



To: Members of the Corporate
Governance Committee

Date: 16 May 2013

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Dear Councillor

I refer to this agenda for the meeting of the **CORPORATE GOVERNANCE COMMITTEE** to be held at **9.30 am** on **WEDNESDAY, 22 MAY 2013** in **CONFERENCE ROOM 1A, COUNTY HALL, RUTHIN** and enclose the following report(s).

**Agenda Item
No**

**7 ANNUAL IMPROVEMENT REPORT : DENBIGHSHIRE COUNTY
COUNCIL (Pages 3 - 34)**

To consider a report by the Corporate Improvement Manager (copy to follow) providing information regarding the latest Annual Improvement Report for Denbighshire County Council, issued by the Wales Audit Office (WAO in May 2013).

9.55 a.m. – 10.25 a.m.

**13 ROLE OF CORPORATE GOVERNANCE IN SETTING THE BUDGET
(Pages 35 - 44)**

To consider a report by the Head of Finance and Assets (copy to follow) to seek the Committee's views on their role in the revised budget setting process.

12.25 p.m. – 12.50 p.m.

Yours sincerely

G Williams
Head of Legal and Democratic Services

MEMBERSHIP

Councillors

Brian Blakeley
Stuart Davies
Peter Duffy
Martyn Holland

Gwyneth Kensler
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Report To: Corporate Governance Committee

Date of Meeting: 22 May 2013

Lead Member / Officer: Cllr Barbara Smith / Alan Smith

Report Author: Tony Ward

Title: Annual Improvement Report: Denbighshire County Council

1. What is the report about?

- 1.1. This paper presents the latest Annual Improvement Report for Denbighshire County Council, issued by the Wales Audit Office (WAO) in May 2013. The report is attached at Appendix I.

2. What is the reason for making this report?

- 2.1. This report provides information regarding the latest Annual Improvement Report for Denbighshire County Council. This is the key external regulatory report received by the council each year.

3. What are the Recommendations?

- 3.1. It is recommended that Members consider the report and highlight any issues of concern or that require further clarification by the Wales Audit Office (who will be represented at the meeting).

4. Report details.

- 4.1. Each year, the Auditor General must report on how well Welsh councils, fire and rescue authorities and national parks are planning for improvement and delivering their services. Drawing on the work of the relevant Welsh inspectorates, as well as work undertaken on his behalf by the Wales Audit Office, this report presents a picture of improvement over the last year. The report is in three main sections, which cover, for the most part, Denbighshire County Council's (the Council) delivery and evaluation of services in relation to 2011-12, and its planning of improvement for 2012-13.
- 4.2. Overall the Auditor General has concluded that: the Council is making good progress in delivering its improvement programme but there is scope to improve the quality of some of the performance measures and evidence the Council uses to judge its effectiveness.
5. The Auditor General has made no new recommendations this year. However, the report does set out the progress the Council is making to address the recommendations and proposals for improvement made in previous reports.

6. How does the decision contribute to the Corporate Priorities?

6.1. The report does not require a decision.

7. What will it cost and how will it affect other services?

7.1. There is no cost implication associated with this report.

8. What are the main conclusions of the Equality Impact Assessment (EqIA) undertaken on the decision? The completed EqIA template should be attached as an appendix to the report.

8.1. There is no requirement for an equality impact assessment as this report will not result in a decision which will result in any change for staff or the community. It will therefore not have a disproportionate negative impact on people who share particular protected characteristics.

9. What consultations have been carried out with Scrutiny and others?

9.1. A draft of the Annual Improvement Report was presented to, and discussed with, the Chief Executive, and feedback was provided prior to the report being finalised. The Annual Improvement Report will be presented to Performance Scrutiny Committee in June 2013 (as it focusses on performance issues) and also to Council in June 2013 as it is a key report for the authority.

10. Chief Finance Officer Statement

10.1. Not required.

11. What risks are there and is there anything we can do to reduce them?

11.1. The Corporate Risk Register contains all the significant corporate risks which, if they were to occur, may impact on the ability of the council to delivery continuous improvement.

12. Power to make the Decision

12.1. The report does not require a decision.



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Annual Improvement Report

Denbighshire County Council

Issued: May 2013

Document reference: 258A2013

About the Auditor General for Wales

The Auditor General is independent of government and is appointed by Her Majesty the Queen. He leads the Wales Audit Office and is held accountable by the Public Accounts Committee of the National Assembly for the Wales Audit Office's work.

The Auditor General is the external auditor of the Welsh Government and its sponsored and related public bodies, the Assembly Commission and National Health Service bodies in Wales. He also appoints the external auditors of Welsh local government bodies, including unitary authorities, police, probation, fire and rescue authorities, national parks and community councils. The Auditor General's appointed auditors are responsible for the annual audit of nearly £5.5 billion of funding that is passed by the Welsh Government to local government in the form of general and specific grants. Local government, in turn, raises a further £2.1 billion through council tax and business rates.

As well as carrying out financial audit, the Auditor General's role is to examine how public bodies manage and spend public money, including achieving value in the delivery of public services. The Wales Audit Office aims to make public money count, by promoting improvement, so that people in Wales benefit from accountable, well-managed public services that offer the best possible value for money. It is also committed to identifying and spreading good practice across the Welsh public sector.

This Annual Improvement Report has been prepared on behalf of the Auditor General for Wales by Huw Lloyd Jones and Gwilym Bury under the direction of Alan Morris.

