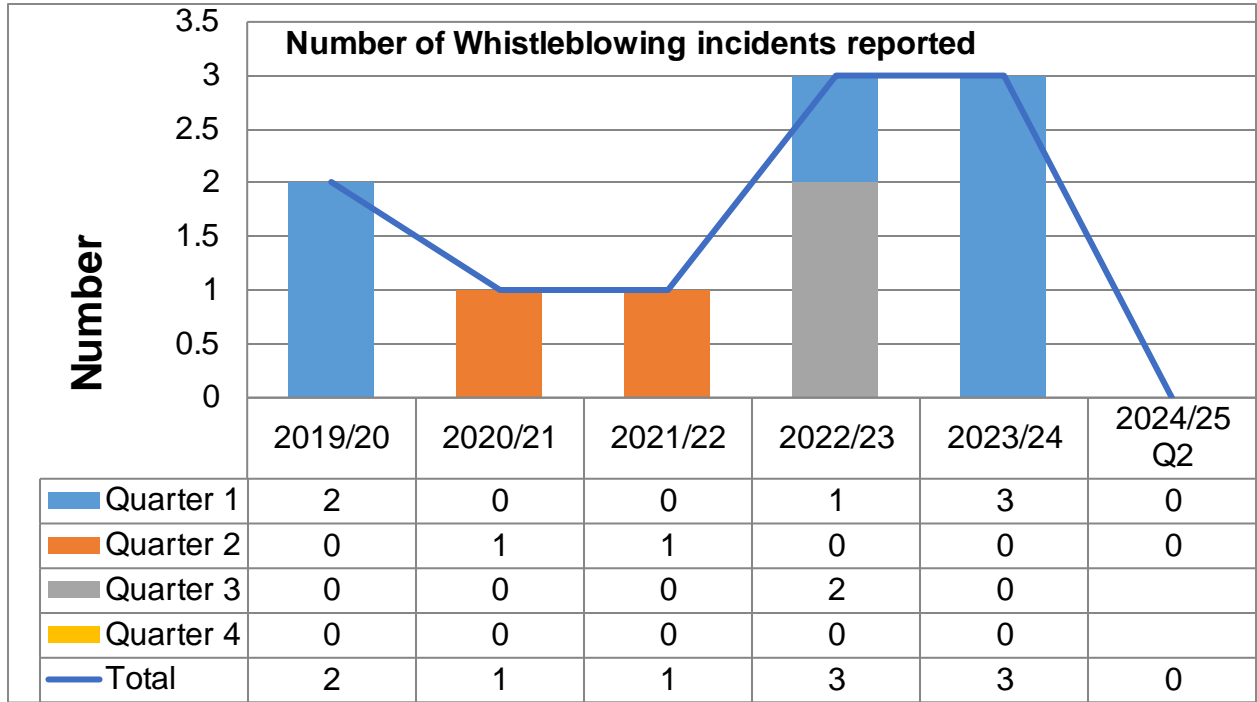
Member Complaints

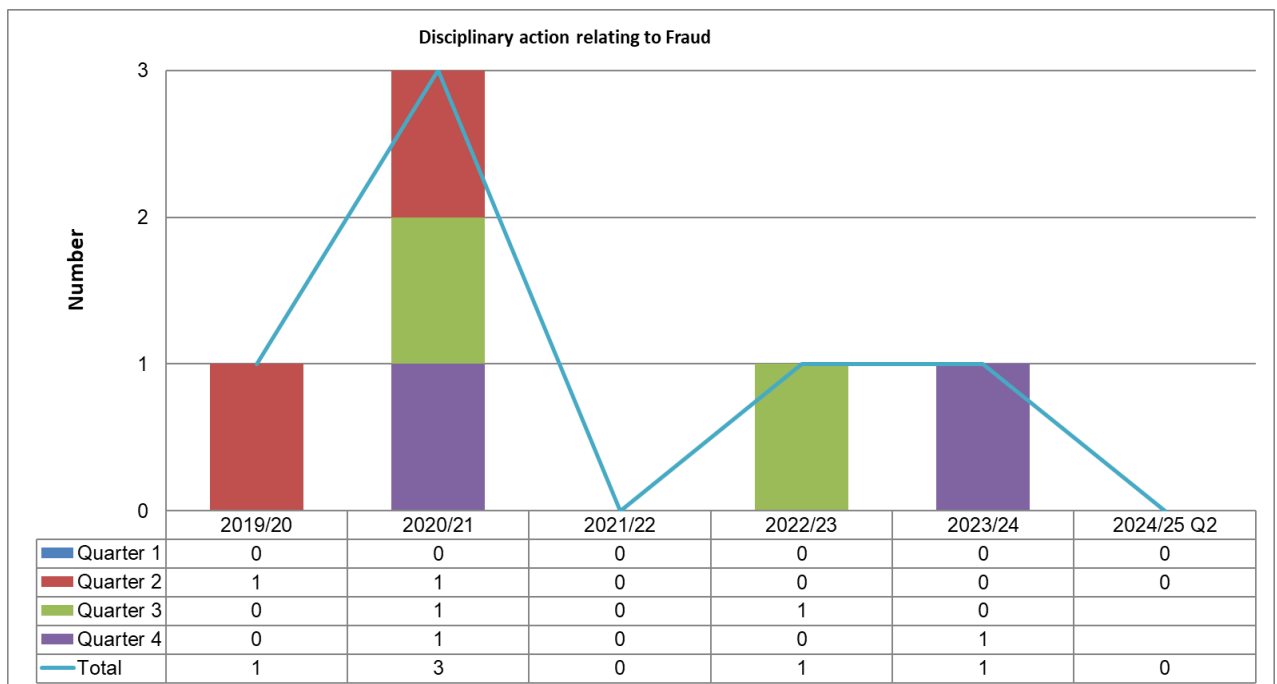
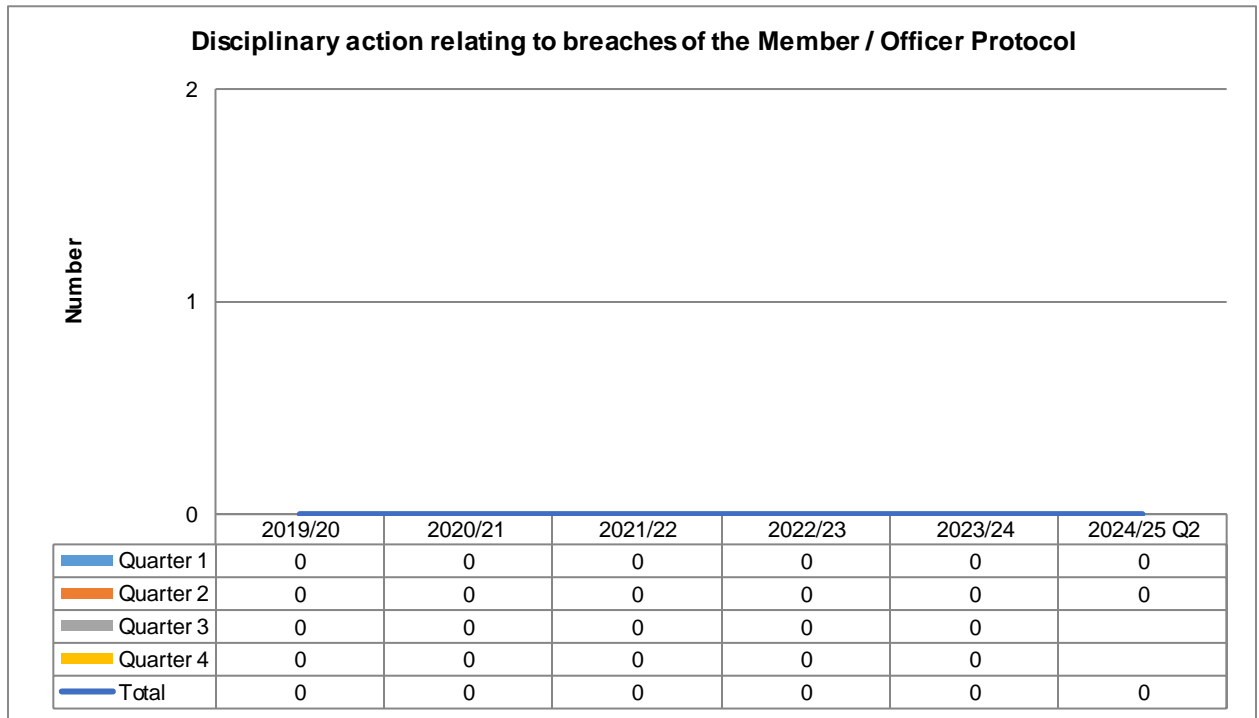