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Summary report

- 1 Each year, the Auditor General must report on how well Welsh councils, fire and rescue authorities and national parks are planning for improvement and delivering their services. Drawing on the work of the relevant Welsh inspectorates, as well as work undertaken on his behalf by the Wales Audit Office, this report presents a picture of improvement over the last year. The report is in three main sections, which cover, for the most part, Denbighshire County Council's (the Council) delivery and evaluation of services in relation to 2011-12, and its planning of improvement for 2012-13.
 - the Council's programme to improve roads is progressing but, following the 2012 floods, an independent investigation will determine whether actions are needed to ensure flood risk in the County is appropriately managed in the future; and
 - the Council continues to make good progress with its planned actions to improve the way it works.
- 2 Overall the Auditor General has concluded that: the Council is making good progress in delivering its improvement programme but there is scope to improve the quality of some of the performance measures and evidence the Council uses to judge its effectiveness.
- 3 In the first part of our report, we conclude that the Council is making good progress in delivering improvement in its priority areas:
 - performance continues to improve in most aspects of the Council's work to adapt service delivery to address demographic change;
 - there has been progress in supporting regeneration projects in Rhyl but, in challenging economic times, progress has been slow in supporting economic growth across Denbighshire as a whole;
 - Estyn has judged that the Council provides good quality education services for children and young people and that prospects for further improvement are good;
- 4 The second part of the report finds that the Council's corporate performance management arrangements support reliable self-evaluation but there is scope to improve the quality of some of the evidence the Council uses to judge its effectiveness.
- 5 Finally, the third part of the report sets out our views on how well the Council is planning for, and making arrangements to support, improvement. We conclude that the Council's arrangements to support improvement are good. In particular:
 - the Council has discharged its improvement reporting duties under the Measure;
 - the Council has complied with its responsibilities under the Equality Act 2010 and its *Welsh Language Scheme*; and
 - the Council continues to make good progress in addressing the proposals for improvement identified in our previous assessments.

Recommendations

- 6 I make no new recommendations this year. This report sets out the progress the Council is making to address the recommendations and proposals for improvement made in my previous reports. Those proposals for improvement are set out in my improvement assessment letters issued to the Council during the course of the year. [Appendix 5](#) gives more detail. These letters are available on our website www.wao.gov.uk.

Detailed report

Introduction

- 7 Under the Local Government (Wales) Measure 2009 (the Measure), the Auditor General must report each year on how well Welsh councils, fire and rescue authorities and national parks are planning for improvement and delivering their services. [Appendix 1](#) provides more information about the Auditor General's powers and duties under the Measure.
- 8 With help from Welsh inspectorates, Estyn (for education) and the Care and Social Services Inspectorate for Wales (the CSSIW), we have brought together a picture of what the Council is trying to achieve and how it is going about it. This report also sets out the progress the Council has made since the Auditor General published his last annual improvement report, drawing on the Council's own self-assessment.
- 9 We do not undertake a comprehensive annual review of all Council arrangements or services. The conclusions in this report are based on our cumulative and shared knowledge and the findings of prioritised work undertaken this year.
- 10 Given the wide range of services provided and the challenges facing the Council, it would be unusual if we did not find things that can be improved. The Auditor General is able to:
- recommend to Ministers of the Welsh Government that they intervene in some way;
 - conduct a special inspection and publish the report with detailed recommendations;
 - make formal recommendations for improvement – if a formal recommendation is made the Council must respond to that recommendation publicly within 30 days; and
 - make proposals for improvement – if we make proposals to the Council, we would expect it to do something about them and we will follow up what happens.
- 11 We want to find out if this report gives you the information you need and whether it is easy to understand. You can let us know your views by e-mailing us at info@wao.gov.uk or writing to us at 24, Cathedral Road, Cardiff CF11 9LJ.

The Council is making good progress in delivering its improvement programme but there is scope to improve the quality of some of the evidence the Council uses to judge its effectiveness

The Council is making good progress in delivering improvement in its priority areas

Performance continues to improve in most aspects of the Council's work to adapt service delivery to address demographic change

12 The Council's *Corporate Plan 2009-2012* included the objective of 'adapting service delivery to address demographic changes'. It noted that the population of Denbighshire was growing by about 1,000 people each year and the population was ageing. It said there was a need to attract young people and encourage Denbighshire's young people to make a future in the county so that, over time, a more balanced population could be achieved. This would involve modernising education, having suitable housing available and using the *Local Development Plan* to outline the future infrastructure for residential, business and service areas in the county. The initial priorities, however, were to be directed towards:

- independence and choice for older people – older people are able to live independently for longer;
- independence and choice for people with learning disabilities; and
- community initiatives meet the needs of an increasing population of older and disabled people.

13 We found that the Council's performance continues to improve in most aspects of its work to adapt service delivery to address demographic change.

Arrangements to support independence for older people continue to improve

14 The Council has identified a range of actions to aid independent living that include:

- increasing support for those who have had falls, hospital treatment or other situations through reablement services;
- improving supported housing options through 'extra care housing';
- reducing the number of people needing support in care homes; and
- increased use of telecare.

In 2011-12, performance on all these actions improved from the previous year.

15 The CSSIW concluded in its Director's report¹ about 2011-12, published in October 2012, that there was positive change and improvement in adult services but the assessment of the needs of carers remained an area for improvement. The following is a summary extracted from the full report.

1 An annual review of a Council Social Services performance undertaken by the CSSIW which includes an assessment of a Council's self-evaluation of its performance (often called the 'Directors report'). The CSSIW provides an overall evaluation of performance and identifies areas of progress and areas for development.

- 16 The CSSIW found that the Council has made progress in developing a wide range of services and mainstream local community facilities to encourage independence. A reablement service has been successfully implemented. Two-thirds of people referred to it do not require a further service and the majority of people surveyed provide positive feedback of their experience. The Council is seeking ways to extend the reablement service model to people provided with services by the independent sector.
- 17 The CSSIW identified that the Council had succeeded in providing alternatives to residential care through an increased provision of extra care housing, and the further development of existing sheltered housing and community living schemes. Many services are provided in partnership with health, the independent or voluntary sector. Other positive developments include the extension of telecare to 450 additional people and delivering over 80 per cent of equipment that helps to maintain people's mobility and independence within five working days.
- 18 The CSSIW also identified that the Council had introduced specific measures to increase the involvement of users of social services in their planning and delivery. This was a central feature in the development of community living services, for example, and is also illustrated by the training of five older people under the Dignity in Care and Equalities (DICE) initiative. This helped to cascade the DICE message to older people, to staff employed by the Council and to the independent and voluntary sectors through training events. Another initiative is the inclusion of mental health service users as paid members of service planning boards.
- 19 A number of initiatives have been used to improve services to carers and the Council reports that all carers who are assessed are provided with a service. However, only approximately one third of carers were offered or provided with an assessment or review. A waiting list for assessments was developed in 2011-12 and increased funding has been made available to address increased demand. This is an area that the CSSIW identified as requiring improved performance.
- Progress is being made in supporting independence for people with learning disability**
- 20 The Council has increased both the number and rate of adults with learning disabilities who are supported in the community and reduced the number and rate of those supported in care homes. In addition, the project to provide new accommodation for people with learning disabilities was completed in July 2012.
- 21 A key measure to increase the numbers of people who exercise full choice and control of their personal support is through better promotion and improved take-up of direct payments. The CSSIW reported that the take-up of Direct Payments in Denbighshire is still low compared to some other councils. The Council took steps to try to improve take-up during 2011-12 but the effectiveness of the measures remains to be seen.

Some progress is being made with the plans to support community initiatives to meet the needs of older and disabled people

- 22 The Council uses a range of local indicators to judge success in encouraging and facilitating a healthy lifestyle and the well-being of older and disabled people. The performance measures the Council has chosen to reflect progress against this objective show a positive picture overall.
- 23 However, the number of people supported into education, training, or employment was below the Council's target and the number of people participating in disability sport sessions declined from 8,504 to 3,012 in 2011-12. The appointment of a Disability Sports Officer has coincided with some increase in sports participation during 2012.

There has been progress in supporting regeneration projects in Rhyl but, in challenging economic times, progress has been slow in supporting economic growth across Denbighshire as a whole

- 24 The Council's 2011-12 improvement objective for 'regenerating our communities' had three intended outcomes:
- reducing socio-economic deprivation in the northern coastal strip;
 - supporting sustainable economic growth; and
 - reducing the rate of decline in the rural economy.

Progress has been made in supporting key regeneration projects in Rhyl and the Council has begun to identify the resources necessary to achieve the ambitions it shares with partners for the town

- 25 The Council is seeking to reduce high deprivation in the northern coastal strip – particularly in parts of Rhyl. The Council and its partners did not achieve all the targets and planned actions for 2011-12 in relation to increasing satisfaction with the area as a place to live or reducing the numbers living in poverty. However, the Council and its partners were successful in reducing criminal damage, continuing to support a number of capital projects including the start of work on the new bridge and harbour improvements at Foryd Harbour. Key decisions were taken on the retention of the Sky Tower as an iconic building and the demolition of the Honey Club as part of the eyesore removal project.
- 26 The Council has made good progress in licensing 41 houses in multiple occupancy, achieved its target of licensing 30 houses per year for 2011-12 and increasing the percentage of year 11 pupils in Rhyl continuing in education.
- 27 The Council has again not met its aim of reducing the rate of Job Seekers Allowance claimants in Rhyl compared to elsewhere in Denbighshire. As in 2010-11, the level of claimants will have been affected by the general problems in the economy. As we stated in our last *Annual Improvement Report*, the size of the task of regeneration in Rhyl is daunting and the Council's influence is limited. Significant capital investment is required with major attractions

and sites in need of improvement and development. However, Welsh Government, Council and European Union capital funding for the Foryd Harbour development, including a new cycle and footbridge, demonstrates progress.

- 28 Management accountability for the regeneration objective was re-assigned during 2012 following senior management restructuring and the appointment of a new strategic director. We found that this change had led to increased impetus and focus for the work at Rhyl. Some of this impetus has focused on the *Rhyl Going Forward* delivery plan, which pulls together the various strands of existing work into a clearer and more focused framework. However, as we reported last year, the Council also recognises the need to clearly identify what support is required from all its services and its partners to contribute to the implementation of the strategy, especially to the regeneration of West Rhyl. We shall continue to monitor progress on this work during 2013-14.

The Council has delivered many actions to support the County's economy but its measures of success show limited progress in very challenging economic times

- 29 The Council set itself a range of actions to support economic development and has successfully carried out many of these but, in very challenging economic times, it is difficult to judge the impact of the Council's intervention.

- 30 The Council achieved its target for reducing the ratio of house prices to average earnings but this outcome may only reflect the economic problems leading to reduced housing prices.

- 31 The target to reduce the level of Job Seekers Allowance claimants compared to Wales was missed, but this indicator has fluctuated and may not be a reflection on the effectiveness of the Council's work to support economic growth. The reduction during 2011-12 in the percentage of economic inactivity in Denbighshire is positive and is greater than the average for Wales.

- 32 The Council's arrangements for administering housing benefit are supporting improvement; processes should ensure that timely payments are made to the right people and the service is generally effective and responsive. The average processing time for new housing benefit claims are the same as the Welsh average at 20 days, and have improved from the previous year. Average processing time for dealing with change of circumstance notifications is better than the Welsh average. A higher percentage of new claims were decided within 14 days than in the previous year. The level of activity in counter fraud has increased with a higher number of fraud referrals, investigations and successful sanctions than in the previous year. The total number of applications for reconsideration or revision, and the total number of appeals has reduced. The performance of a small number of indicators declined during 2011-12. Notably the percentage of

overpayments identified and recovered has fallen, and it is taking the service longer to deal with applications for reconsideration or revision, and appeals.

The Council's work to reduce the rate of decline of the rural economy shows progress in line with its targets

- 33 The Council achieved the targets it set itself to reduce the rate of decline in the rural economy, and exceeded targets to support micro rural enterprises and the number of jobs created in such businesses. Member Area Groups continue to tackle small-scale issues seen as affecting the local rural economy, such as the Neuadd Pwllglas refurbishment project in Ruthin.

Estyn has judged that the Council provides good quality education services for children and young people and that prospects for further improvement are good

- 34 Her Majesty's Inspectorate for Education and Training in Wales (Estyn) and the Wales Audit Office undertook an inspection of the Council's education services for children and young people. The report was published in February 2012. The following is an extract summary from the full report.
- 35 Estyn identified that, in Denbighshire, levels of free-school-meals and other deprivation measures had increased at a faster rate than across Wales in the three years preceding the inspection. Despite this, performance had also improved at a faster rate than across Wales in both key

stages 2 and 4 during this time. Key stage 3 performance had kept pace with that across Wales until 2010, although it improved more slowly in 2011. In 2011, the percentage of learners gaining the core subject indicator in key stages 2 and 4 were above the all-Wales average. This level of performance compared well with other authorities when contextual information is taken into account. However, in key stages 1 and 3 performance dropped below Welsh averages.