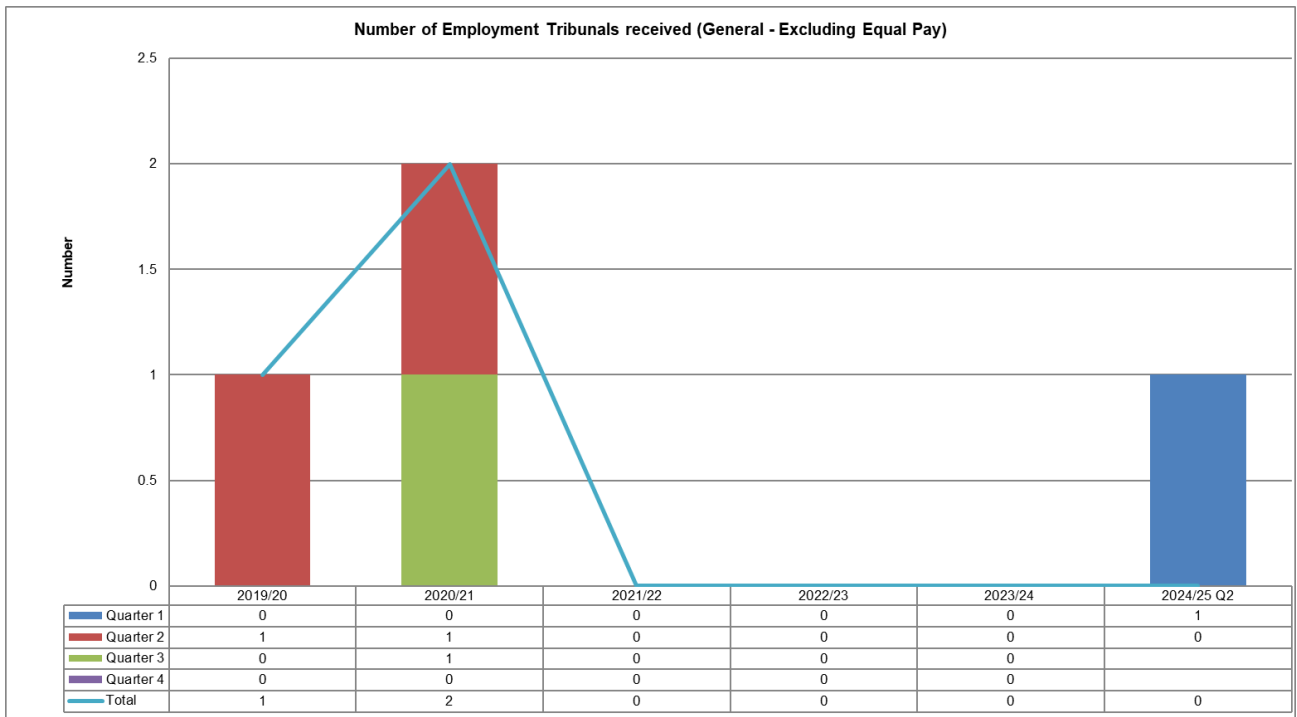
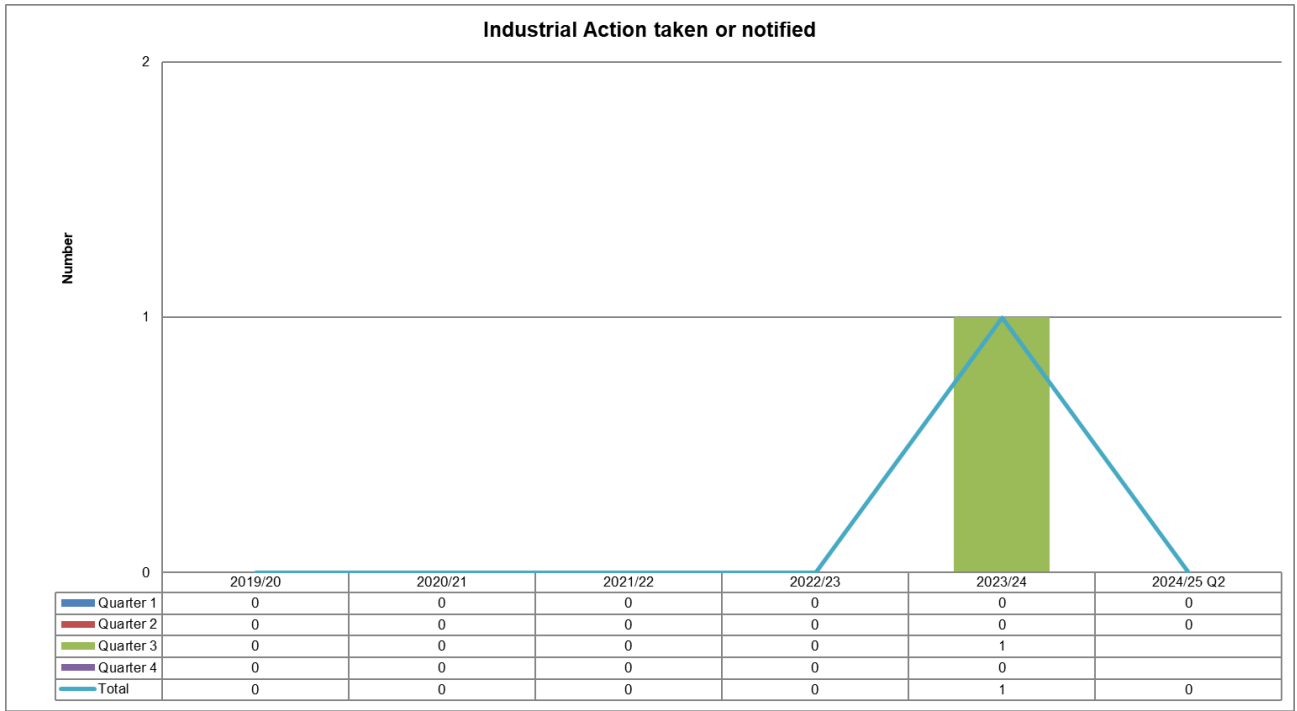
Comments

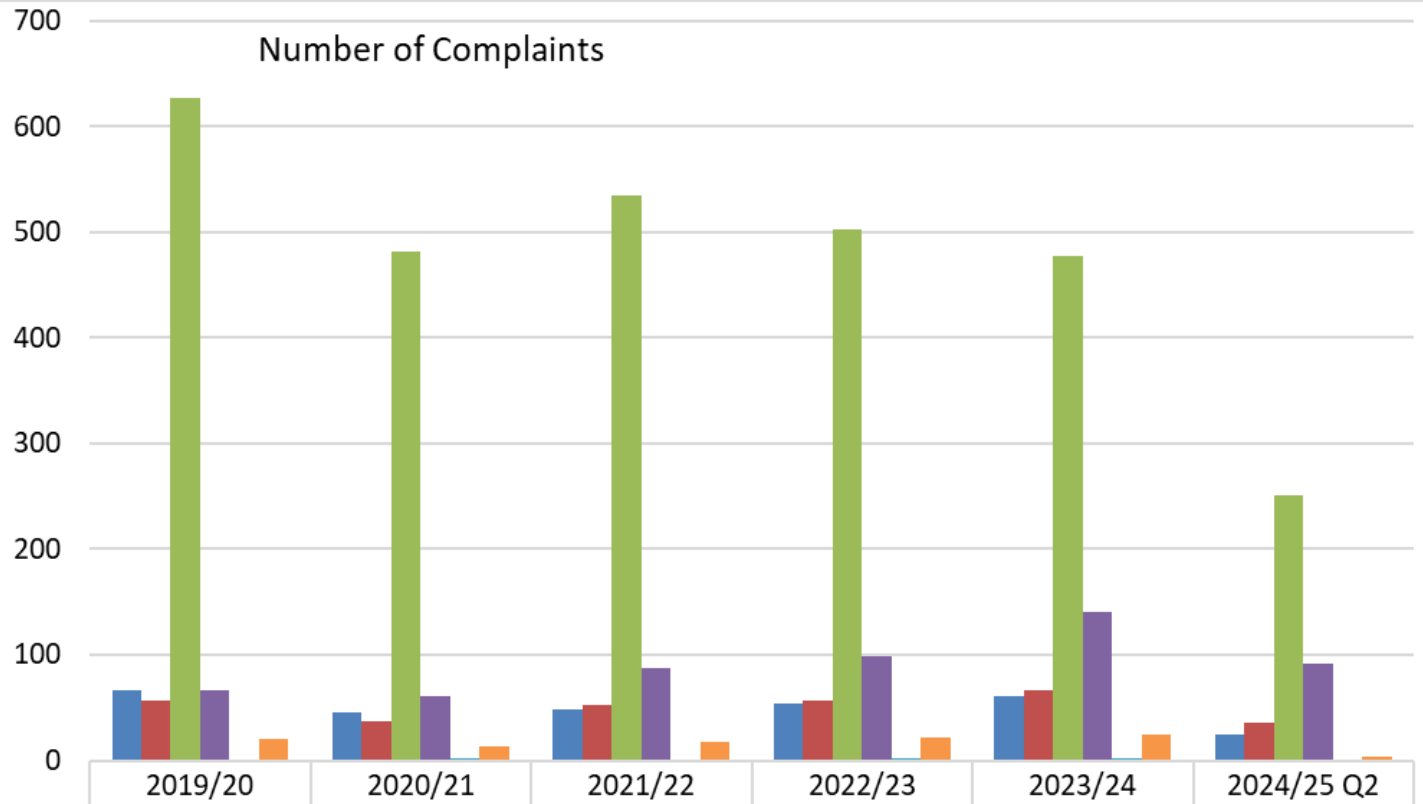
There has been a rise in the number of complaints received during 2023/24, and figures for the first half of 2024/25 show similar numbers being logged.