- 36 Estyn concluded that Denbighshire's performance against the Welsh Government's benchmarks for performance based on free-school-meal entitlement had improved over the last five years. Overall, progress between primary and secondary schools was good. In 2011, the gap in performance on the core subject indicator between boys and girls was less than the average for Wales at all key stages. Particular groups of learners, including vulnerable groups and those with additional learning needs, were generally attaining their expected levels. Learners were making good progress in gaining skills in first and second language Welsh, and generally achieving good standards in both subjects. The percentage of learners leaving primary school with functional literacy improved in 2011, and was better than the average across Wales. Learners who receive support to improve their literacy and numeracy skills made good progress and many maintained this improvement to end of the key stage. The percentage of Year 11 learners not in education, training or employment has decreased steadily in recent years and was better than the average for Wales.

- 37 Estyn found that support for school improvement had improved significantly since the previous inspection. The authority's school improvement and inclusion services had been restructured under one head of service. This restructuring had considerably strengthened joint working between officers within the authority, and was helping to improve the achievement of all learners.
- 38 The inspection found that the Council has very good arrangements to support and challenge schools, and knows its schools very well. Data is analysed thoroughly and used effectively to challenge progress and target interventions. Officers evaluate thoroughly the quality of leadership and management in schools and compare these with headteachers' own evaluations. As a result, the rigour and consistency of officers' and members' challenge to leadership and management in schools contribute well to improving standards. Challenge is a very strong feature of the authority's work. At the time of the authority's inspection the number of Denbighshire schools requiring follow-up after an inspection was among the lowest in Wales. The Council's Partnership Agreement with schools sets out clear criteria to define an appropriate level of support and intervention. Good procedures also exist to identify areas of specific risk and respond effectively to them. As a result, officers accurately identify schools needing additional support, leading to a steady improvement in standards. Systematic weakness in school leadership and management is addressed effectively to make sure that schools improve quickly enough.
- 39 Statutory processes in relation to pupils with additional learning needs are effective. Rigorous systems for moderating requests for additional support have resulted in a reduction in the number of statements of special educational needs issued. Good relationships and communication with parents and schools help keep the number of referrals to the Special Educational Needs Tribunal for Wales consistently low, with just one appeal conceded since 2009. The authority educates just over half of the learners with statements in mainstream schools, with most of these pupils attending mainstream classes with their peers. This means that most learners are educated near to their own home. Very few learners attend independent special schools, enabling the authority to spend nearly all the special needs budget on learners in its own schools.
- 40 Estyn concluded that overall value for money in education services was good. The budgets per pupil for both primary and secondary education were just below the Wales average, but attainment at most key stages was above average. The Council is developing its arrangements to assess the outcomes and value for money from services commissioned from external agencies, although these were not in place for all such services at the time of the inspection.
- 41 The Council is well placed to deliver its plans for 21st century schools, and has made good progress in delivering its Modernising Education programme. It has agreed an appropriate framework for school reorganisation and is delivering this framework through an effective process of area reviews. The Council has already made

good progress in addressing its identified priorities to increase Welsh medium provision and to reduce surplus capacity. Officers keep asset management surveys up-to-date and use these to prioritise maintenance.

The Council's programme to improve roads is progressing but following the 2012 floods an independent investigation is taking place to see if any improvement actions are needed to ensure flood risk in the County is appropriately managed in the future

42 In 2011-12, a Council improvement priority is 'securing a sustainable road network and flood defences'. The Council has reported that it did not meet all its targets for improving the condition of roads in 2011-12. Indicators for the condition of B and C roads improved but the trend of deterioration in the condition of A roads continued. Concern from the public about the condition of roads and awareness of the Council's performance contributed to the Council's decision to identify additional funding for roads maintenance in 2011-12. Part of the £1.5 million identified to invest in Council priorities has been used to pay for prudential borrowing of approximately £7 million for major highways works. New equipment has also been purchased. The Road Condition Index is a new indicator to provide more comprehensive information about the condition of the roads network in the county, and allows the Council more opportunity to target future investment in areas such as the Dee Valley, where roads appear to be in a very poor condition.

43 One of the reasons for keeping roads in good condition is to improve safety. Road safety is now being actively monitored by the Council through measures for skid resistance, accidents per kilometre, take-up of cycle and safety training, and insurance claims. In 2001-12 all these indicators met the Council's targets.

44 The Highways and Infrastructure service was, until October 2012, a jointly managed service with Conwy County Borough Council, with teams and elements of the service becoming increasingly integrated. In 2012, the two councils undertook a joint review of the effectiveness of these partnership arrangements. The review's resulting Business Plan showed that a fully integrated Highways service would not produce any significant savings or efficiencies. Following a senior management restructuring, the service is no longer jointly managed but the two Councils continue to look for further opportunities to rationalise management, reduce costs and improve services by strengthening those areas of sub-service that are already under single management and other opportunities where collaboration might bring benefits to residents.

45 The Council's objective is to reduce the number of properties at risk of flooding. A recent Environment Agency report² states that Denbighshire has approximately 3,000 properties at significant risk of flooding and about 14,000 further properties at moderate or low risk. The Council aimed to reduce the risk of flooding for 1,575 high-risk properties during 2009-2012, largely through the completion of flood defence schemes

² *Flooding in Wales: A national assessment of flood risk*, Environment Agency, September 2011

at Llangollen, Denbigh, Corwen and West Rhyl. The schemes were largely funded through government grants. These schemes have reduced the risk of flooding for 995 properties. Work has commenced on the West Rhyl coastal defence scheme, which should be completed in 2013-14. A new flood defence scheme for Corwen has now attracted Welsh Government funding and work is about to start.

- 46 In November 2012, there was serious flooding across North Wales and at 10 locations across Denbighshire, with considerable damage to property and the death of a vulnerable elderly resident. The Council set up a flood investigation working group, which has already produced some interim recommendations. The investigations are being carried out under the Flood and Water Management Act 2010, working in partnership with Environment Agency Wales and the North and Mid Wales Trunk Roads Authority. The purpose of the investigation is to clarify why the flooding happened, how likely it is for that scale of flooding to happen again and whether any improvement actions are needed to ensure flood risk in the County is appropriately managed in future. The final results of the investigation are due to be reported in the Summer of 2013.