A more detailed breakdown of Member complaints received and outcomes can be found at Appendix 2.









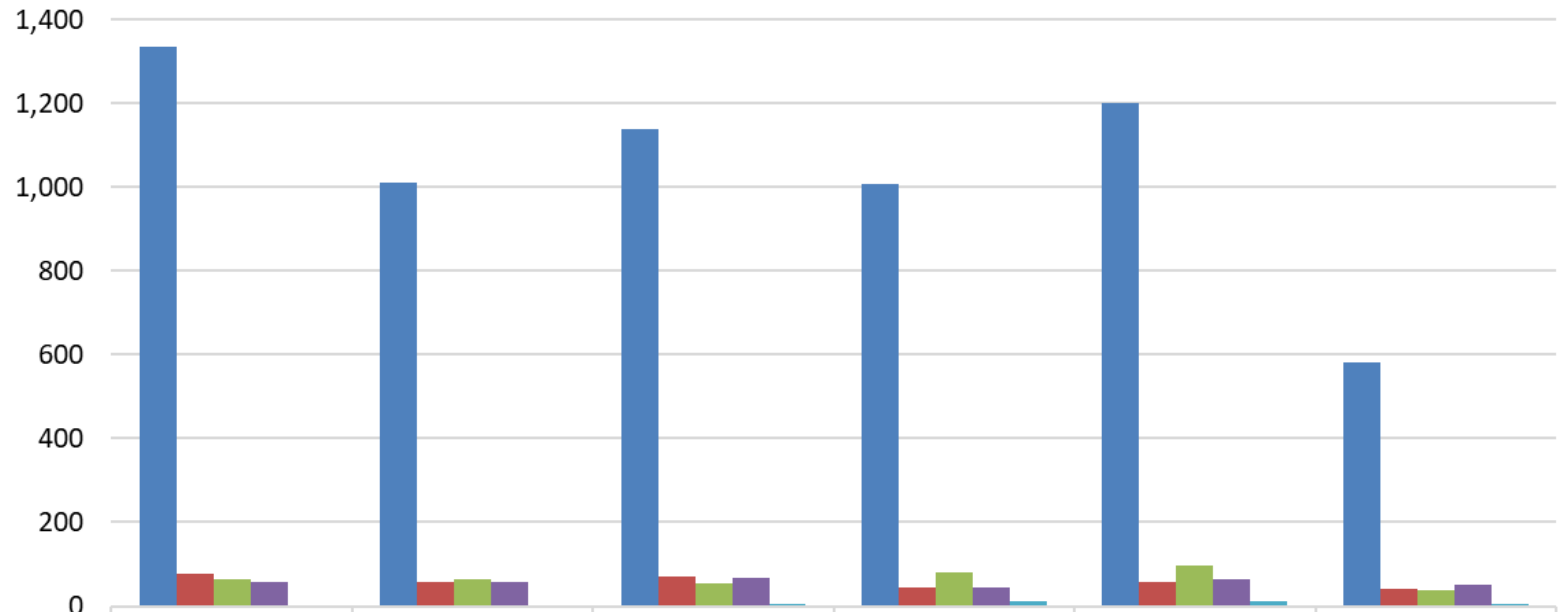
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25 Q2
Adult Social Care Complaints	67	46	48	54	61	25
Children's Social Care Complaints	57	37	53	56	66	35
Corporate Complaints	627	482	535	502	477	251
Housing Complaints	66	61	88	98	140	91
Public Health Complaints	1	2	1	2	2	1
Local Government and Social Care Ombudsman and Housing Ombudsman Complaints	20	14	17	22	24	4

Comments

2023/24 - while there was an increase in the number of adult social care complaints received, 61 compared to 54 in 2022/23, complaint numbers remained slightly lower than pre-pandemic levels. There was an increase in the number of stage 1 children's social care complaints received, 66 compared to 56 in 2022/23, meaning that for the first time Stage 1 complaints were higher than pre-pandemic levels. There was a decrease in the number of corporate complaints received, 477 compared to 502 in 2022/23, meaning complaint numbers remained significantly lower than pre-pandemic levels. While that was the case there was a significant increase in the number of corporate complaints received at Stage 2. There was an increase in the number of Stage 1 housing complaints received, 140 compared to 98 in 2022/23, which remained significantly higher than pre-pandemic levels, as well as an increase in the number of Stage 2 complaints received. Public health complaints remain low, a total of 2 complaints were received, the same number as in 2022/23.

2024/25 – based on the figures at the end of quarter two, we are projecting a decrease in the number of adult social care complaints received, approximately 50 compared to 61 in 2023/24. Children's social care complaints are projecting a slight increase, approximately 70 compared to 66 in 2023/24. We are projecting an increase in the number of corporate complaints received, approximately 502 compared to 477 in 2023/24. We are projecting a substantial increase in the number of housing complaints received, approximately 182 compared to 140 in 2023/24.

Number of Information Requests/Information Security Incidents



	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25 Q2
Freedom of Information (FOI)	1,335	1,011	1,139	1,006	1,199	583
Environmental Information (EIR)	76	56	69	44	57	41
Subject Access Requests (SAR)	65	63	55	81	98	37
Information Security Incidents	56	57	68	43	65	52
ICO Complaints	2	2	5	13	13	5

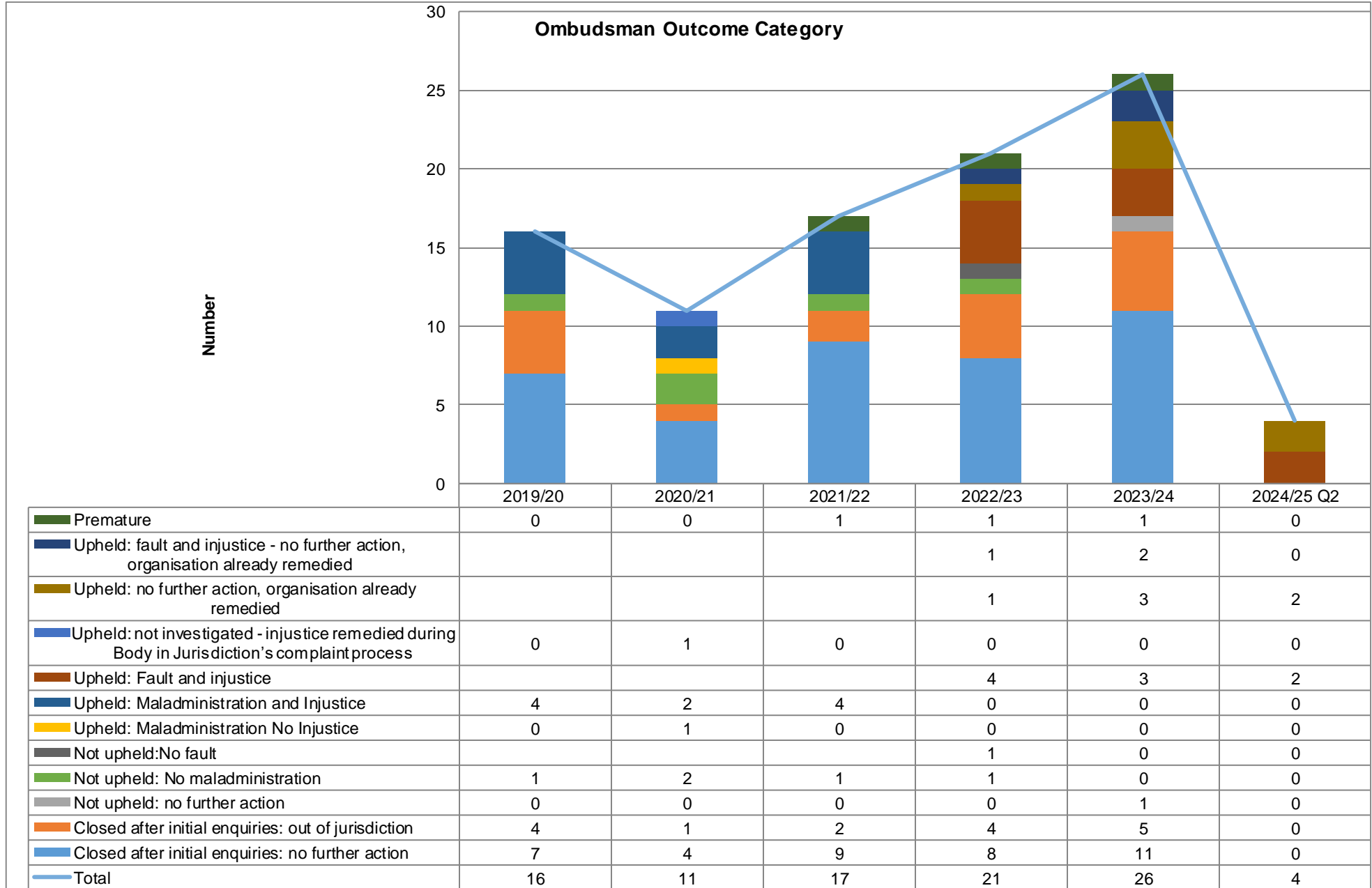
Comments

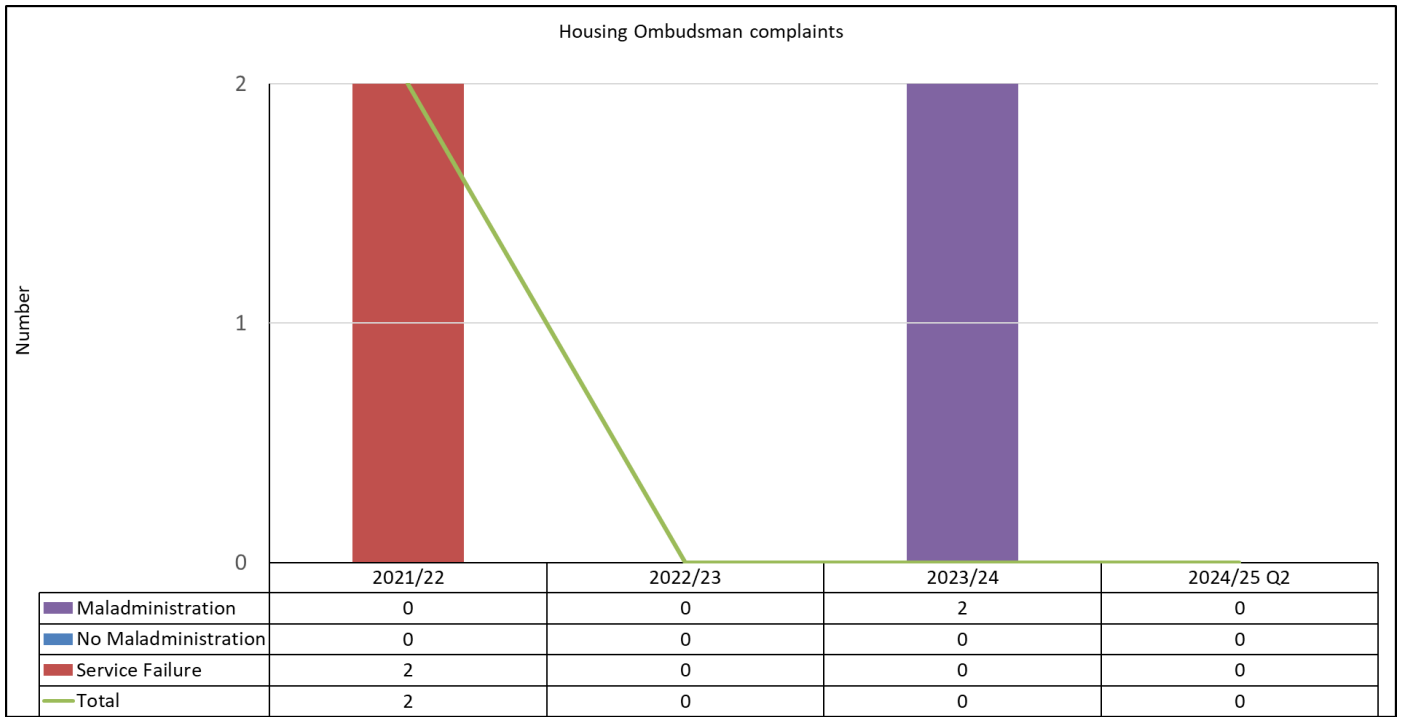
2023/24 – The Council saw an increase in the number of FOI requests received, 1,199 an increase from 1,006 in 2022/23. This will ensure an increased level of transparency and accountability. The Council also saw an increase in the number of EIR requests, 57 compared to 44 in 2022/23. The Council saw an increase in the number of SARs, 98 compared to 81 in 2022/23. The Council also saw an increase in the number of information security incidents reported, 65 compared to 43 in 2022/23. The Council received the same number of ICO complaints as in 2022/23.

2024/25 – based on the figures at the end of quarter two, we are projecting a decrease in the number of FOI requests, an estimated 1,166 from 1,199 in 2023/24. We are projecting an increase in the number of EIR requests, an estimated 82 from 57 in 2023/24. We are projecting a significant decrease in SARs, 74 compared to 98 in 2023/24. We are projecting an increase in the number of information security incidents reported, 104 compared to 65 in 2022/23. We are projecting a decrease in the number of ICO complaints received, 10 compared to 13 in 2023/24.

* *The Local Government and Social Care Ombudsman (LGSCO) has updated the decision outcomes they use in 2022. As a result, it is not possible to make a direct comparison with previous years. However, the new decisions in bold/italics in the table below are broadly comparable to those previous decisions in italics above.*

	2021/22	2022/23	2023/24	2024-25 Q2
Closed after initial enquiries: no further action	9	8	11	0
Closed after initial enquiries: out of jurisdiction	1	4	5	0
Not upheld: no further action	0	0	1	0
<i>Not upheld: No maladministration</i>	<i>1</i>	<i>1</i>	<i>0</i>	<i>0</i>
<i>Not upheld: No fault</i>	<i>N/A</i>	<i>1</i>	<i>0</i>	<i>0</i>
<i>Upheld: Maladministration and Injustice</i>	<i>4</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Upheld: Fault and Injustice</i>	<i>N/A</i>	<i>4</i>	<i>3</i>	<i>2</i>
Upheld: Maladministration, No Injustice	0	0	0	0
Upheld: not investigated - injustice remedied during Body in Jurisdiction's complaint process	0	0	0	0
<i>Upheld: no further action, organisation already remedied</i>	<i>0</i>	<i>1</i>	<i>3</i>	<i>2</i>
<i>Upheld: fault and injustice – no further action, organisation already remedied</i>	<i>N/A</i>	<i>1</i>	<i>2</i>	<i>0</i>
Premature	1	1	1	0
Total	17	21	26	4





Appendix 2

Complainant	Complainee	Nature of complaint	Assessment	Investigation	Hearing
2023 Quarter 1					
Member of Public	Borough Councillor	Failure to treat with respect, discrimination	Potential breach of Code (respect only). Other action – meeting with Monitoring Officer	n/a	n/a
Member of Public	Borough Councillor	Appropriateness of involvement in planning decisions	No potential breach of Code of Conduct (no case to answer)	n/a	n/a
Member of Public	Borough Councillor	Bringing LA into disrepute	No potential breach of Code of Conduct (no case to answer)	n/a	n/a
2023 Quarter 2					
Member of Public	Borough Councillor	Failure to treat with respect	Potential breach of Code. Other action – meeting with Monitoring Officer	n/a	n/a
Member of Public	Borough Councillor	Disrepute, Failure to treat with respect, Confidentiality	Potential breach of Code of Conduct but low level/not merit investigation. No action	n/a	n/a
Member of Public	Borough Councillor	Failure to treat with respect	Potential breach of Code of Conduct. Other action – meeting with Monitoring Officer	n/a	n/a
Member of Public	Borough Councillor	Disrepute, Use of LA resources	No potential breach of Code of Conduct (no case to answer)	n/a	n/a
Member of Public	Borough Councillor	Failure to treat with respect, disrepute	No potential breach of Code of Conduct (no case to answer)	n/a	n/a
2023 Quarter 3					
Member of Public	Borough Councillor	Failure to treat with respect, disrepute	No potential breach of Code of Conduct (no case to answer)	n/a	n/a
Member of Public	Borough Councillor	Failure to treat with respect, disrepute	Code of Conduct did not apply (no case to answer).	n/a	n/a
Member of Public	Borough Councillor	Failure to treat with respect, disrepute	Code of Conduct did not apply (no case to answer).	n/a	n/a
Member of Public	Borough Councillor	Failure to treat with respect, disrepute	Potential breach of Code of Conduct. Other action – meeting with Monitoring Officer. Consequential changes public Q's at Council meetings	n/a	n/a

Complainant	Complaine	Nature of complaint	Assessment	Investigation	Hearing
Member of Public	Borough Councillor	Failure to treat with respect, disrepute	No potential breach of Code of Conduct (no case to answer). Consequential changes public Q's at Council meetings	n/a	n/a
Borough Councillors	Borough Councillor	Failure to treat with respect; harassment and discrimination; disrepute	Code of Conduct did not apply (no case to answer).	n/a	n/a
Borough Councillors	Borough Councillor	Failure to treat with respect; harassment and discrimination; disrepute	Code of Conduct did not apply (no case to answer).	n/a	n/a
Member of Public	Borough Councillor	Failure to treat with respect; disrepute	Other action – meeting with Monitoring Officer	n/a	n/a
Member of Public	Borough Councillor	Disrepute; Use of local authority resources	Potential technical breach of Code of Conduct/not merit investigation. No action. Consequential changes to Stronger Communities Fund administration	n/a	n/a
Member of Public	Borough Councillor	Failure to treat with respect; disrepute	Potential breach of Code of Conduct. Other action – meeting with Monitoring Officer. Consequential changes public Q's at Council meetings	n/a	n/a
Member of Public	Borough Councillor	Failure to treat with respect; disrepute	No potential breach of Code of Conduct (no case to answer)	n/a	n/a
Durham Constabulary	Borough Councillor	Failure to treat with respect; disrepute	Potential breach of Code of Conduct. Other action – meeting with Monitoring Officer	n/a	n/a
2023 Quarter 4					
Member of Public	Borough Councillor	Disrepute; Use of position; Use of local authority resources	Potential technical breach of Code of Conduct/not merit investigation. No action. Consequential changes to Stronger Communities Fund administration	n/a	n/a
Member of Public	Borough Councillor	Failure to treat with respect; disrepute	Informally resolved via the provision of information		
Member of Public	Borough Councillor	Failure to treat with respect; Discrimination	Discrimination - no potential breach of Code of Conduct (no case to answer) Respect – possible marginal issue but not merit investigation	n/a	n/a