The Council continues to make good progress with its planned actions to improve the way it works

- 47 In the *Corporate Plan 2009-2012*, the Council made a pledge to become a 'high performing Council, close to the community'. One of the Council's improvement objectives is to improve the way it works. We found that the Council continues to make good progress with the actions planned to address this objective.
- 48 The Council's target is to be in the top half of Welsh councils for performance in a basket of 19 indicators drawn from the National Strategic Indicators (NSIs), which all councils are required to measure. Whilst the indicators are not always good measures of outcomes for residents, they are drawn from across a range of services and do provide useful information on the delivery of services. They include indicators for: educational attainment for pupils aged 16; the timeliness of issuing of statements of special educational need; support for potentially homeless households; affordable housing units provided; changes of school for children in care; and levels of waste that are recycled.
- 49 In 2011-12, the Council achieved further progress with 15 of the 19 indicators in the top quartile for Wales. There are three indicators where recorded performance levels are in the bottom half of councils in Wales and the Council has addressed in its annual report what action it plans to improve performance.

- 50 The Council achieved a higher percentage of its outcome measure targets during 2011-12 (61 per cent) when compared to 2010-11 (55 per cent), although this is lower than the percentage achieved in 2009-10 (66 per cent).
- 51 We highlighted in last year's *Annual Improvement Report* the need for the Council more clearly to express the success criteria for achieving its ambition to be 'close to the community', and to clarify the accountability and monitoring for this aim. During the last year, the Council has identified two methods for measuring success in bringing the Council 'close to the community'. The first was by delivering the outcomes of its corporate priorities, which have been developed to address community needs. The second was by considering the results of the latest Residents' Survey.
- 52 The Residents' Survey, which was conducted for the first time in 2009 and then again in 2011, went out to a random selection of 6,000 households in Denbighshire. The Council survey suggested that more people in Denbighshire in 2011 felt the Council acted on their concerns and treated people fairly.
- 53 During 2011-12, the Council's Corporate Director for Learning and Communities has led on the development of a new programme of work to ensure that the Council continues to become 'closer to the community'. The Council has, for example, implemented a number of initiatives during 2011-12, including the town plans and member area groups (MAGs). The town plans aim to enable local communities to take a more active role in the planning of initiatives to revitalise their local areas. The member area groups aim to improve the process for consultation with local members on community issues.
- 54 As part of the Council's commitment to bring itself 'closer to the community' the Council reports progress in meeting specific improvements across the County's six community areas. The improvements set for each community area reflect the local priorities agreed during the consultation on the Corporate Plan. The analysis of progress on the community improvements is largely descriptive, such as the section on work in improving the Rhyl Harbour area, and it is not always clear how residents have directly benefited.

The Council's corporate performance management arrangements support reliable self-evaluation but there is scope to improve the quality of some of the evidence the Council uses to judge its effectiveness

- 55 Our last *Annual Improvement Report* (January 2012) concluded that the Council's performance management arrangements were soundly based and developing satisfactorily, with clear and effective leadership by senior officers and councillors. This continues to be the case. The performance scrutiny committee and the twice-yearly service challenges receive performance information of consistent quality and in an easily understood format. In addition to the service challenge, the Council's Cabinet reviews performance on a quarterly basis. There remains scope to improve the quality of questions asked by some committee members at service challenges to ensure a more consistent focus on the right issues.
- 56 We found that the Council has created a strong central policy team that oversees, co-ordinates, and actively manages performance. This has enabled the Council to implement a well-understood and consistent system for performance management. Staff within services acknowledge that they are responsible for their performance and understand how their work relates to delivering the Council's Improvement Objectives and corporate priorities.
- 57 In June 2012, we reported the results of our audit of the accuracy of a sample of the Council's performance indicators. Though our sample was smaller this year than in the past, the results were satisfactory and we qualified none of the Council's performance indicators.
- 58 There are examples of strong self-evaluation within individual services. The CSSIW has concluded that the Director's report³, demonstrated that clear leadership and performance management arrangements are in place and that the Director's report gives a comprehensive and detailed explanation of the past year, setting the local context with a clear account of the achievements and challenges Social Services has faced, and continues to face. It makes reference to the Council's achievements and future plans, and acknowledges areas where performance still needs to improve, or where service developments have not yet been achieved. The report also explains why changes that may not be immediately popular are being made, and provides an opportunity for readers of the report to provide feedback. The Council has provided the CSSIW with detailed position statements for adult and children's services, plus supporting evidence.
- 59 The Estyn inspection also found that the Council robustly reviews and challenges its education services for children and young people annually to secure improvement and value for money. The Council had strengthened its arrangements to support schools in financial difficulties and improved the effectiveness of monitoring and management of recovery plans. Good progress has been made in developing workforce planning arrangements in the authority and for schools.

3 An annual review of a Council Social Services performance undertaken by the CSSIW which includes an assessment of a Council's self-evaluation of its performance (often called the 'Directors report'). The CSSIW provides an overall evaluation of performance and identifies areas of progress and areas for development.

- 60 The Council's annual Performance Report (the Report) was published before the statutory deadline of 31 October 2012. The Report assesses the Council's performance in the preceding financial year (2011-12) and clearly sets out how the Council has sought to discharge its duties under the Measure.
- 61 The Report includes details of performance as measured by the national statutory performance indicators and provides a clear and well-structured focus on the Council's progress in the delivery of its Improvement Objectives. The Report is concise and well written and, for most of the Improvement Objectives set for 2011-12, reports clear, outcome-based performance. The narrative helpfully links the Improvement Objectives to the tables of statutory and key performance indicators. Where the output or outcome was not achieved, the Report includes a brief explanatory commentary.
- 62 We found that the Performance Report is clearly presented and easy to read and uses a consistent reporting structure to evaluate and report performance for each of the Improvement Objectives. Improvement Objectives are crosscutting and identify opportunities to promote integration across services and departments to deliver effectively the intended improvement. The Report includes some comments on areas where progress in delivering actions has been slow, or performance has fallen. For example, with regard to the indicator for the risk management of adult protection referrals, the Council notes that performance has declined, and outlines why this has happened.
- 63 As required, the Report includes an explanation of how its contents contribute to the Council's statutory duty to 'make arrangements to secure continuous improvement and account for it'.
- 64 The final section of the report summarises the Council's performance against its chosen 19 national indicators, and an outline of its performance management framework. The 19 national indicators are assessed by the Council to be the most suitable basket of indicators by which to judge if it is a 'high performing Council' but a summary which includes all of the 41 national indicators would give a clearer and more comprehensive assessment of progress.
- 65 Each Improvement Objective is supported by a series of activities and measures that are managed and delivered by the appropriate service area and monitored throughout the year as part of the Council's performance management framework. Importantly, the Council has introduced key internal processes within this system to both challenge and manage improvement.
- 66 We identified a number of aspects in which the Report does not adhere as well as it might to Welsh Government guidance. In particular:
- The Report does not provide a rounded summary of progress against aspects of some Improvement Objectives. For example, it is a key Welsh Government priority that all social housing should comply with the Welsh Housing Quality Standard (WHQS). The Council has reported WHQS performance through the various structures of its

performance management framework, but this information is not included in the Performance Report. The proportion of Council-managed social rented homes that met the WHQS has increased to 86 per cent in 2012, but nowhere does the Report note that the Welsh Government target is for all homes to meet the WHQS by March 2013. The latest estimate indicates that the Council will be only one of four councils to achieve the target by the end of 2013.

- In some of the Improvement Objectives, the Council acknowledges that focus of activity is very narrow and does not allow for a rounded assessment of progress. For instance, the regeneration Improvement Objective Outcome on sustainable economic growth is narrowly focused on three indicators, and a further three performance measures. No additional measures or actions have been included, for example, on either sustainability or quality of accommodation. These are equally as important as existing indicators on house prices, and the absence of this information presents only a partial picture of how well the Council is performing in this area.
- There is also only very limited reference in the Report to the status and outcomes of the Council's current regional and sub-regional collaborative projects. There is no reference in particular to recent performance difficulties with the Highways collaboration project with Conwy County Borough Council, aspects of which were the subject of a critical joint report by Conwy and Denbighshire's Internal Audit services.

67 On 28 September 2012, the auditor appointed by the Auditor General gave an unqualified opinion on the Council's 2011-12 accounts. The appointed auditor also issued his *Annual Audit Letter* before the end of November 2012 – [Appendix 3](#) gives more detail.

The Council's arrangements to support improvement are good

The Council has discharged its improvement reporting duties under the Measure

- 68 Following the local government elections in May 2012, the Council decided to develop a new Corporate Plan following a considerable amount of consultation and engagement with residents and its staff, including a residents' survey and workshops with young people.
- 69 The Council agreed and published its new *Corporate Plan 2012-17: An excellent council, close to the community* (the Plan) in October 2012. Our audit and assessment work found that the Plan meets the requirements of the Measure. The Council has set out a clear rationale for selecting the areas it is focusing on improving, based on its current performance, stakeholder and partner views and recent consultation activity with citizens. The Council has produced a Welsh language version of the Plan and provided summary versions on its website and in its newsletter, *County Voice*.
- 70 The Plan clearly sets out the Council's contribution to Denbighshire's Local Service Board community strategy, *The Big Plan for Denbighshire*. The Corporate Plan has seven Improvement Objectives relating to: education and school buildings; developing the local economy; improving roads; protecting vulnerable people; clean and tidy streets; access to good quality housing; and modernising the Council.
- 71 The Council has clearly stated what the Improvement Objectives aim to achieve and has included broad details, linked to its Medium Term Financial Plan, on the resources available, both revenue and capital, to support their delivery.
- 72 The clarity of the link between the Improvement Objectives and accompanying measures of success, baseline data and targets for improvement is not yet consistent across all seven Improvement Objectives. Some links are very clear and show the intended impact of improvement. The measures of success for the Improvement Objective to improve roads, for example, focus on an overall reduction in the percentage of roads being classed as being in poor condition, and improvement in residents' satisfaction with the quality of roads. It is therefore clear what the Council is seeking to improve.
- 73 In some other Improvement Objectives, the measures for assessing whether anyone is better off are not yet as detailed or effective. The Council reports that it intends to address this issue through publishing the technical guidance which will define indicators to measure success for all the Improvement Objectives and the 'excellence threshold' that the Council is aiming to achieve during the lifetime of the Corporate Plan.

The Council has complied with its responsibilities under the Equality Act 2010 and its *Welsh Language Scheme*

- 74 The Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011 (the Act) sets out specific requirements for local authorities in Wales. The Act required councils to develop and publish Equality Objectives and a Strategic Equality Plan by 2 April 2012. There is significant alignment between the requirement to produce Equality Objectives and the 'Fairness' element that authorities must consider in setting Improvement Objectives under the Measure. The Council's Corporate Plan includes an equality impact assessment, which includes some information on the Council's equality work, particularly in relation to research and reports on topics relating to protected groups and the Council's future plans for engagement with these groups. We believe the Council has met the requirements of the Act in setting its Improvement Objectives.
- 75 The role of the Welsh Language Commissioner was created by the Welsh Language (Wales) Measure 2011. Over time, new powers to impose standards on organisations will come into force through legislation. Until that time, the Commissioner will continue to review Welsh language schemes by virtue of powers inherited under the Welsh Language Act 1993. The Commissioner works with all local authorities in Wales to inspect and advise on the implementation of language schemes. It is the responsibility of local authorities to provide services to the public in Welsh in

accordance with the commitments in their language schemes. Every local authority is committed to providing an annual monitoring report to the Commissioner outlining its performance in implementing the language scheme. The Commissioner analyses every monitoring report; provides a formal response and collects further information as required.

- 76 The Commissioner judged that Denbighshire County Council has set in place a robust governance process, and the Bilingual Members Forum will consider the impact on the language when the Council discusses, confirms and implements its policies. The Council has also reviewed its Equality Relevance Assessment Form, which includes the Welsh language, to ensure that new policies or plans do not have a detrimental effect on the language. With more effective monitoring, the Council has ensured enhanced accountability and scrutiny regarding the language, but the process of monitoring contractors will need tightening in the year to come. The Council has committed to guarantee a Welsh language service in its main public contact centres, by ensuring contact details such as the bilingual helpline, e-mail addresses and the website are given appropriate publicity.

The Council continues to make good progress in addressing the proposals for improvement identified in our previous assessments

- 77 The Council complied with the requirement to make arrangements to secure continuous improvement during 2011-12 and has made good progress in most areas for improvement identified in previous audit letters and reports.
- 78 The Council undertook a corporate governance review as part of the process to update and agree its Annual Governance Statement. The review found that the Council had adequate arrangements in place for meeting the six principles in the framework but the review of the effectiveness of the arrangements identified significant governance risks relating to partnership and information. We have conducted further work at all councils in Wales on the production of the Annual Governance Statements and we shall produce a national report in due course.
- 79 Managerial responsibility within the Council for *Rhyl Going Forward* is still undergoing a period of transition as part of the reorganisation of duties amongst the Council's heads of service. At senior level, the newly appointed Corporate Director of Economic and Community Ambition has assumed responsibility for economic development. We shall provide a further assessment of progress with regard to the *Rhyl Going Forward* delivery plan later in the year.