Complainant	Complaine	Nature of complaint	Assessment	Investigation	Hearing
2024 Quarter 1					
Member of Public	Borough Councillor	Failure to treat with respect;	Code of Conduct did not apply (no case to answer).	n/a	n/a
Member of Public	Borough Councillor	Discrimination	Apparent misunderstanding rather than discrimination. Investigation not warranted. Clarification given to councillor. Code of Conduct did not apply (no case to answer)	n/a	n/a
Member of Public	Borough Councillor	Failure to treat with respect.	Code of Conduct did not apply (no case to answer).	n/a	n/a
Member of Public	Borough Councillor	Failure to treat with respect; disrepute	Code of Conduct investigation instigated	Yes	
Borough Councillor	Parish Councillor	Failure to treat with respect;	Code of Conduct investigation instigated	Yes	
Member of Public	Borough Councillor	Failure to treat with respect; disrepute; discrimination; misuse of position.	No potential breach of Code of Conduct (no case to answer)	n/a	n/a
2024 Quarter 2					
Member of Public	Borough Councillor	Failure to treat with respect; bullying harassment and discrimination; disrepute	Code of Conduct did not apply (no case to answer). Not acting in official capacity as Councillor	n/a	n/a
Unison	Borough Councillor	Failure to treat with respect; disrepute; discrimination	Currently being considered by the Independent Person	tbc	tbc
Unison	Borough Councillor	Failure to treat with respect; disrepute; discrimination	Currently being considered by the Independent Person	tbc	tbc
Borough Councillor	Borough Councillor	Failure to treat with respect; disrepute; discrimination	Currently being considered by the Independent Person	tbc	tbc
Borough Councillor	Borough Councillor	Failure to treat with respect; disrepute; discrimination	Currently being considered by the Independent Person	tbc	tbc
Member of Public	Borough Councillor	Failure to treat with respect; disrepute	Code of Conduct did not apply (no case to answer)	n/a	n/a

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**AUDIT COMMITTEE
4 NOVEMBER 2024**

AUDIT SERVICES – ACTIVITY REPORT

SUMMARY REPORT

Purpose of the Report

1. To provide Members with a progress report of activity and proposed activity for the next period.

Summary

2. The report outlines progress to date on audit assignment work, consultancy/contingency activity.

Recommendation

3. It is recommended that the activity and results be noted and that the planned work is agreed.

Reason

4. To provide the Audit Committee with evidence to reflect on the Council's governance arrangements.

**Andrew Barber
Audit & Risk Manager**

Background Papers

- (i) Internal Audit Charter
- (ii) Departmental Audit Reports

Andrew Barber: Extension 156176

Council Plan	No direct impact but does provide assurances on the delivery of Council Plan objectives.
Addressing inequalities	No specific equality impact however controls to manage equality are included in the programme
Tackling Climate Change	No specific climate change impact however controls to manage climate change are included in the programme
Efficient and effective use of resources	The report provides assurance on the controls in place to deliver the effective use of resources
Health and Wellbeing	There is no specific health and well-being impact.
S17 Crime and Disorder	Other than any special investigation work there is no crime and disorder impact.
Wards Affected	All wards are affected equally.
Groups Affected	All groups are affected equally.
Budget and Policy Framework	This report does not recommend a change to the Council's budget or policy framework
Key Decision	This is not a Key Decision
Urgent Decision	This is not an Urgent Decision
Impact on Looked After Children and Care Leavers	This report has no direct impact on Looked After Children or Care Leavers, however results of testing provide assurance over how the impact is being managed.

MAIN REPORT

Information and Analysis

5. The report should be considered in the context of fulfilling the function to monitor the adequacy and effectiveness of the Council’s internal control environment and the Internal Audit service provided.

6. Appendix 1 provides members with detailed feedback on the performance of the service and the position in relation to completion of audit work.

7. The first section of the report is to provide members with feedback on the management of the risks on the corporate risk register. This has been updated to reflect changes to the corporate risk register.

	Comments
Overall Position	<p>The majority of risks have assurance over 75%, previously reported:</p> <p>SR25 – The control around procurement of DoLs assessors is marked as amber due to impending changes in the process.</p> <p>SR26 – Procedures have not been updated since 2021, a new officer is due to commence in Sept 2023 who will be responsible for updating the procedures.</p>
Emerging Issues	No change from the previous report so no new emerging risk areas.

Assurance by Risk

Rsk Ref	Risk	Assurance
SR10	Planning Performance at risk of Standards Authority intervention	100.00
SR12	Fraud in general	100.00
SR13	Instability within financial markets adversely impacts on finance costs and investments	100.00
SR14	Financial pressures to the General Fund as a result of increased levels of unemployment and increased Council Tax Support claims	100.00
SR15	Inability to cope with significant increase in homelessness cases following the impact of COVID.	100.00
SR16	Inability to contain placement costs for children looked after due to lack of sufficient in house placements	100.00
SR17	Inability to recruit and retain sufficient qualified suitably experienced social workers in Children's Services impacts on cost and quality of service	100.00
SR18	Inability to recruit and retain sufficient qualified suitably experienced social workers and reablement staff in Adult Services impacts on cost and quality of service	100.00
SR19	Failure to identify vulnerable schools and broker appropriate support to address needs	100.00
SR20	Increased demand for Adult Services impacts negatively on plans for budget efficiencies	100.00
SR21	Increased demand for Children's Services impacts negatively on budget	100.00
SR22	Market (Domiciliary Care Residential Care providers) failure following the Care Act/Living Wage	100.00
SR23	Market (Domiciliary Care Residential Care providers) for Vulnerable Families with Children (including SEND) experiences provider failure	100.00
SR25	The Deprivation of Liberty Safeguards Threshold changes significantly increases the amount of people deprived of their liberty resulting in potential for increased legal challenge	62.50
SR26	Failure to respond appropriately to safeguard vulnerable adults, in line with national legislation and safeguarding adults procedures	70.00
SR27	Failure to respond appropriately to safeguard vulnerable children, in line with national legislation and safeguarding children, thresholds and procedures.	81.82
SR28	Working with other local commissioners to ensure their understanding of their responsibilities within the Childhood pathway.	100.00
SR29	Risk of unsuccessful mobilisation of new service - Support, Recovery and Treatment In Darlington through Empowerment (STRIDE).	100.00
SR3	Business Continuity Plans not in place or tested for key critical services	97.33
SR33	Impact of national cost of living crisis on customers and audiences for Leisure and Cultural facilities	100.00
SR34	Budget & resource implications arising from the ability to progress and complete schemes/projects in the event of further construction inflation, material supply and resource demands	100.00
SR35	Potential impact on public transport networks if commercial services do not recover or continue to receive support from Government and routes are withdrawn	100.00
SR36	Failure to meet the Council's commitment to becoming Carbon neutral by 2050	100.00
SR38	Reputational and regulatory risk if reinspection not successful	93.65
SR40	Managing the impact of severe weather events	100.00
SR42	Risk of enforcement action from the ICO	100.00
SR43	Risk of new dangerous variant or a significant wave of COVID-19 impact on the Council's ability to provide services as a result of a new dangerous variant or a significant wave of COVID-19 or the activation of UKHSA Contingency plan	100.00
SR44	April 2023 will see the implementation of the CQC inspection framework for Adult Social Care. Due to the significant demands on adult social care, the pressures following covid, and the workforce recruitment and retention crisis will impact on the ratings- resulting in an "requiring improvement" outcome.	87.13
SR7	Financial implications of Maintaining and conserving key capital assets within the borough	100.00
SR8	Investment in regeneration projects is not delivered	100.00

8. The next section breaks down audit results against a set of key governance processes.

	Comments
Overall Position	The majority of themes are showing a positive level of assurance overall, some of the areas shown as below 75% have been reported previously.
Emerging Issues	<p>Mandatory Information Governance Training still remains below the target completion rate of 95%, it should be recognised that this is an expectation of the information commissioner and is a challenging target given staff turnover numbers.</p> <p>An issue has been noted with the completion of care package reviews (Adults), a new process is being trialled in order to streamline the process.</p>

Results by Theme

Theme	1 Red	2 Amber	3 Green	Total
1. Accuracy of Decision Making			5	58
10. Accuracy of Payments			26	26
11. Income - Charging		1	8	9
12. Income - Payments			14	14
13. Cash Handling			2	2
14. Procurement/Sourcing		1	19	20
15. Physical Assets/Locations		2	24	26
16. Fraud			11	11
17. Business Continuity			15	15
18. Procedures		1	10	11
19. Performance Management	1	1	33	35
2. Monitoring of Decisions	1	4	21	26
20. ICT Infrastructure			20	20
21. Handling of Requests/Incident Response			11	11
3. Information Governance	2	4	52	58
4. Finance			27	27
5. HR - Payments			4	4
6. HR - Health & Safety		1	5	6
7. HR - Management		3	7	10
8. Recruitment			2	2
9. HR - Training/Qualifications/Clearances	9	7	15	31
Total	13	30	384	427