Appendices

Appendix 1 Status of this report

The Local Government (Wales) Measure 2009 (the Measure) requires the Auditor General to undertake an annual improvement assessment, and to publish an annual improvement report, for each improvement authority in Wales. This requirement covers local councils, national parks, and fire and rescue authorities.

This report has been produced by the Wales Audit Office on behalf of the Auditor General to discharge his duties under section 24 of the Measure. The report also discharges his duties under section 19 to issue a report certifying that he has carried out an improvement assessment under section 18 and stating whether, as a result of his improvement plan audit under section 17, he believes that the authority has discharged its improvement planning duties under section 15.

Improvement authorities are under a general duty to 'make arrangements to secure continuous improvement in the exercise of [their] functions'. Improvement authorities are defined as local councils, national parks, and fire and rescue authorities.

The annual improvement assessment is the main piece of work that enables the Auditor General to fulfil his duties. The improvement assessment is informed by a forward-looking assessment of an authority's likelihood to comply with its duty to make arrangements to secure continuous improvement. It also includes a retrospective assessment of whether an authority has achieved its planned improvements in order to inform a view as to the authority's track record of improvement. This report also summarises the Auditor General's conclusions on the authority's self-assessment of its performance.

The Auditor General may also in some circumstances carry out special inspections (under section 21), which will be reported to the relevant authorities and Ministers, and which he may publish (under section 22). This published *Annual Improvement Report* summarises audit and assessment reports including any special inspections (under section 24).

An important ancillary activity for the Wales Audit Office is the co-ordination of assessment and regulatory work (required by section 23), which takes into consideration the overall programme of work of all relevant regulators at an improvement authority. The Auditor General may also take account of information shared by relevant regulators (under section 33) in his assessments.

Appendix 2

Useful information about Denbighshire and Denbighshire County Council

The Council

The Council spends approximately £234.8 million per year (2012-13 budget), including specific Welsh Government grants. This equates to about £2,500 per resident. In the same year, the Council also planned to spend £41.2 million on capital items.

The average band D council tax in 2011-12 was £1,024 per year. This increased by 2.8 per cent to £1,052 for 2012-13. Eighty-four per cent of Denbighshire's housing is in council tax bands A to D. The average band D council tax is the sixth highest in Wales although recent annual increases have been below average.

The Council is made up of 47 elected members who represent the community and make decisions about priorities and use of resources. The Leader is Councillor Hugh H Evans OBE. The political make-up of the Council is as follows:

- 8 Conservatives
- 13 Independent
- 8 Plaid Cymru
- 18 Labour

The Council's Chief Executive is Dr Mohammed Mehmet and his management team includes:

- Corporate Director: Modernisation and Wellbeing – Sally Ellis
- Corporate Director Economic and Community Ambition – Rebecca Maxwell
- Corporate Director: Learning and Communities – Hywyn Williams

Other information

The Assembly Members for Denbighshire are:

- Ann Jones, Vale of Clwyd, Labour Party
- Darren Millar, Clwyd West, Conservative Party
- Ken Skates, Clwyd South, Labour Party

Regional Assembly Members are:

- Llyr Huws Gruffydd, Plaid Cymru
- Mark Isherwood, Welsh Conservative Party
- Aled Roberts, Welsh Liberal Democrats
- Antoinette Sandbach, Welsh Conservative Party

The Members of Parliament for Denbighshire are:

- Chris Ruane, Vale of Clwyd, Labour
- David Jones, Clwyd West, Conservative
- Susan Elan Jones, Clwyd South, Labour

For more information see the Council's own website at www.Denbighshire.gov.uk or contact the Council at County Hall, Wynnstay Road, Ruthin, LL15 1YN. Telephone: 01824 706000.

Appendix 3

Appointed Auditor's Annual Audit Letter

Dr. Mohammed Mehmet
Chief Executive
Denbighshire County Council
County Hall
Wynnstay Road
Ruthin
Denbighshire
LL15 1YN

Dear Mohammed

Appointed Auditor's Annual Audit Letter

This letter summarises the key messages arising from my statutory responsibilities under the Public Audit (Wales) Act 2004 as the Appointed Auditor and my reporting responsibilities under the Code of Audit Practice.

The Council complied with its responsibilities relating to financial reporting and use of resources

It is the Council's responsibility to:

- put systems of internal control in place to ensure the regularity and lawfulness of transactions and to ensure that its assets are secure;
- maintain proper accounting records;
- prepare a Statement of Accounts in accordance with relevant requirements; and
- establish and keep under review appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.

The Public Audit (Wales) Act 2004 requires me to:

- provide an audit opinion on the Statement of Accounts;
- review the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources; and
- issue a certificate confirming that I have completed the audit of the Statement of Accounts.

Local authorities in Wales prepare their Statement of Accounts in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. This Code is based on International Financial Reporting Standards. On 28 September 2012 I issued an unqualified audit opinion on the Statement of Accounts stating that they present a true and fair view of the Council's financial position and transactions. My report is contained within the Statement of Accounts. The key matters arising from the audit were reported to members of the Corporate Governance Committee in my Audit of Financial Statements report on the 26 September 2012.

My consideration of the Council's arrangements to secure economy, efficiency and effectiveness has been based on the audit work undertaken on the Statement of Accounts as well as placing reliance on the work completed as part of the Improvement Assessment under the Local Government (Wales) Measure 2009. Overall, I am satisfied that the Council has appropriate arrangements in place. The Auditor General may highlight areas where the effectiveness of these arrangements has yet to be demonstrated or where improvements could be made when he publishes his Annual Improvement Report.

The Council's Corporate Plan (2012 to 2017) sets out how much additional money they plan to invest over the next five years in order to achieve their ambitions. Whilst I believe the Council is well placed to address its financial challenges, the amount of additional investment (£134m) over and above resources already committed to its priority areas is significant. Managing this level of investment will require robust governance procedures and continued consultation and engagement. As a result, the Council are re-visiting their medium term financial strategy and ensuring arrangements are put in place to manage this level of spend on an on-going basis.