Assurance by Theme

Theme	Assurance
1. Accuracy of Decision Making	95.37
10. Accuracy of Payments	100.00
11. Income - Charging	96.30
12. Income - Payments	100.00
13. Cash Handling	100.00
14. Procurement/Sourcing	97.40
15. Physical Assets/Locations	94.79
16. Fraud	100.00
17. Business Continuity	100.00
18. Procedures	96.05
19. Performance Management	97.55
2. Monitoring of Decisions	86.14
20. ICT Infrastructure	100.00
21. Handling of Requests/Incident Response	100.00
3. Information Governance	92.20
4. Finance	100.00
5. HR - Payments	100.00
6. HR - Health & Safety	86.54
7. HR - Management	71.95
8. Recruitment	100.00
9. HR - Training/Qualifications/Clearances	54.48
Total	92.10

Overall Results

Status	1 Very Low	2 Low	3 Medium	4 High	5 Very High	Total
1 Red		1	12			13
2 Amber		12	10	5	3	30
3 Green	22	171	115	59	17	384
Total	22	184	137	64	20	427

Results in Period

Status	1 Very Low	2 Low	3 Medium	4 High	5 Very High	Total
1 Red		1	12			13
2 Amber		1	3	2	3	9
3 Green	2	30	17	19	10	78
Total	2	32	32	21	13	100

9. The next section looks at service area and provides feedback on the work undertaken in the previous quarter and a summary of the work planned to be undertaken.

	Comments
Overall Position	The majority of controls are rated Green. Public Health assurance levels have improved over the period.
Emerging Issues	No changes from previous report.

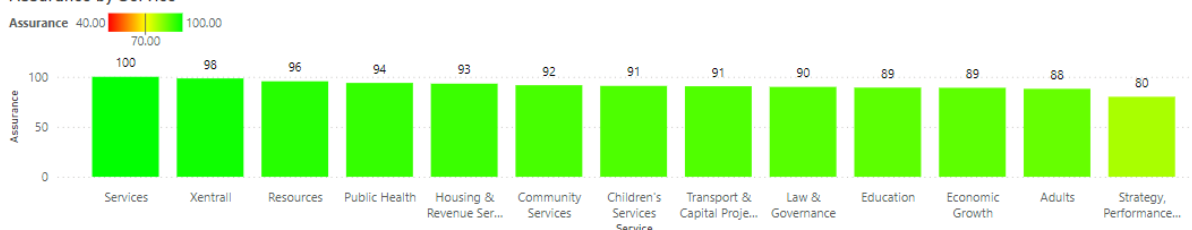
Results by Service

Service	1 Red	2 Amber	3 Green	Total
Adults	2	4	29	35
Children's Services	1	7	50	58
Community Services	2	4	57	63
Economic Growth	2	2	27	31
Education	1	2	24	27
Housing & Revenue Services	1	1	20	22
Law & Governance	1	4	29	34
Public Health		1	6	7
Resources	1	1	42	44
Services			2	2
Strategy, Performance & Communications	1	1	7	9
Transport & Capital Projects	1		12	13
Xentrall		2	71	73
Total	13	29	376	418

Recommendations

Service	Agreed	Draft	Implemented	Not Implemented	Risk Tolerated	Total
Adults	2		1		1	4
Children's Services	2		4			6
Community Services	3	1	4		1	9
Economic Growth	6	1	7			14
Education	1	2	6		1	10
Housing & Revenue Services	3					3
Law & Governance	2		4			6
Public Health			8		1	9
Resources		1	1		1	3
Services	1	2	1			4
Strategy, Performance & Communications	8		5		1	14
Transport & Capital Projects	1					1
Xentrall	1	1	4			6
Total	30	8	45	4	2	89

Assurance by Service



10. The penultimate section is progress against our balanced scorecard. The key measures in this section are adequate resources and portfolio coverage. In terms of adequate resources we aim to have 15 days capacity spare to deal with any issues that may arise. Portfolio coverage identifies the number of controls that must be tested in the period to maintain adequate coverage, we were on target for the previous period. A staff member has now commenced maternity leave and this accounts for the reduction in productivity levels and reduced spare capacity. The programme of work has been reviewed and it is anticipated there will be no impact in being able to complete sufficient work within DBC to enable the annual opinion to be given.

Stewardship (Coverage)			Stakeholders		
Measure	Target	Actual	Measure	Target	Actual
Adequate Resources	15	5	Reporting	Qtrly	*
Portfolio Coverage	75	100	Fraud Strategy	November	*
Annual Report	June	*	Satisfaction	TBC	*
Activity	Qtrly	*	Recommendation Implementation	TBC	*

Process			People		
Measure	Target	Actual	Measure	Target	Actual
PSIAS Internal Review	March	*	Productivity	75%	67%
PSIAS External Review	March 2023	*	Training	20	*
Staff Meetings	8	11	Code of Conduct	100%	*
Audit Manual Update	March		Appraisals	100%	*

*- to be reported annually

11. The final section of the report (Appendix A) is a full list of controls to be examined in the next period in priority order.
12. I currently do not have any concerns over the resourcing levels of the service or any impairment of the independence of the service to report to members. However it should be noted that we do have a member of staff expected to go on maternity leave in October, plans are being made to manage this resource gap.

Outcome of Consultation

13. There was no formal consultation undertaken in production of this report.

ID	Control	Frequency
214	Procurement by Legal Services is in line with contract procedure rules and value for money principles.	3
218	Posts requiring a DBS check are identified and requirements are in line with legislation.	3
78	Focussed financial support to commercial ventures.	6
182	Where the Authority has Deputyship/Appointeeship, appropriate authorisation/legal documentation is in place.	6
215	Accurate charging is made in accordance with approved scale of land charges and fees.	6
259	Records relating to Environmental Health cases are appropriately recorded and managed.	6
270	Building control decisions are appropriately authorised and made in line with Building Regulations.	6
416	Trading standards investigations, interventions and responses to complaints are recorded accurately and information shared securely, as necessary.	6
417	Compliance with licence conditions is monitored and appropriate sanctions taken when necessary.	6
716	Bridges quality and compliance systems are operating effectively	6
76	Ensure accurate monitoring of capital programme and schemes.	12
79	Maintain formula and support for funding schools and high needs.	12
251	Sufficient health & safety measures/risk assessments are in place/undertaken at individual adults establishments.	12
356	Address patterns of absence and promote regular attendance at school.	12
397	Economic Growth Strategy and Economic Growth Plan is monitored and milestones achieved.	12
399	Support is provided to new and existing businesses.	12
875	Performance oversight and reporting in line with the terms and conditions of the youth justice grant.	12
1520	Compliance with DEFRA funding terms and conditions for grant payments received for the delivery of weekly food waste collections.	12
89	Development of an appropriate risk assessed H&S audit programme.	18
91	Delivery of an effective Internal Audit Service in compliance with Accounts & Audit Regulations.	18
200	The Council maintains an accurate and up to date land charges register.	18
216	Land charge related searches are completed effectively and within a reasonable timescale.	18
221	Information security and sharing protocols in relation to occupational health and employee therapy provision is in line with data protection legislation.	18
402	Tackling town centre property vacancies.	18
412	An accurate and complete register of licences issued is maintained.	18
413	Licence applications are subject to appropriate review and approval, evidence of background and eligibility.	18
415	A risk based programme of trading standards inspections and testing is in place.	18
503	The programme of trading standards inspections and sample testing is being monitored for completion.	18
511	Inspections of building work are undertaken to ensure compliance.	18
513	Building control decisions are accurately recorded.	18
526	Changes in circumstances for council tax reduction and housing benefit claimants are processed appropriately.	18
797	Records and confidentiality in relation to confidential/whistleblowing reports are maintained.	18
798	Investigations into confidential/whistleblowing reports are appropriate, acknowledged within timescales, and in line with Public Interest Disclosure Act.	18
63	Annual maintenance plans are in place for all Council owned operating premises.	24
87	Co-ordinate complaints process.	24
180	Adequate security measures are in place at each Day Service, Residential and Supported Living establishment to protect clients, guests and residents property and other assets.	24

ID	Control	Frequency
191	Environmental Health cases are appropriately allocated to officers.	24
192	Environmental Health income is managed appropriately and all income due to the service is collected.	24
258	Environmental Health officers have the appropriate qualifications and undertake the required training.	24
411	Appropriate licence fees are established.	24
475	Records relating to housing and housing related developments are accurate, up to date and appropriately safeguarded.	24
483	Payments made to external providers of short breaks for young people with complex and additional needs are accurate and timely.	24
515	Fees for building control applications have been set appropriately.	24
547	The correct fee is received for licenses.	24
753	The purpose and scope of CCTV coverage at the depot has been appropriately documented and a Privacy Impact Assessment undertaken.	24
754	The purpose and scope of CCTV coverage of playgrounds has been appropriately documented and a Privacy Impact Assessment undertaken.	24
755	The purpose and scope of CCTV coverage used by street scene/refuse has been appropriately documented and a Privacy Impact Assessment undertaken.	24
756	The purpose and scope of body worn CCTV has been appropriately documented and a Privacy Impact Assessment undertaken.	24
757	The purpose and scope of CCTV coverage in the town centres has been appropriately documented and a Privacy Impact Assessment undertaken.	24
758	The purpose and scope of CCTV coverage in the hippodrome has been appropriately documented and a Privacy Impact Assessment undertaken.	24
759	The purpose and scope of CCTV coverage in the Dolphin Centre has been appropriately documented and a Privacy Impact Assessment undertaken.	24
760	The purpose and scope of CCTV coverage at the museum has been appropriately documented and a Privacy Impact Assessment undertaken.	24
877	Adult social care staff supervision and appraisal in accordance with policy and agreements.	24
427	Receipt of appropriate fees prior to release of lost animals to their owner.	48
514	An appropriate fee has been received for building control applications.	48

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Audit Progress Report Darlington Borough Council

28 October 2024

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Audit progress

2023/24 update

We have started our audit planning and our risk assessment for our 2023/24 value for money work is included on the next two slides.

Backstop arrangements

On 31 July 2024, following consultation initiated in February, the new Government published its proposals to address the significant backlog in local government annual accounts audits. These measures include both legislative changes to the Accounts and Audit Regulations 2015 and the introduction of several statutory deadlines ('backstop dates') aimed at helping to clear the backlog of local government annual accounts audits. Local government entities are required to publish their audited annual accounts by each backstop date, which are:

- Financial years up-to-and-including 2022/23: 13 December 2024 (previously 30 September 2024 in the initial consultation)
- Financial year 2023/24: 28 February 2025 (previously 31 May 2025)
- Financial year 2024/25: 27 February 2026 (previously 31 March 2026)
- Financial year 2025/26: 31 January 2027
- Financial year 2026/27: 30 November 2027
- Financial year 2027/28: 30 November 2028

Where the backstop dates now mean an auditor cannot complete all necessary audit procedures to obtain sufficient appropriate audit evidence to support the audit opinion, a modified opinion may be necessary (usually referred to as a disclaimed opinion or a qualified opinion).

Auditors will still be required to discharge their value for money (VFM) responsibilities, which requires the work to be completed by the date of the audit opinion.

In September 2024, the Government laid before Parliament the Accounts and Audit (Amendment) Regulations 2024 as required to enact the proposals previously announced. At the same time, the Comptroller and Auditor General (C&AG) of the National Audit Office (NAO) laid before Parliament a draft revised Code of Audit Practice (the Code). On 10 September 2024, the NAO, on behalf of the C&AG, also published Local Audit Reset and Recovery Implementation Guidance notes (LARRIGs) 1-5 to support auditors in meeting the requirements of the Local Audit and

Accountability Act 2014 (the Act). The LARRIGs are prepared and published with the endorsement of the Financial Reporting Council (FRC) and are intended to support the reset and recovery of local audit in England.

The initial focus of this guidance is on supporting the reset for incomplete audits up to and including the 2022/23 financial year and the implementation of the backstop dates for the publication of audited accounts. The NAO will issue further guidance to support the recovery phase in due course.

Whilst the guidance is primarily aimed at supporting auditors, it makes clear the requirements on local authorities to prepare good quality accounts, clear and comprehensive working papers supported by knowledgeable finance teams.

Impact on the 2023/24 audit of Darlington Council

We have engaged regularly with the Executive Director – Resources and Governance and her team on the backstop measures since they were first proposed earlier this year. Following publication of the final backstop dates we have considered the impact on our ability to deliver a complete audit of the Council's accounts for 2023/24 that would enable the Council to publish audited accounts by the new statutory deadlines.

The auditor of your prior year accounts intends to backstop the 2022/23 audit of the Council's financial statements and issue a disclaimed opinion. As this will provide us with no audit assurance for the prior year financial statements, and the backstop for 2023/24 has been brought forward by 3 months to 28 February 2025, we have concluded that there is insufficient time to deliver audit procedures for 2023/24 that would give us sufficient appropriate evidence for an unmodified opinion. Consequently, we will therefore issue a disclaimed opinion on the 2023/24 financial statements.

We will continue to engage with the Executive Director – Resources and Governance and her team as we consider the practical steps to re-building assurance in future years, starting with the 2024/25 audit.

Value for money arrangements

The framework for value for money work

We are required to form a view as to whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out in order to form our view and sets out the overall criterion and sub-criteria that we are required to consider.

2023/24 will be the fourth audit year where value for money (VFM) work comes under the 2020 Code of Audit Practice (the Code). Our responsibility is to be satisfied that the Council has proper arrangements in place and to report in the audit report and/or the audit completion certificate where we identify significant weaknesses in arrangements. Separately we provide a commentary on the Council's arrangements in the Auditor's Annual Report.

Specified reporting criteria

The Code requires us to structure our commentary to report under three specified criteria:

- Page 105**
- Financial sustainability** – how the Council plans and manages its resources to ensure it can continue to deliver its services;
 - Governance** – how the Council ensures that it makes informed decisions and properly manages its risks; and
 - Improving economy, efficiency and effectiveness** – how the Council uses information about its costs and performance to improve the way it manages and delivers its services

Our approach

Our work falls into three primary phases as outlined opposite. We need to gather sufficient evidence to support our commentary on the Council's arrangements and to identify and report on any significant weaknesses in arrangements. Where significant weaknesses are identified we are required to report these to the Council and make recommendations for improvement. Such recommendations can be made at any point during the audit cycle and we are not expected to wait until issuing our overall commentary to do so.

Planning and risk assessment	<p>Obtaining an understanding of the Council's arrangements for each specified reporting criteria. Relevant information sources include:</p> <ul style="list-style-type: none">• NAO guidance and supporting information;• information from internal and external sources including regulators;• knowledge from previous audits and other audit work undertaken in the year; and• interviews and discussions with officers and Members.
Additional risk-based procedures and evaluation	<p>Where our planning work identifies risks of significant weaknesses, we will undertake additional procedures to determine whether there is a significant weakness.</p>
Reporting	<p>We will provide a summary of the work we have undertaken and our judgements against each of the specified reporting criteria as part of our commentary on arrangements. This will form part of the Auditor's Annual Report.</p> <p>Our commentary will also highlight:</p> <ul style="list-style-type: none">• significant weaknesses identified and our recommendations for improvement; and• emerging issues or other matters that do not represent significant weaknesses but still require attention from the Council.

Value for money arrangements

Identified risks of significant weaknesses in arrangements

The NAO's guidance requires us to carry out work at the planning stage to understand the Council's arrangements and to identify risks that significant weaknesses in arrangements may exist.

Although we have not fully completed our planning and risk assessment work, the table below outlines the risks of significant weaknesses in arrangements that we have identified to date. We will report any further identified risks to the Audit Committee on completion of our planning and risk identification work.

	Risk of significant weakness in arrangements	Financial sustainability	Governance	Improving the 3Es	Planned procedures
1	<p>Financial sustainability</p> <p>In the Council's Revenue Outturn 2023/24 report, a £0.545m improvement in the 2023/24 financial position was reported. Overspends in some areas such as £4.4m in children's services were offset by savings elsewhere. However, this financial position was only achieved after a planned significant contribution from the General Fund balance.</p> <p>General fund balances have reduced from £21.425m at 31 March 2023 to £13.779m at 31 March 2024, a reduction of £7.646m. The General Fund balance is forecast to reduce further to £6.5m in 2024/25. The 2024/25 medium term financial plan reports use of the Council's general fund balances up to 2027/28 totalling £34m. However, on the current trajectory, balances will be exhausted by 2025/26.</p> <p>The Council has other usable reserves totalling £91m as at 31 March 2024 including earmarked reserves of £36.3m. Some of these may be available to support the revenue budget but most are earmarked for specific purposes. The remaining usable reserves relate to the housing revenue account, school balances, revenue and capital grants unapplied and the capital receipts reserve. These are not available to support the revenue budget. Without significant action, the Council risks depleting its general fund balances to a level which is not sustainable.</p> <p>From our discussions with officers, the Council has recognised the risk and is taking action to increase income, identify further savings and initiate transformation projects.</p>	●	●	●	<p>We will consider how the Council is addressing the overall deficit position to minimise any further significant draw on reserves.</p> <p>We will assess the robustness and realism of the Council's plans.</p>

02

Publications and other updates

National publications

	Publication/update	Key points
National Audit Office (NAO)		
1	Draft Code of Audit Practice laid in Parliament	A draft of the new Code of Audit Practice was laid in Parliament on 9 September 2024 and has now been published on the NAO website. Subject to Parliament's approval, the Code will come into force in late autumn 2024.
2	Local Audit Reset and Recovery Implementation Guidance	The NAO has published the Local Audit Reset and Recovery Implementation Guidance on its Code and guidance pages Guidance and information for auditors - National Audit Office (NAO).
3	NAO report: Improving educational outcomes for disadvantaged children	The NAO has published its report Improving educational outcomes for disadvantaged children which examines whether the Department for Education (DfE) is achieving value for money through its funding to support the attainment of disadvantaged children in educational settings in England.
Page 108	NAO report: The effectiveness of government in tackling homelessness	The NAO has published its report The effectiveness of government in tackling homelessness.
	NAO report: DWP customer service	The NAO has published its report DWP customer service which examines whether the Department for Work & Pensions (DWP) has an effective approach to customer service.
	NAO report: The condition and maintenance of local roads in England	The NAO has published its report The condition and maintenance of local roads in England which examines whether the Department for Transport (DfT) is ensuring value for money through its funding provision for local road maintenance.