I issued a Certificate confirming that the audit of the accounts has been completed on 28 September 2012.

The financial audit fee for 2011-12 is currently expected to be in line with the agreed fee set out in the Annual Audit Outline.

Yours sincerely

Derwyn Owen
For and on behalf of the Appointed Auditor

29 November 2012

Local electors and others have a right to look at the Council's accounts. When the Council has finalised its accounts for the previous financial year, usually around July or August, it must advertise that they are available for people to look at. You can get copies of the accounts from the Council; you can also inspect all books, deeds, contracts, bills, vouchers and receipts relating to them for 20 working days after they are made available. You can ask the auditor questions about the accounts for the year that they are auditing. For example, you can simply tell the auditor if you think that something is wrong with the accounts or about waste and inefficiency in the way the Council runs its services. For more information see the Wales Audit Office leaflet, *Council accounts: your rights*, on our website at www.wao.gov.uk or by writing to us at the address on the back of this report.

Appendix 4

Denbighshire County Council's improvement objectives and self-assessment

The Council's improvement objectives

The Council is required by the Welsh Government to make plans to improve its functions and the services it provides. Each year it must publish these plans along with specific 'improvement objectives' that set out the key things that the Council intends to do to improve. The Council must do this as soon as possible after 1 April each year.

The Council published its improvement objectives for 2012-13 in October 2012. The details are available on the Council's website at www.denbighshire.gov.uk. They are:

Key improvement objective priorities 2011-12	Key improvement objective priorities 2012-13
Adapting service delivery to address demographic changes.	Developing the local economy.
Reducing deprivation and growing Denbighshire's economy sustainably by strategically targeting resources.	Improving performance in education and the quality of school buildings.
Modernising the education service to achieve a high level of performance across the county.	Improving our roads.
Securing a sustainable road network and flood defences.	Vulnerable people are protected and able to live as independently as possible.
Improving the way the Council works.	Clean and tidy streets.
	Ensuring access to good quality housing.
	Modernising the council to deliver efficiencies and improve services for our customers.

The Council's self-assessment of performance

The Council's self-assessment of its performance during 2011-12 can be found on the Council's website at www.denbighshire.gov.uk.

Appendix 5

Proposals for improvement 2012-13

Over the course of our work in 2012-13 we have made some new proposals for improvement. These have previously been reported to the Council and are set out below for information. We will continue to monitor and report on the progress made by the Council in implementing the proposals under our future programme of work.

Proposals for improvement

P1 Provide a wider evidence base of information to enable the Council to assess whether it has met its Improvement Objectives.

P2 Include more information on the status and outcomes of the Council's collaborative projects.

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Report To: Corporate Governance Committee

Date of Meeting: 22 May 2013

Lead Member/Officer: Lead Member for Finance and Assets/
Head of Finance and Assets

Report Author: Head of Finance and Assets

Title: The Role of the Corporate Governance
Committee in the Budget Setting Process

1. What is the report about?

- 1.1 The report outlines the proposed budget setting process for 2014/15 and the role that the Corporate Governance Committee should play.

2. What is the reason for making this report?

- 2.1 To seek the Committee's views on their role in the revised budget setting process.

3. What are the Recommendations?

- 3.1 That the Committee considers the contents of the report and comments on the proposed changes.

4. Report details.

- 4.1 A revised budget setting process was proposed at the Council Briefing session in March. This reduced the number of members involved in the budget challenge process, but also proposed that the Corporate Governance Committee took an overview role for the process.

- 4.2 The Corporate Governance Committee already has oversight of the Council's audit, treasury management and statement of accounts production and this seems a logical progression for the committee. It also avoids the need to set up a new group and timetable additional meetings.

- 4.3 The committee needs to play a number of roles within the process:

- Overview of the process and ensure it is on track to deliver savings
- Preview proposals ahead of workshops, gain clarity and understanding of proposals
- Give an initial steer as to any issues
- Ensure feedback from workshops is acted upon
- Review of process once the budget has been set

4.4 Members of the committee also have a role to play in ensuring that their respective groups are briefed about proposals ahead of workshops so that issues can be considered beforehand.

4.5 The appendix shows the broad outline for each of the workshops and these would form the basis for the Corporate Governance reports.

5. How does the decision contribute to the Corporate Priorities?

5.1 Delivery of the Corporate Plan is reliant on identifying funds to pay for the schemes contained in it.

6. What will it cost and how will it affect other services?

6.1 There are no cost implications from the proposals

7. What are the main conclusions of the Equality Impact Assessment undertaken?

No EQIA has been undertaken as this is not relevant. EQIAs will be undertaken on specific proposals where appropriate.

8. What consultations have been carried out with Scrutiny and others?

This proposal was discussed at a previous Council briefing session

9. Chief Finance Officer Statement

It is important that the Council has a robust budget setting process and that there is appropriate member scrutiny of the proposals.

10. What risks are there and is there anything we can do to reduce them?

10.1 These proposals are designed to reduce the risk of problems arising during the budget setting process.

11. Power to make the Decision

11.1 Under section 151 of the Local Government Act 1972, the Council must make appropriate arrangements for the proper management of its finances.

Contact Officers: Head of Finance and Assets Tel: 01824 706140

Corporate Governance Committee

- Oversee progress
- Review proposals and request further information
- Feedback from and to groups
- Follow up from workshops
- Contribute to agendas

Meeting	Date
Corporate Governance	3 July
Council Budget Workshop 1	15 July
Corporate Governance	4 Sept
Council Budget Workshop 2	21 Oct
Corporate Governance	6 Nov
Full Council to agree supported savings	3 Dec
Council Budget Workshop 3	9 Dec
Cabinet to recommend Budget	14 Jan
Council to agree Budget	4 Feb
Council to set Council Tax	25 Feb

July Workshop

- Overview of 3 year financial position and assumptions being used
- Overview of current savings proposals
- Overview of the Modernisation programme
- Discussion on future direction of savings and priorities investment
- Focus on medium term

October Workshop

- Review new savings proposals
- Update on likely settlement
- Focus on coming year
- Debate any additional requirements from Members (eg Council Tax range)
- Agree position so far

December Full Council

- Formal report
- Covers progress so far
- Formal agreement of supported savings
- Allows us to 'park' agreed items and focus on what's left

December Workshop

- Hopefully final version of budget
- Debate and support all remaining major items
- No significant changes after this meeting