National publications and other updates

NAO Publications

1. Draft Code of Audit Practice laid in Parliament

A draft of the new Code of Audit Practice was laid in Parliament on 9 September 2024 and has now been published on the NAO website, as required by Schedule 6 of the Local Audit and Accountability Act 2014. Subject to Parliament's approval, the Code will come into force in late autumn 2024.

<https://www.nao.org.uk/wp-content/uploads/2024/09/code-of-audit-practice-draft.pdf>

The new Code was developed following a consultation in February/March 2024. It is intended to support measures taken by the Ministry of Housing, Communities & Local Government (MHCLG) to address the current backlog of local government audits. MHCLG has also laid regulations to introduce statutory deadlines for publication of audited accounts, which is intended to work alongside the draft Code.

Local Audit Reset and Recovery Implementation Guidance

The NAO has published the Local Audit Reset and Recovery Implementation Guidance on its Code and guidance pages Guidance and information for auditors - National Audit Office (NAO). Local Audit Reset and Recovery Implementation Guidance notes (LARRIGs) are prepared and published by the NAO on behalf of the Comptroller and Auditor General (C&AG) who has power to issue guidance to auditors under Schedule 6 paragraph 9 of the Local Audit and Accountability Act 2014 (the Act). LARRIGs are prepared and published with the endorsement of the Financial Reporting Council (FRC) and are intended to support the reset and recovery of local audit in England.

LARRIG guidance has been issued by the C&AG and published by the NAO to enable auditors (and preparers of accounts) to begin planning its implementation. The guidance will come into effect as statutory guidance to auditors as soon as the relevant legislation underpinning the guidance comes into force, subject to Parliamentary approval. For the purposes of these LARRIGs, these are the Accounts and Audit (Amendment) Regulations 2024, and the 2024 Code of Audit Practice.

<https://www.nao.org.uk/code-audit-practice/guidance-and-information-for-auditors/>

National publications and other updates

3. NAO report: Improving educational outcomes for disadvantaged children

The NAO has published its report Improving educational outcomes for disadvantaged children which examines whether the Department for Education (DfE) is achieving value for money through its funding to support the attainment of disadvantaged children in educational settings in England, from early years to the end of key stage 4 (the end of compulsory schooling). It assesses:

- whether DfE has a coherent approach to support the attainment of disadvantaged children, and its progress against its objectives;
- how DfE understands the attainment of children and how it evaluates what works to effectively allocate resources; and
- the accountability arrangements and support DfE provides schools and early years providers to ensure value for money.

The report concludes that each year, DfE spends around £60 billion to support all children across schools and early years settings. For 2023-24, this included an estimated £9.2 billion focused on supporting disadvantaged children and narrowing the attainment gap between them and their peers, with half of this comprising disadvantage elements of its core funding for schools.

Despite this investment, disadvantaged children performed less well than their peers across all areas and school phases in 2022/23. The gap in children's attainment had been narrowing before the COVID-19 pandemic, which then had a detrimental impact. The gap continues to widen for key stage 4, which is when children leave school, and, while the attainment gap for those finishing primary school narrowed slightly in the past year, it remains wider than it was a decade ago.

DfE has evidence to support some of its interventions and uses this to help schools and early years providers to make decisions. However, it does not yet understand the outcomes resulting from a significant proportion of its expenditure on disadvantaged children. It also does not have a fully integrated view of its interventions, or milestones to assess progress and when more may need to be done.

This, and the lack of sustained progress reducing the disadvantage attainment gap since 2010/11, means that DfE cannot demonstrate it is achieving value for money. To make progress, and secure value for money, it should build more evidence of what works, look strategically across its interventions and how it allocates its funding, and work effectively across government to address the wider factors to make progress on this complex issue.

[Improving educational outcomes for disadvantaged children](#)

National publications and other updates

4. NAO report: The effectiveness of government in tackling homelessness

The NAO has published its report *The effectiveness of government in tackling homelessness*. Note: On 9 July 2024, the Department for Levelling Up, Housing & Communities (DLUHC) was renamed the Ministry of Housing, Communities & Local Government (MHCLG). The report refers to DLUHC throughout, as that was the name in use at the time of fieldwork.

This report follows on the NAO's last report on homelessness in 2017 – around six months before Homelessness Reduction Act (HRA) 2017 came into force. The report assesses value for money in terms of whether DLUHC is working with government departments and local authorities in a way that maximises government's ability to tackle homelessness. Specifically, it looks to establish whether DLUHC: has a good understanding of the nature of homelessness; is delivering appropriate system leadership; and supports local authorities well.

The report concludes that homelessness is a highly complex issue affected by a wide range of social and economic factors, and by government policy in areas such as housing, welfare and asylum. Statutory homelessness has increased significantly in recent years, meaning that more people are finding themselves either with no stable place to live or in temporary accommodation provided by their local authority.

Providing temporary accommodation alone cost local authorities over £1.6 billion in 2022-23, but it varies in quality and there are gaps in regulation, while some of it – such as B&Bs being used for households with children – is unsuitable. Dealing with homelessness is creating unsustainable financial pressure for some local authorities.

The situation has worsened since the NAO last examined the issue in 2017. Despite the introduction of HRA 2017, homelessness numbers are at a record level and expected to increase. While DLUHC has developed much better homelessness data and stronger links with local authorities, the government still has no strategy or public targets for reducing statutory homelessness, and DLUHC is falling behind on key programmes to improve housing supply. Funding remains fragmented and generally short-term, inhibiting homelessness prevention work and limiting investment in good-quality temporary accommodation or other forms of housing.

Until these factors are addressed across government, DLUHC will not be able to demonstrate that it is delivering optimal value for money from its efforts to tackle homelessness.

[The effectiveness of government in tackling homelessness](#)

National publications and other updates

5. NAO report: DWP customer service

The NAO has published its report DWP customer service which examines whether the Department for Work & Pensions (DWP) has an effective approach to customer service. The evaluative criteria used to assess value for money included whether DWP:

- has a clear framework for monitoring customer service, such as clear objectives, measures and performance reporting;
- has provided good customer service over recent years in relation to four key areas – satisfaction, payment accuracy, payment timeliness and telephony; and
- has clear plans to improve customer service

The report concludes that DWP has a responsibility to provide good customer service, not least because its customers cannot switch to an alternative welfare provider if they are unhappy with the service they receive. Its customers include some of the most vulnerable in society, who rely on DWP for the accurate and timely payment of the benefits to which they are entitled.

Faced with growing demand and a challenging operational context, DWP's customer service has fallen short of the expected standards over recent years, particularly for certain benefits, such as Personal Independence Payment (PIP). It is generally not meeting its performance benchmarks or standards for customer satisfaction, payment timeliness and answering calls to its in-house telephone lines.

There are some areas of strong performance with, for example, the proportion of State Pension customers satisfied with the service they receive consistently above DWP's benchmark of 85%, and Universal Credit performing well on payment timeliness and telephony.

But there are also areas of poor performance, in particular payment timeliness for PIP with only 52% of claims processed in line with the 75-day standard in 2023-24 – although this represents a considerable improvement compared with previous years.

DWP recognises that it needs to transform its services to be a customer-focused organisation. Its modernisation plans are based on a good understanding of the issues that need to be addressed and are necessarily ambitious. However, the scale and complexity of the plans mean delivery is risky, and DWP is unlikely to achieve in the short term the improvements that are needed.

DWP must now set out how it will assess whether its actions to improve customer service are working and how it will track progress towards its goals. This will provide assurance on value for money and help DWP keep its plans on track so that it can consistently provide a good service to those people who rely on it.

[DWP customer service](#)

National publications and other updates

6. NAO report: The condition and maintenance of local roads in England

The NAO has published its report The condition and maintenance of local roads in England which examines whether the Department for Transport (DfT) is ensuring value for money through its funding provision for local road maintenance, and whether it is effectively fulfilling its role in supporting local authorities to deliver local road maintenance. The NAO has assessed whether:

- DfT understands the condition of local roads in England;
- DfT is using its data and information to inform its funding decisions; and
- DfT is supporting local authorities effectively through providing guidance on asset maintenance.

The report concludes that local roads are a vital part of local transport infrastructure, used every day by millions of people. Despite their importance, the condition of local roads is declining and the backlog to return them to a good state of repair is increasing.

DfT has provided between £1.1 and £1.6 billion of capital funding each year to local authorities and has set out plans for additional funding through to 2034. Given the fiscal constraints, it is essential that DfT secures maximum value from the funding it has available.

However, at present DfT does not have a good enough understanding of the condition of local roads and does not use the limited data it does have to allocate its funding as effectively as possible. It does not know whether the funds it allocates are delivering improvements in road condition, and has not updated its guidance to local authorities, to share good practice and help them make the most of their limited funds, for some years.

Managing the local road network is becoming increasingly complex – for example, as climate change and autonomous vehicles demand more from it – and the additional funding that DfT has secured provides an opportunity to equip local authorities to better meet these challenges.

If DfT is able to address the issues in its current approach it will be much better placed to improve the value for money of funding in this area and secure an improved and more resilient local roads network.

<https://www.nao.org.uk/reports/the-condition-and-maintenance-of-local-roads-in-england/>

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